

State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

**Department of Public Safety
Division of Parole and Probation**

DIA Report No. 20-06
February 26, 2020

EXECUTIVE SUMMARY
Nevada Department of Public Safety
Division of Parole and Probation

Introduction..... page 1

**Objective: Improve Services for Offenders
Under Supervision**

Revise Division of Parole and Probation’s Definition of Recidivism page 2

Revising the Division of Parole and Probation’s (NPP) definition of recidivism would accurately inform program and resource decisions to help improve services for its population of parolees and probationers. NPP defines recidivism as when an offender is convicted of a gross misdemeanor or felony in the state within three years of leaving supervision. Currently, NPP does not calculate a recidivism rate because of data limitations.

The current definition does not adequately inform program and resource decisions because it does not include offenders that have their parole or probation revoked while still under supervision. The definition absolves NPP for accountability of efficiently and effectively using state resources in on-going supervision efforts. Other states have adopted recidivism definitions that align with their goals and objectives for supervising parolees and probationers.

Develop Additional Performance Measures for Programs and Services..... page 11

Developing additional performance measures for programs and services would help ensure successful community reintegration of offenders under NPP’s supervision. Performance measures will inform management decisions to help enhance public trust and protect the community. NPP uses two broad performance measures for the supervision of offenders: percentages of successfully completed paroles and probations. These broad performance measures do not help NPP determine the reasons offenders succeed or fail and what changes can help.

Adopt Internal Controls for Offender Data..... page 15

Adopting internal controls for offender data will help ensure NPP’s data is accurate and data integrity is safeguarded. NPP uses an antiquated database, the Offender Tracking Information System (OTIS). OTIS requires manual entry through multiple levels of NPP staff. NPP does not have approved policies and procedures for all steps in the offender entry process nor are there data management internal controls. Safeguarding the integrity of offender data is essential to generating accurate reports for decision-making purposes.

Allocate Resources to Other Successful Programs and Services..... page 17

Allocating resources to other successful programs and services that serve the needs of offenders under community supervision could benefit the state by \$545,000. The two NPP programs reviewed were the Day Reporting Centers (DRC) and Indigent Funding.

DRCs serve as an intermediary sanction for offenders under supervision by offering various programs to address participants' behaviors, such as anger management and substance abuse. There are two DRCs in the state located in Reno and Las Vegas with a total participant capacity of 250. On average, both DRCs serve 220 participants per month. The DRC contract is based on a flat monthly rate rather than participation; underutilization results in an approximate windfall to the vendor of \$94,000. DRCs consume 59% of program resources but serve 1% of the offender population.

Indigent Funding provides up to \$1,000 for temporary housing for offenders approved by the Parole Board for release but lack the financial resources to obtain housing. Based on NPP reports, on average, an offender waited 93 days past their parole eligibility date due to lack of resources for acceptable housing. Had there been adequate resources for offenders, the state could have saved approximately \$451,000 annually from avoided incarceration costs.

Appendix A	page 24
Scope and Methodology, Background, Acknowledgments	
Appendix B	page 26
Response and Implementation Plan	
Appendix C	page 34
Timetable for Implementing Audit Recommendations	
Appendix D	page 35
Data and Analysis	

INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits conducted an audit of the Nevada Department of Public Safety (DPS), Division of Parole and Probation (NPP). Our audit focused on improving the services for successful community reintegration of offenders under supervision. The audit's scope and methodology, background, and acknowledgements are included in Appendix A.

Our audit objective was to develop recommendations to:

- ✓ Improve services for successful community reintegration of offenders under supervision.


Division of Parole and Probation Response and Implementation Plan

We provided draft copies of this report to NPP for review and comment. NPP's comments have been considered in the preparation of this report and are included in Appendix B. In its response, NPP accepted all of our recommendations. Appendix C includes a timetable to implement those recommendations

NRS 353A.090 requires within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps NPP has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six-month follow-up results to the committee and the division.

The following report (DIA Report No. 20-06) contains our *findings, conclusions, and recommendations*.

Respectfully,



Warren Lowman
Administrator

Improve Services for Offenders Under Supervision

The Nevada Department of Public Safety (DPS), Division of Parole and Probation (NPP) can improve services for successful community reintegration of offenders under supervision by:

- Revising NPP's definition of recidivism;
- Developing additional performance measures for programs and services;
- Adopting internal controls for offender data; and
- Allocating resources to other successful programs and services.

Improving services for successful reintegration of offenders under supervision will reduce recidivism and benefit Nevada by just under \$550,000 annually.

Revise Division of Parole and Probation's Definition of Recidivism

The Division of Parole and Probation (NPP) should revise its definition for recidivism to accurately inform program and resource decisions. A more meaningful definition of recidivism will help improve services for parolees and probationers.

NPP's mission is to "enhance public trust and community safety by providing professional supervision of offenders to promote their successful reintegration into society."¹ Recidivism is generally defined as the rate at which offenders have been released from prison and return within a specified period. NPP is not collecting, categorizing, or analyzing its data to calculate a meaningful recidivism rate.

Two distinct populations are measured by NPP's recidivism rate: parolees and probationers. A parolee is an offender released from prison by the Parole Board to the supervision of NPP. A probationer is an offender who has been sentenced for a felony or gross misdemeanor and placed on probation by a District Court judge to the supervision of NPP. See Exhibit I for a breakdown of the NPP supervisory populations.

¹ www.npp.dps.nv.gov/About/Mission.

Exhibit I

NPP Supervisory Populations

Calendar Year	Total Parolees	Total Probationers	Total
2018	6,901	13,524	20,425
2017	5,438	13,125	18,563
2016	5,675	12,798	18,473
2015	4,395	12,672	17,067
2014	5,806	12,301	18,107
Average			18,527

Source: NPP Office of the Chief Annual Reports.

Supervision is a Cost-Effective Alternative to Incarceration

The cost of supervising an offender on parole or probation is substantially less than incarceration. Research on criminological behaviors and the justice system in the State of Nevada is focused on developing comprehensive recidivism-reduction strategies and shifting resources to more cost-effective programs.² Exhibit II summarizes daily costs for offenders.

Exhibit II

Daily Cost for Offender

Agency	Daily Cost
County Jails ^a	\$84
NV Dept. of Corrections ^b	\$66
NPP Supervision ^c	\$ 6

Notes:

a. NPP Cost Study, Appendix D.

b. NDOC Data

c. DIA NPP Average Daily Supervision Cost Calculation, Appendix D. Costs are exclusive to NPP supervision costs.

Different Recidivism Definitions for Two Nevada Departments

There are currently two different definitions of recidivism used in Nevada by the Department of Corrections (NDOC) and NPP. NDOC calculates a recidivism rate as offenders released during a given year and whether an offender returns to prison within a 36-month span. NDOC defines recidivism consistent with the performance base measures established by the Association of State Correctional Administrators. The current NDOC recidivism rate is 28%. NDOC tracks all offenders released from its facilities, including those that are released to the

² Advisory Commission on the Administration of Justice: Community Supervision, Release, and Reentry Subgroup Meeting. November 27, 2018.

supervision of NPP (parolees). See Exhibit III for current and historical NDOC recidivism rates.

Exhibit III

NDOC Recidivism Rates

	Total Discharged Population	Did Not Return	% Did Not Return	Did Return	Recidivism Rate
2011	5,271	3,738	71%	1,533	29%
2012	5,106	3,562	70%	1,544	30%
2013	4,971	3,519	71%	1,452	29%
2014	5,260	3,754	71%	1,506	29%
2015	4,996	3,621	72%	1,375	28%

Source: Nevada Department of Corrections data.

From the offenders released in calendar years 2011 - 2015 under NDOC's definition of recidivism, 30% recidivated; parolees made up 21% and non-parolees made up 9%.³ See Exhibit IV.

Exhibit IV

NDOC Parole v. Non-Parole Recidivism Rates

	Parole Recidivism Portion	Non-Parole Recidivism Portion
2011	22%	7%
2012	21%	9%
2013	20%	9%
2014	21%	8%
2015	20%	8%
Average	21%	9%

Source: DIA analysis on Nevada Department of Corrections data.

³ "Non-Parole" is defined as all offenders that were released from NDOC and did not go under the supervision of NPP.

The current NPP definition of recidivism is:

The number of people who are convicted of a gross misdemeanor or felony in the State of Nevada within three (3) years after termination from any case in which that person was supervised by the Division of Parole and Probation.⁴



Under its current definition of recidivism, NPP does not calculate a recidivism rate for its population because of data limitations. Moreover, the definition NPP cites is not meaningful to inform program and resource decisions to help offenders successfully reintegrate into the community.

A recidivism rate that incorporates the outcomes of on-going NPP programming and resourcing will be more meaningful. Research shows the importance of being able to track a recidivism rate as it relates to public safety and as a leading statistical indicator of return on investment for rehabilitation efforts for offenders.⁵

Current Definition for Recidivism Absolves NPP of Accountability

NPP's definition of recidivism is based on an offender's discharge from supervision and a subsequent conviction of a felony or gross misdemeanor within three years. Currently, there is no consideration given for the period of time an offender is under NPP supervision and has their parole or probation revoked. The definition, in effect, provides no guide to link NPP's mission with the outcomes of on-going supervision efforts. Moreover, the definition absolves NPP of accountability for efficiently and effectively using state resources.

NPP's definition for recidivism can be more meaningful by considering all components of the population it supervises, including data on revocations, absconders, and honorable versus dishonorable discharges. Each of these components have unique issues and characteristics that left unaddressed and unmanaged will contribute to increased incarceration costs and impact public safety.

NPP's Definition of Recidivism is Inadequate

NPP's definition of recidivism is inadequate and does not help inform program and resource decisions. We identified two significant limitations to developing a

⁴ Source: NPP.

⁵ The PEW Center on the States, "State of Recidivism: The Revolving Door of America's Prisons." April 2011.

meaningful recidivism definition: the population under supervision is not included; the limitations of the database management system, the Offender Tracking Information System (OTIS).

Population Under Supervision Not Included in Recidivism Definition

NPP does not include offenders under supervision in the recidivism definition. Consequently, NPP's representation of its success is incomplete and likely overstated because the data only captures recidivism from a portion of the population – offenders who completed supervision and subsequently were incarcerated within three years. Excluding offenders who fail parole or probation while under supervision and are incarcerated as a result limits NPP's ability to identify and assess results from real-time supervision activities.

OTIS' Limited Capabilities

OTIS is, essentially, a data holding system (database) and cannot extract specific data elements to provide operational reports for management purposes beyond basic offender status and identification information. OTIS cannot generate summaries based on information in the notes section for each offender that would support accurate recidivism reporting.

Available Data Can Help Derive a Meaningful Recidivism Rate

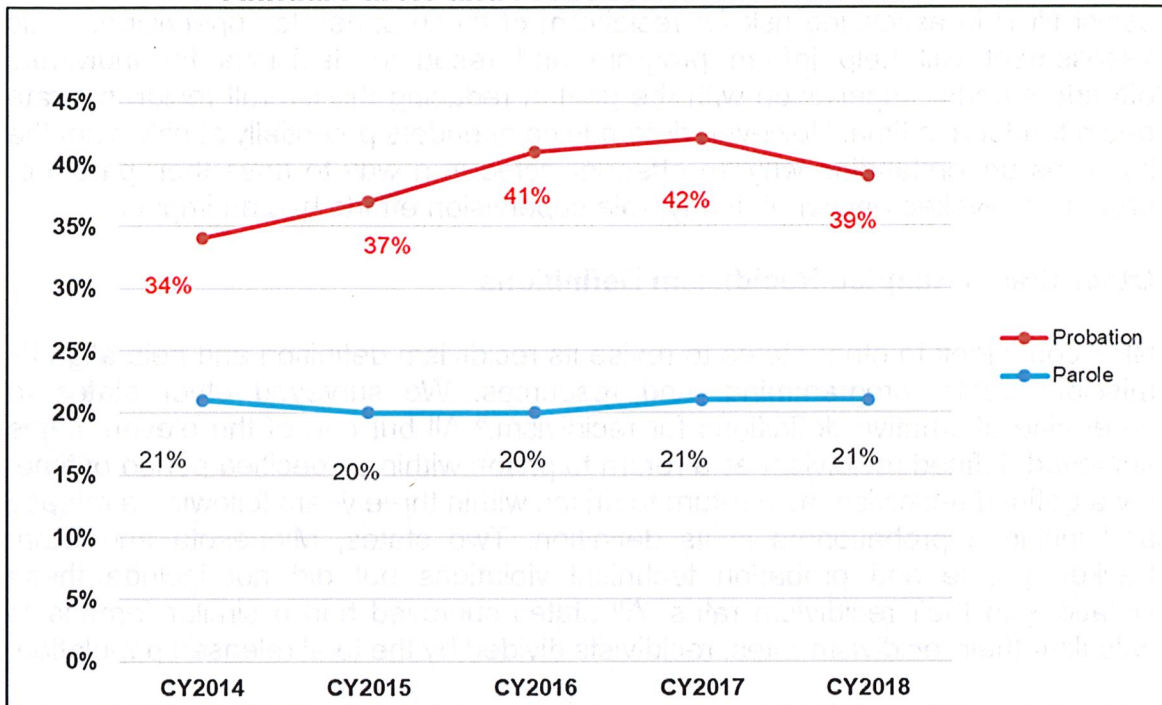
NPP does not calculate a meaningful recidivism rate. Our analysis focused on revocations as a measure to help derive a recidivism rate for NPP to inform program and resource decisions. Based on the available data from NPP, we calculated a revocation rate for offenders under NPP's supervision that are not currently captured by NPP's definition of recidivism.⁶

We analyzed parole and probation revocations while under NPP's supervision per month for calendar years 2014 - 2018. For this period, the average revocation rates for probationers was 39% and parolees was 21%. Exhibit V shows a breakdown of annual parole and probation revocation rates.

⁶ To show comparability between the NDOC and NPP data sets, our analysis used a calendar year (January 1 - December 31).

Exhibit V

Annual Parole and Probation Revocation Rates



Source: DIA analysis of NPP Revocation Data.

NPP Needs Better Data to Understand Variance in Revocation Rates

Limitations noted in OTIS and the overall challenge in data management hinder NPP's ability to understand why there is an approximate 20% variance between the revocation rates of parolees and probationers. The variance is, at present, an enigma.

In the absence of data to understand this variance and modifications to OTIS to manage data that can be analyzed, assessed, and used to develop strategies to address the variance, NPP is moving forward with a tool to identify offenders most at risk for having their probation or parole revoked.

NPP's Risk Tool Being Validated

A contractor is currently validating the Nevada Risk Assessment System (NRAS) community supervision tool.⁷ This tool assigns offenders a risk score corresponding to the level of supervision they need.

Beginning in 2018, the NRAS validation was expected to take 18 months to complete, with the first 12 months devoted to data collection; this process is not

⁷ The tool was designed by the Center for Criminal Justice Research at the University of Cincinnati, Corrections Institute.

completed. The validation is using OTIS data for calendar year 2018 to calculate an annual recidivism rate. Once validated, this community supervision tool should assist NPP in assessing risk for recidivism of those under its supervision. This assessment will help inform program and resource decisions for individual offenders under supervision with the goal of reducing the overall recidivism rate one offender at a time. However, determining offenders potentially at risk is not the same as understanding why an offender acted in a way to have their parole or probation revoked and what, if any, role supervision efforts had an impact.

Other States Adapted Recidivism Definitions

NPP could look to other states to revise its recidivism definition and help align its mission, goals, programming, and resources. We surveyed other states to determine alternative definitions for recidivism.⁸ All but one of the eleven states surveyed defined recidivism as a return to prison within a specified period of time. Iowa defined recidivism as a return to prison within three years following a release and included probationers in its definition. Two states, Minnesota and Utah, tracked parole and probation technical violations but did not include these violations in their recidivism rates. All states surveyed had a similar formula to calculate their recidivism rates: recidivists divided by the total released population.

Key Measures of Recidivism

A study conducted by the National Reentry Resource Center and the Justice Center-Council of State Governments states that “Efforts to reduce recidivism are grounded in the ability to accurately and consistently collect and analyze various forms of data.”⁹ Not only is accuracy and consistency important in using data for decision-making processes but using timely measurements is equally important.

There are several measures for recidivism:

- Rearrests: The metric considered the most comprehensive indicator of a person’s interaction with the criminal justice system;
- Reconviction: The metric considered the most accurate indicator of recidivism and public safety outcomes;
- Reincarceration: The metric most commonly used to measure recidivism, due to simplicity and availability of data; and
- Revocation: The metric that measures those offenders that have their probation or parole revoked and sent to prison. A revocation can be due to criminal behavior and/or technical violations of parole or probation.

⁸ Delaware, Florida, Georgia, Iowa, Kentucky, Maine, Minnesota, New Mexico, North Dakota, Rhode Island, and Utah.

⁹ The National Reentry Resource Center and Justice Center-The Council of State Governments, “Reducing Recidivism: States Deliver Results.” June 2017.

An effective definition of recidivism aligns with a state's goals and objectives for supervising parolees and probationers. A state's recidivism rate is most effective when it can be measured in a timely manner to inform management's program and resource decisions.

Georgia Model Shows Results

We surveyed other states to determine how they measure success with their respective parole and probation agencies.¹⁰ State measurements varied. There are varying factors that can affect recidivism and efforts in each state, including public policy priorities and correctional practices. Research shows that community supervision should not be standardized, but rather individualized.¹¹

Georgia is recognized as a leader in community supervision. Georgia is responsible for supervising over 265,000 adult offenders in the state with an operating budget of almost \$180 million and an average daily cost of \$2 per offender under community supervision.^{12,13}

Georgia's structure is similar to NPP; probationers and parolees are consolidated into geographic areas rather than the offender's status within the judicial system. Between 2007 and 2016, Georgia saw a 35% decline in community supervision revocations. During this period, the community supervision population grew by 17% but the number of offenders who had their supervision revoked declined by 17%.¹⁴ Since 2014, Georgia has seen a 48% decrease in its costs per day and has seen an average cost avoidance (incarceration vs. community supervision) of over \$439 million over a five-year period.¹⁵

Georgia initiated several programs to help parole and probation outcomes:

- **Healing Communities of Georgia:** a network of nonprofits, businesses, and faith-based organizations committed to restoring individuals, their families, and victims of crimes by facilitating healing methods from the effects of incarceration and crimes.
- **Re-Entry Partnership Housing:** a program to provide short-term housing assistance to those that do not have viable housing plans. The providers provide the participants with housing and food.

¹⁰ Delaware, Florida, Georgia, Iowa, Kentucky, Maine, Minnesota, New Mexico, North Dakota, Rhode Island, and Utah.

¹¹ Staton-Tindall, et-al. "Factors Associated with Recidivism among Correction-Based Treatment Participants in Rural and Urban Areas." *Journal of Substance Abuse Treatment*. March 2015.

¹² Georgia Department of Community Supervision: FY2019 Annual Report.

¹³ \$180 million / 265,000 offenders = \$679 annual costs per offender / 365 = \$2 (rounded up from \$1.86) daily costs of supervision per offender.

¹⁴ The National Reentry Resource Center and Justice Center-The Council of State Governments, "Reducing Recidivism: States Deliver Results." June 2017.

¹⁵ Georgia State Board of Pardons and Paroles, "Parole's Role in Public Safety Annual Report FY2018."

- Day Reporting Centers (DRC): a non-residential prison diversion program for high-risk individuals with a history of substance abuse and non-compliant behavior. During FY2019, there were 1,191 DRC graduates with a graduation rate of 35%.^{16,17}
- Probation Detention Centers: a short-term confinement for probationers in lieu of being sent to prison.
- Reforms:
In 2012, legislation was enacted to prioritize prison beds for people who commit violent crimes; strengthened probation and drug courts, and other sentencing alternatives for those that commit nonviolent offenses with the expansion of evidenced-based practices; and, improved performance measurements with the expansion of the State of Georgia's Department of Corrections processes.

In 2017, legislation was enacted to invest in strategies to reduce recidivism and expand treatment resources by reinvesting over \$232 million in accountability courts, Residential Substance Abuse Treatment programs. Legislation also strengthened and streamlined community supervision by focusing intensive supervision to high-risk offenders and moving people to unsupervised community supervision and early termination.

Conclusion

Recidivism is a primary measure of effectiveness for programs focused on reintegration of those under supervision; the costs of having an offender under supervision are substantially less than incarceration. NPP's definition is not meaningful to inform program and resource decisions because it does not include parolees and probationers under supervision. Revising NPP's definition to include other components of criminal justice system contact, such as rearrests, reconvictions, reincarcerations, and revocations will provide a comprehensive measurement of the effectiveness of its programs and resources and inform better management decisions. Georgia's model may be helpful as NPP develops a meaningful recidivism definition and strategies to support its mission and goals.

Recommendation

1. Revise Division of Parole and Probation's Definition of Recidivism.

¹⁶ Georgia Department of Community Supervision: FY2019 Annual Report.

¹⁷ Graduation rate percentage provided in e-mail correspondence with Georgia DRC Manager. January 23, 2020.

Develop Additional Performance Measures for Programs and Services

The Division of Parole and Probation (NPP) should develop additional performance measures for programs and services to ensure successful community reintegration of offenders under its supervision. Performance measures can help NPP management make more efficient and effective decisions on use of state resources.

There are limitations to NPP's ability to control certain performance measures, such as revocations of parole or probation. Revocations of parole are under the authority of the Parole Board; revocations of probation are under the authority of District Court judges. However, NPP can control or highly influence many factors leading to revocation decisions, including the effectiveness of officer interactions with offenders, oversight of offender compliance, and collaboration with other agencies and community partners.

The successful reintegration of offenders into the community has a direct effect on public safety as well as avoiding the costs of incarceration. Without performance measurements for its programs and services, NPP cannot evaluate the effectiveness of programs and services to meet the needs of offenders under supervision and what changes can help offenders succeed.

Success Not Adequately Defined for Programs and Services

There are two broad performance measures NPP uses for its supervision of offenders: percentages of successfully completed paroles and probations. These performance measures track revocations and discharges from community supervision. NPP does not have measures of success for programs and services that contribute to an offender's success at completing probation or parole. Without performance measures to evaluate success for its program and services, NPP cannot accurately evaluate the efficiency and effectiveness of on-going supervision efforts.

It would be helpful for NPP management to understand why offenders do not successfully complete paroles and probations. It would be helpful to identify trends, regional variances, and specific officer statistics. This information would help NPP better train officers and target efforts to help offenders.

NPP is limited by its data collection and management challenges to have visibility on this type of information and the level of fidelity that would help management develop strategies to target programs and resources. However, data collection and management limitations in the near term should not be an excuse to avoid identifying critical elements of information that can be collected and assessed to inform program and resource decisions while long term data solutions are pending.

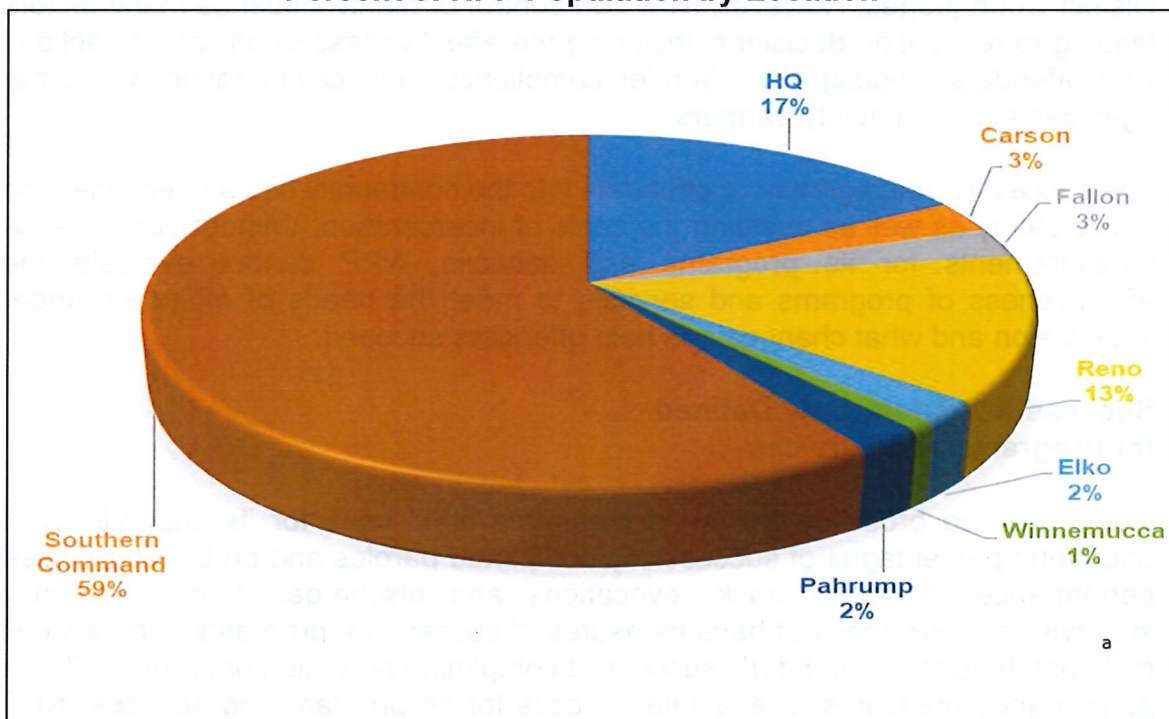
Research shows that community supervision efforts should be individualized, not standardized.¹⁸ Developing performance measures for supervision programs and services will likewise need to reflect the unique conditions throughout NPP’s geographical areas of responsibility.

Rural and Non-Rural Supervision

NPP serves parolees and probationers throughout two regional areas (Northern Command and Southern Command). There are nine NPP offices located throughout the state. See Exhibit VI for a breakdown of locations.

Exhibit VI

Percent of NPP Population by Location



Source: DIA Caseload Population Data Analysis

Notes:

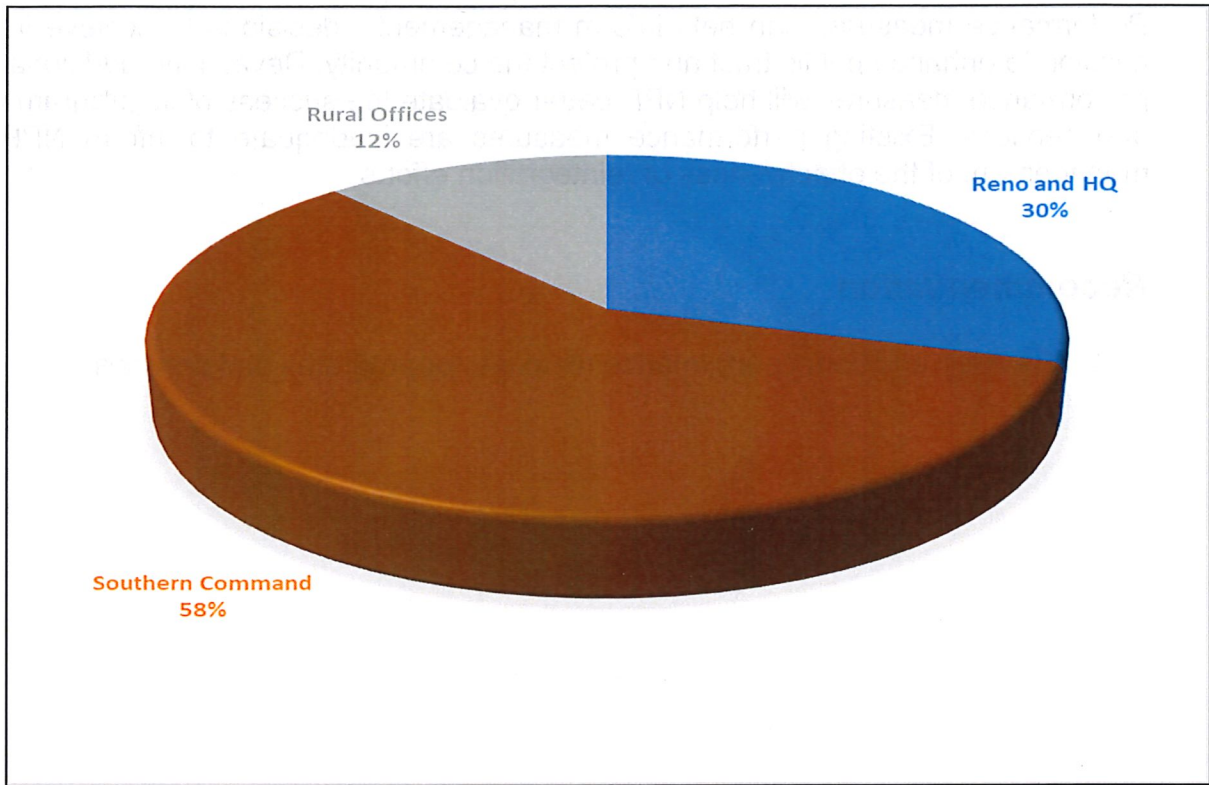
^a Ely office was <1%, included in Winnemucca percentage.

The rural area offices (Carson, Fallon, Elko, Winnemucca, Ely, Pahrump) account for 12% of the 20,425 parolee and probationer population in fiscal year 2018. Although a small population, the rural offices cover approximately 87,700 square miles, or 75% of Nevada’s geographical area. See Exhibit VII for a consolidated chart of the NPP offices.

¹⁸ Staton-Tindall, et-al. “Factors Associated with Recidivism among Correction-Based Treatment Participants in Rural and Urban Areas.” Journal of Substance Abuse Treatment. March 2015.

Exhibit VII

Consolidated NPP Offices



Source: DIA Caseload Population Data Analysis

Each of the rural offices has its own limitations as it relates to programs and services when compared to the urban offices (Reno and Las Vegas). Access to various types of programs is a factor in the supervision of offenders, such as counseling for sex offenders. NPP does not track data by urban versus rural offices and we could not determine the effects from these limitations.

We were unable to calculate a revocation rate for the urban versus the rural offices because this data is not readily available. NPP could manually track this data by reviewing each offender's file they supervise. Such a review would be labor-intensive and not feasible with current staff resources.

Conclusion

Performance measures can help inform management's decisions to achieve its mission to enhance public trust and protect the community. Developing additional performance measures will help NPP better evaluate the success of its programs and services. Existing performance measures are inadequate to inform NPP management of the effectiveness of reintegration efforts.

Recommendation

2. Develop additional performance measure for programs and services.

Adopt Internal Controls for Offender Data

The Division of Parole and Probation (NPP) should adopt internal controls and processes to ensure data is accurate and data integrity is safeguarded. Internal controls include a data verification process to ensure the offender's file information matches with the information in the Offender Tracking Information System (OTIS). With reliable data and reports, NPP would be better informed to make community supervision management decisions. Accurate data would assist management to ensure offenders successfully reintegrate into the community.

Limited Safeguards for Errors in Data

OTIS is an antiquated database that does not meet the needs of NPP. NPP is currently in the process of selecting a contractor to design an upgraded records management system. The earliest implementation date for the new system is fiscal year 2022.

Parolee data is initially manually entered into OTIS by General Services Unit staff and includes all parolee identifying information, parole eligibility date, and status on release. Probationer data is initially manually entered by NPP officers and includes identifying information, terms of probation, and probation expiration date. Information is updated with manual notes by officers during offender check-in meetings or as new information is received. Staff indicate not all officers update the information for an offender during check-ins.

NPP does not have approved policies and procedures for all steps in the offender data entry process nor are there data management internal controls for existing data. NPP uses Policy 901 - Chronological Notations that establishes the purpose and basic guidelines for entries into OTIS. Although NPP provides limited training for OTIS, approved policies, procedures, and data management internal controls would help ensure consistency and standardization within NPP offender data.

Errors in Data within NPP

There were errors in some data files examined during the audit. We reviewed the "Indigent Fund Housing Deposit Assistance 120 Day Audit" file from the NPP Pre-Release Unit, and the "CY2018 Parole Effective with Revocations" file provided by the NPP Re-Entry Unit. There was a 6.5% error rate in offender release dates between these files. Data from both files originated from OTIS. NPP stated they would work internally to get these data errors reviewed.

Conclusion

Internal controls safeguard the integrity of data and ensure reports are reliable. Adopting internal controls for offender data will ensure NPP's community supervision data is accurate and validated. There are no approved policies and procedures for data entry. Approving policies and procedures for data entry could reduce errors, such as those discovered during the audit. Safeguarding the integrity of offender data is essential to generating accurate reports for decision-making purposes.

Recommendation

3. Adopt internal controls for offender data.

Allocate Resources to Other Successful Programs and Services

The Division of Parole and Probation (NPP) should allocate resources to other successful programs and services that serve the needs of those under community supervision for successful reintegration into the community. A more balanced allocation of resources would ensure NPP is optimally using funds to meet its mission.

We analyzed data on two current NPP programs – Day Reporting Centers (DRC) and Indigent Funding. Both programs have positive attributes but serve two different NPP populations. DRCs serve the needs of at-risk offenders to prevent revocations; Indigent Funding is used to release parole-eligible offenders from NDOC who would otherwise remain incarcerated. However, each of these programs have their limitations.

Reallocating program resources could benefit the state by \$545,000. NPP could reallocate resources in the amount of almost \$94,000 from underutilized Day Reporting Centers to Indigent Funding and benefit the state by over \$451,000 annually from decreased incarceration costs.



Day Reporting Centers Help the Most At-Risk Offenders

During the 2017 legislative session, NPP received funding for two Day Reporting Centers (DRC), one in Reno and another in Las Vegas. The DRCs serve as an intermediary sanction for offenders under community supervision that have problems complying and is a last resort before revocation of parole or probation. The Las Vegas DRC (LVDRC) opened in October 2017 and the Reno DRC (RDRC) opened in February 2018.

A goal of the DRCs is to reduce recidivism among at-risk parolees and probationers by providing individualized programs and services. The DRCs were “designed to provide intensive community-based services to offenders with the intent of supplying programs that will allow offenders to safely live in their community to complete their sentence requirements.”¹⁹

¹⁹ “Day Reporting Center Services for Nevada Parole and Probation” proposal dated June 30, 2017. Attachment A to current Day Reporting Contractor.

The foundational program offered at both DRCs is Moral Reconciliation Therapy to address the participant's criminogenic behaviors. Other supporting programs include substance abuse, anger management, and parenting skills. In addition, DRC staff provides referrals to professional counseling and other services.

Although DRCs are becoming a popular alternative to incarceration for those under community supervision, there is conflicting research on the overall effectiveness of DRCs.

More Research Needed on Nevada DRCs

In February 2019, the University of Nevada Las Vegas issued a Research in Brief titled, "Nevada's Day Reporting Center: Results from a Randomized Controlled Trial." The study consisted of a 12-month evaluation of offenders under community supervision and took a random sample of 400 parolees and probationers that were deemed eligible for DRC participation by NPP. The sample was divided into two groups: DRC participants and a control group (non-DRC participants).

Overall, the DRC participants were more successful on various levels: slightly lower proportion of revocations, higher proportion of successful discharges, and lower proportion of positive drug tests. One component of reducing recidivism is to change the criminogenic behaviors of the participants, which takes time. The Research in Brief acknowledged a long-term study is necessary to show the impact of DRCs on reducing recidivism.

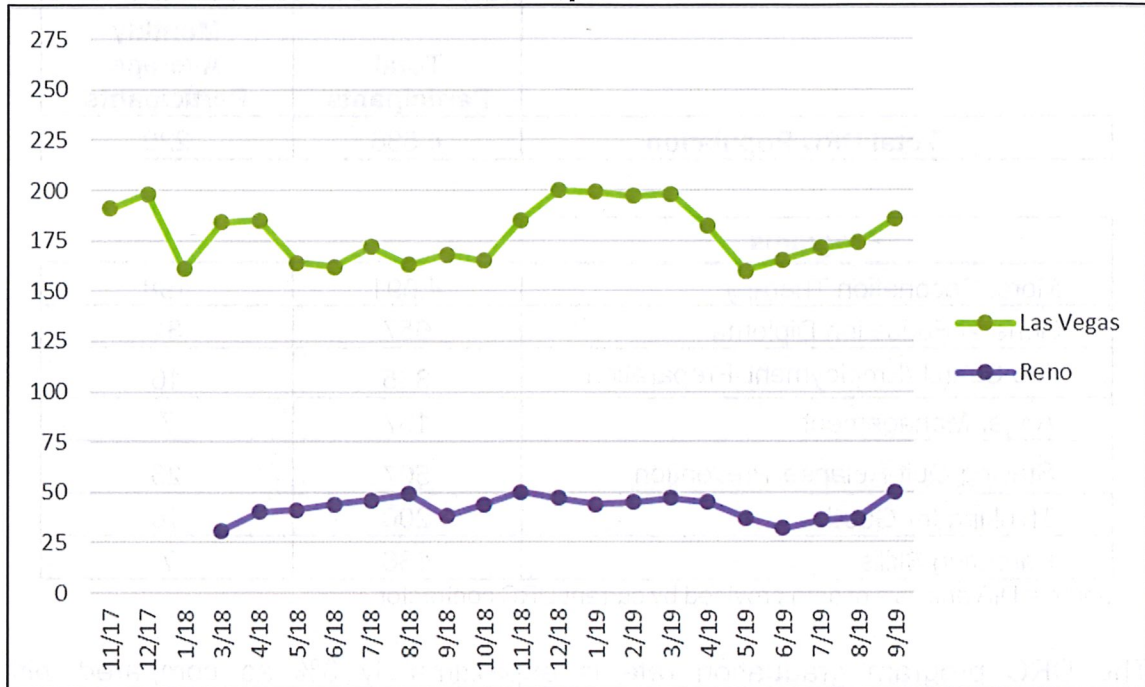
Day Reporting Centers are Underutilized

The capacity of the RDRC is 50 participants and LVDRC is 200 participants for a total capacity of 250 participants. We analyzed participant data reported to NPP by the DRC contractor. On average, the DRCs served 220 (41 for RDRC and 179 for LVDRC) participants per month.²⁰ See Exhibit IX for the monthly populations at both the RDRC and LVDRC.

²⁰ Appendix D: Day Reporting Center Analysis.

Exhibit IX

DRC Populations



Source: DRC Contractor monthly participant data.

The DRCs are underutilized, on average, by 30 participants. This underutilization results in an approximate annual loss to the state of \$94,000 because the DRC contract requires a flat-rate monthly payment that is not tied to the actual number of participants served.²¹ Based on the annual contract price, this underutilization is a 12% windfall to the contractor who is paid the full amount whether they serve 1 or 250 participants.²²

Other Key DRC Statistics

Show Low Performance

Since the inception of both DRCs, there have been a total of 4,536 participants. See Exhibit X for DRC participation in its various programs for both RDRC and LVDRC.²³

²¹ 30 participants under capacity X \$8.54 cost per participant per day at DRC X 365 days = \$94,000 (rounded up from 93,935).

²² Underutilized amount of \$93,935 / Total Annual Contract amount of \$768,600 = 12% (rounded down from 12.22%).

²³ Appendix D: Day Reporting Center Analysis for individual Reno and Las Vegas Day Reporting Center data.

Exhibit X

DRC Program Statistics

	Total Participants	Monthly Average Participants
Total DRC Population	4,536	220

Programs		
Moral Reconciliation Therapy	4,091	198
General Education Diploma	657	31
Job Search/Employment Preparation	335	16
Anger Management	137	7
Staying Quit-Relapse Prevention	507	26
Thinking for Good	200	10
Parenting Skills	136	7

Source: DIA analysis of data provided by current DRC contractor.

The DRC program graduation rate is approximately 3% as compared with Georgia’s 35% graduation rate.²⁴ According to NPP staff, the RDRC has a revocation rate of 20% and the LVDRC has a revocation rate of 11%.

Of the total DRC participants, 164 participants found employment. No participants achieved a GED; no participants obtained housing through DRC services.

DRC Costs are an Additional Cost to Community Supervision

DRCs are a high cost program serving a small percentage of offenders at an additional cost above community supervision. DRCs serve 1% of offenders under community supervision, using 59% of NPP’s program budget. An analysis of the most recent three years’ budgets since DRCs began serving offenders shows:

- The average NPP supervision budget is almost \$54.9 million.
- The average NPP annual programs budget is approximately \$1.3 million (3% of the annual NPP supervision budget).^{25,26}
- DRCs serve 1% of the total community supervision population.²⁷

²⁴ Appendix D: Day Reporting Center Analysis for graduation rate calculations.

²⁵ Average Programs Budget, \$1,335,773 / Average Total NPP Budget, \$54,862,184 = 3% (rounded up from 2.43%).

²⁶ Day Reporting Centers, \$768,600 + Indigent Fund Housing Deposit Assistance, \$216,249 + and State-Funded House Arrest, \$350,924 = \$1.3 million (rounded down from \$1,335,773).

²⁷ Average Number of DRC participants, 220 / FY2018 NPP Caseload, 20,425 = 1% (rounded to nearest whole number from 1.08%).

- The annual cost of the DRC contract is \$768,600 (59% of the annual programs budget).²⁸
- The average daily cost per person under community supervision is \$5.85; the average daily cost per participant at the DRCs is \$14.39.²⁹

Limitations of DRCs

With a goal to change the criminogenic behaviors of the DRC participants, a limiting factor is the hours of availability. DRCs operate Monday through Friday and have varying hours; DRCs are not open during the weekend. DRCs offer extended hours one night a week. DRC staff facilitate programs and make referrals for specific services but are not licensed practitioners of any kind.

Current Contract up for Negotiation

During this fiscal year, NPP issued a RFP to consider other DRC contractors. A new DRC contractor was selected. As of February 10, 2019, the new DRC contract has not been finalized with the State of Nevada Board of Examiners:

- Total cost of the new DRC contract is over \$4.4 million;³⁰
- Payment not based on participation (still a monthly, flat-rate contract); and
- Contract appears to offer additional services at a higher cost in the later years of the contract.

Indigent Funding Shows a Positive Return on Investment

During the 2017 legislative session, NPP received appropriations for the Indigent Funding program. Indigent Funding is used to provide up to \$1,000 for temporary housing for those approved for release by the Parole Board but cannot be released due to a lack of financial resources to obtain housing. Without the Indigent Funding, offenders remain in prison.

Return on Investment for the State

Research shows an investment in housing for offenders released from prison are less likely to get rearrested.³¹ Our analysis concurs with this research although it is a marginal improvement of approximately 2%. The larger impact is on the savings from avoiding incarceration costs.

We analyzed the informal Pre-Release Unit Indigent Funding file and expanded upon the cost-benefit analysis to include NPP supervision costs.

²⁸ Day Reporting Centers, \$768,600 / Total Programs Budget, \$1,335,773 = 58% (rounded up from 57.54%).

²⁹ Average Daily Supervision Cost, \$5.85 + DRC Daily Cost, \$8.54 = \$14.39.

³⁰ State of Nevada, BOE Contract Summary, dated December 10, 2019. The contract term is for five years.

³¹ Munyo, Ignacio, et al. "First-day Criminal Recidivism." Journal of Public Economics. December 10, 2014.

We normalized the data to include the actual monthly number of parolees funded in calendar year 2018, using the most current NDOC costs per day of incarceration and the maximum NPP Indigent Funding award per offender.³² See Exhibit XI for an estimate of savings.³³

Exhibit XI

Estimated Indigent Funding Savings to Nevada

Month	CY2018 Total Cost Savings to the State	Investment
January	\$ 427,657	\$ 26,000
February	\$ 799,809	\$ 49,000
March	\$ 465,059	\$ 36,000
April	\$ 621,860	\$ 34,000
May	\$ 271,304	\$ 22,000
June	\$ 172,068	\$ 16,000
July	\$ 76,132	\$ 5,000
August	\$ 496,923	\$ 35,000
September	\$ 536,445	\$ 35,000
October	\$ 858,090	\$ 62,000
November	\$ 739,676	\$ 60,000
December	\$ 740,229	\$ 53,000
TOTAL:	\$ 6,205,252	\$ 433,000

Source: DIA analysis on NPP Pre-Release Unit Indigent Funding Costs Savings data.

Indigent Funding Reduces
Costs of Incarceration

NPP analyzes the number of offenders listed on the Parole Eligibility Date (PED) Reports but does not measure the length of time and costs for an offender to remain incarcerated following parole eligibility. We reviewed PED Reports for calendar year 2018 showing offenders with a “*Has Approved Plan but Waiting for Funding*” designation on the PED - This occurs when the offender is accepted to a halfway house or treatment facility and does not have enough money for the program and is waiting for funds from family, friends, or indigent funds.”

On average, offenders waited 93 days past their parole-eligibility date due to lack of resources for acceptable housing. Considering the cost per day to have these offenders at NDOC and the cost per day for NPP supervision, had there been

³² The maximum amount of Indigent Funding available was \$500 per offender. In the spring of 2019, the maximum was increased to \$1000 per offender.

³³ Investment = \$1,000 for Indigent Funding X # of parole-eligible offenders.

adequate resources for offenders, the state could have saved approximately \$451,000.³⁴

Alternative Use of Funds

There are alternative uses of the funding for underutilized DRC positions. For example, in past years, according to staff, NPP was able to offer internal counseling services for offenders; however, due to budgetary constraints, the services were discontinued. These counseling services could serve as crisis response resources to help offenders with immediate, urgent needs to de-escalate potential individual crisis situations with potentially unfortunate consequences, including harm to self or others and interactions with law enforcement.

Conclusion

Allocation of resources to other successful programs and services helps meet the needs of those under community supervision to reintegrate back into the community and increases public safety. Allocating resources to other successful programs and services optimizes limited funds for reintegration efforts to maximize outcomes. DRCs are a high cost program serving a small percentage of offenders at an additional cost to community supervision. Underutilization of the current DRC contract costs the State of Nevada approximately \$94,000 annually. Another DRC vendor was selected through an RFP process but has not yet been approved by the Board of Examiners.

The Indigent Funding program is a small investment with substantial cost savings to the state. The additional allocation of underutilized DRC funds to Indigent Funding could save the state an additional \$451,000 annually by avoiding incarceration costs.

Recommendation

4. Allocate resources to other successful programs.

³⁴ Appendix D for Parole Eligibility Date Code Calculations.

Appendix A

Scope and Methodology, Background, Acknowledgements

Scope and Methodology

We began the audit in April 2019. In the course of our work, we interviewed management and staff and discussed processes inherent to the supervision of offenders. We visited several Department of Public Safety, Parole & Probation (NPP) field offices and Nevada Department of Correction's (NDOC) correctional facilities. We accompanied Parole and Probation Officers during their normal course of business (e.g. parolee and probationer check-ins and home visits). We reviewed NPP's records, policies and procedures, and researched scientific journals, professional publications, Nevada Revised Statutes (NRS), Nevada Administrative Code (NAC), Legislative Committee studies and reports, as well as other state and federal guidelines. Additionally, we reviewed applicable federal and independent reports and audits. We concluded fieldwork in November 2019.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

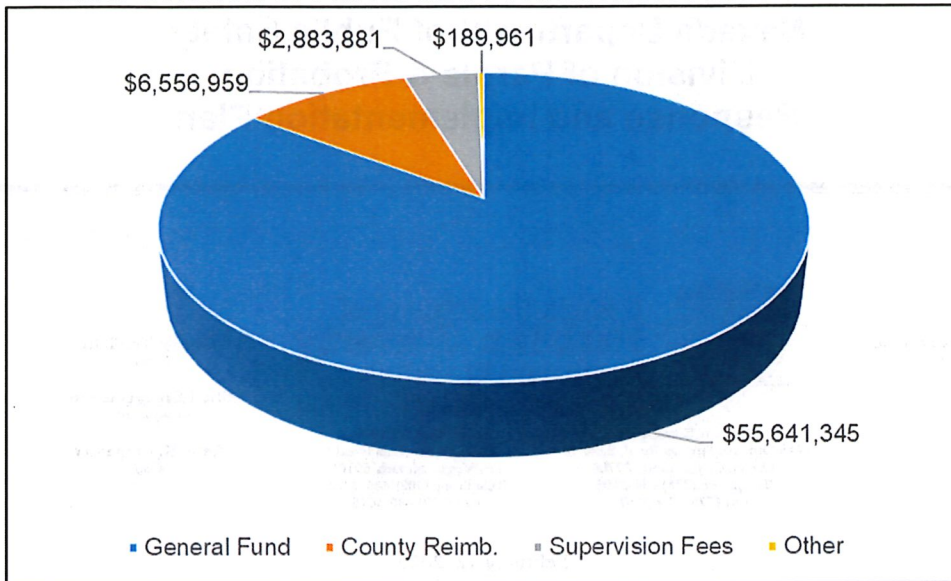
Background

The Division of Parole and Probation is one of nine divisions and four offices under the Department of Public Safety. It is the philosophy and practice of this Division that each offender is responsible for his or her behavior and for the choices they make each day. There are units in the Division that are tasked with the supervision of sex offenders, house arrest offenders, hardcore gang members, mandatory release parolees, drug court and mental health court, interstate compact offenders as well as general supervision offenders. The Division also has a training component dedicated to the training and professional growth of new officers through the use of field training officers.

Parole and Probation's revenues for fiscal year 2020 are approximately \$65 million, with 600 full-time equivalent employees legislatively approved. See Exhibit XIII for the Division of Parole and Probation's fiscal year 2020 revenue sources.

Exhibit XIII

2020 Division of Parole and Probation Revenue Sources



Source: Nevada Legislative Counsel Bureau, Budget Account Detail

Acknowledgments

We express appreciation to the Department of Public Safety, Division of Parole and Probation management and staff, Department of Corrections management and staff, and Governor’s Office of Finance, Budget Division staff for their cooperation and assistance throughout the audit.

Contributors to this report included:

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Executive Branch Audit Manager

Brian Wadsworth, MBA
Executive Branch Auditor

Appendix B

Nevada Department of Public Safety Division of Parole & Probation Response and Implementation Plan

Steve Sisolak
Governor



Nevada Department of
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Parole and Probation
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February 12, 2020

Warren Lowman, Administrator
Governor's Finance Office
Division of Internal Audits

Re: DIA Report No. 20-06

Mr. Lowman,

The Division of Parole and Probation has received and reviewed the report prepared by the Division of Internal Audits (DIA) following the audit on Division programs and processes. The audit report made four recommendations based upon the investigative findings. The Division has addressed each recommendation under the headings below.

Recommendation 1: "Revise Division of Parole and Probation's definition of recidivism."

The Division will accept this recommendation and agrees to examine the current definition of recidivism and explore calculation methodologies to determine whether inclusion of revocation(s) and/or new criminal conviction(s) during the term of supervision should be included.

The factors mentioned in the DIA report would need to be fully explored before a determination could be made regarding each factor's suitability for inclusion in the recidivism calculation.

Additionally, there is concern that a wholesale revision of the recidivism definition may not be appropriate since the current definition was finalized following considerable research and discussion with criminal justice stakeholders, including the State's Re-Entry Task Force. The current definition is designed to measure results once an offender has re-entered society and is self-sufficient (i.e., once they have received the guidance and resources provided during supervision).

The Division has a separate performance measure for the supervision process which is monitored for improvement trends and utilized for management decision making. The supervision process starts with the intake of an individual, either parolee or probationer, and concludes upon discharge. Each process that receives an input and generates an output must be measured independently for effective management decision making. When a measurement trend indicates a corrective action is necessary, management must have authority to change course and implement a correction.

Capitol Police • Office of Criminal Justice Assistance • Emergency Management/Homeland Security
State Fire Marshal • Records, Communications and Compliance • Highway Patrol • Investigations • Parole and Probation •
Office of Professional Responsibility • Office of Traffic Safety • Training • Office of Cyber Defense Coordination •
Emergency Response Commission

The Division is concerned that simply accepting and redefining recidivism as recommended, may introduce significant error to the recidivism measurement; hypothesizing that to include supervision in recidivism would coningle the outcomes of the supervision process with the measure of an offender's reintegration into society as a self-sufficient individual. While the Division agrees to examine this relationship, it is likely that the analysis may show that in order to receive a true measure of an offender's success after being returned to society, the supervision process must be excluded.

Recommendation 2: "Develop additional performance measures for programs and services."

The Division accepts this recommendation with the comment that the Division was already actively examining and updating the performance measures for all programs and services in conjunction with developing the next iteration of the Division's Strategic Plan. During that review, staff recognized that certain historic performance measures did not focus on metrics within the control of the Division. Future performance measures will be limited to functions within the Division's statutory charter and reflect legitimate metrics of Division performance.

Recommendation 3: "Adopt internal controls for offender data."

As noted in the audit, the Division's current record management system is antiquated and does not effectively meet the needs of the Division. Additionally, the audit team addressed the fact that the Division is currently in the process of selecting a vendor for a new records management system with a target implementation date of fiscal year 2022. Considerable staff resources would be required to develop and adopt internal controls for a system that is destined to be retired; the Division does not see a cost benefit to developing offender data controls for all areas of data entry. However, the Division also recognizes that internal controls for our Indigent Funding service and for the Pre-Release unit would be beneficial until the new record management system is deployed. Therefore, the Division accepts the recommendation to develop internal controls for offender data relating to Indigent Funding and Pre-Release.

Recommendation 4: "Allocate resources to other successful programs?"

The Division accepts this recommendation as the Division understands the importance of being fiscally responsible for all services and programs provided to individuals on supervision, but disagrees with the conclusion that the Day Reporting Centers were underutilized and therefore, cost prohibitive as compared to Indigent Funding.

Indigent Funding is a service with one objective: to provide assistance for inmates with limited financial means in securing temporary housing immediately following release from prison. Conversely, the Day Reporting Centers (DRC's) offer re-integration, rehabilitation and educational services to both parolees and probationers.

Throughout the extensive discussions with DIA, the Division has expressed concern with the methodology DIA utilized to calculate the cost savings projections following their analysis of the Division's internal Parole Eligibility Date (PED) reports. DIA examined 26 of the weekly PED reports from 2018. These PED reports represent a snapshot in time showing the inmates who were incarcerated beyond their Parole eligibility date as of the time of the report. In composing their report, DIA incorrectly attributed all time that an inmate remained in custody past their eligibility date to the single status code appearing on an individual PED report and failed to account for the fact that an inmate was likely to

appear on more than one PED report. For example, if an inmate were to remain incarcerated for 30 days past their eligibility date, that inmate would logically appear on 4 or 5 consecutive weekly reports, depending on what day of the week the offender entered past eligibility date status. Since the PED report is a weekly snapshot of the inmates currently in past eligibility date status, this is a reasonable and intended outcome; the purpose of the PED report is to outline to the Parole and Probation Specialists which inmates to prioritize in terms of release planning and to provide feedback to supervisors regarding the work of their subordinate employees.

Although this nuance of the PED report was explained to DIA staff, their narrative for this section has disregarded that clarification. For example, in many circumstances, an individual offender appears on more than one PED report, as demonstrated above. For DIA's calculations, they looked at the total days all offenders from the sample reports were incarcerated past their parole eligibility date. Based upon this total number of days, DIA calculated a cost savings related to the cost of incarceration versus the cost of community supervision by the Division. There are two substantial errors in this methodology:

- DIA has incorrectly assumed that all time spent incarcerated past an offender's eligibility date was attributed to just the reason code displayed on one or more PED reports.
- DIA did not exclude duplicate time entries for each unique offender from their calculations.

To determine the influence of these errors, the Division examined the 26 weekly PED reports upon which DIA based their calculations for potential savings related to offenders who were coded as, 'Has approved plan, but waiting for funding,' (Code 14) on the PED reports.

For the 661 instances assigned as Code 14 within the 26 weekly reports, there were 302 unique offenders with 177 of those offenders appearing on more than one report. In total there were 536 duplicate entries within the 26 weekly PED reports examined by DIA. Mathematically, when a value is improperly duplicated in the calculation of an average, the duplicate(s) will skew the result of the average up or down, depending on whether the duplicate values were higher or lower than the expected average value. The Division also noted that two of the offenders within the 26 PED reports were assigned to a Specialist who transitioned between the pre-release and fugitive apprehension units mid-month. As a result, two offenders who had absconded from supervision were included in the PED report. This outlier was not repeated within the following weekly PED report; meaning the error was identified and corrected before the next 'snapshot' of parole eligibility date was performed. (This anomaly accounted for 6,672 days past eligibility date being included for the two offenders had absconded from supervision.)

The coding of the offenders in past eligibility date status is very dynamic; often changing on a weekly, daily, and even hourly basis, depending on the individual circumstances associated with that offender's release planning process. Due to system limitations within OTIS, that change in coding is only tracked within the free-text chronological entries associated with each offender's electronic record within OTIS. Logically, an offender coded as awaiting funding should be at the final stages of their release planning cycle. As an example, if the offender was already past their eligibility date for 30 days before the release plan was approved, none of that time was attributed to funding. Only upon approval of the plan does the availability of funding become relevant to the determination of an actual release date. Beyond improperly attributing all past eligibility date status to the funding issue, DIA also failed to consider that the funding source may not have been the Division's Indigent Funding budget. Offenders are also assigned Code 14 while waiting for their personal funds to be transferred from NDOC banking to a housing vendor and in cases where the offender's family is paying the housing vendor directly.

For the following calculations, the Division excluded the days past eligibility date associated to all the duplicate offender entries and the days past eligibility date related to the two absconders. To present the maximum potential savings value for comparison to DIA's value, the Division did not exclude any offender self-funding instances from the calculation. Had the Division done so, the projected savings would have been even lower than presented here.

The Division manually reviewed the records for 53 of the 300 unique offenders appearing on the 26 weekly PED reports (17.66% sample). The Division ensured that the offender with the highest days past eligibility date from each weekly report were included in the sample identified for review. From that review, the Division determined that a total of 565 days past eligibility status could be attributed to the offenders waiting for funding to facilitate release. This amounts to an average of 10.66 days per offender.

While interpreting DIA's calculations for this comparison, the Division noted that DIA injected a rounding error into the math of this heading. For example, to demonstrate their methodology, DIA wrote:

*"Costs per Year at NDOC:
25 average inmate per week X 3.93 (365/93 average days) X 93 average
days X \$66 per day NDOC = \$603,058.50"*

In this example, DIA converted a calendar year (365 days) into a factor representing a number of 93-day periods by creating the term "(365/93 average days)." The result of this function is 3.9247 (truncated). DIA rounded that value up to 9.93, as shown in their calculation. The next function within DIA's equation converts those 93-day periods back into a year by multiplying their 3.93 value by the 93 day period. Mathematically, when a given number (A) is divided by a different number (B) and then multiplied by that same number (B), the result is the original number (A). In this case, DIA's rounding resulted in an increase to the original number (3.93 X 93 = 365.49).

DIA's calculation is also complicated because they have mixed the time units within their math model. They utilized an average weekly number of inmates, and a daily cost. A more accurate representation would have been to convert the NDOC daily cost into a weekly value. That weekly value could then be multiplied by the weekly inmate sample they identified and the number of weekly periods in a year.

25 average inmates per week X (\$66/day X 7 days) X 52.14 weeks² = \$602,217

DIA's methodology returns a similar result, but injects the rounding error defined above.

To demonstrate the magnitude of error in DIA's calculations for inmates awaiting funding (Code 14), the Division calculated potential savings (for the offender sample DIA utilized) based upon the days the past eligibility determined by the Division.

Has Approved Plan but Waiting for Funding (Code 14):

NPP Days: 10.66-days, average
 NDOC Cost of Incarceration: \$66 X 10.66 = \$703.56/offender
 NPP Cost of Supervision: \$5.85 X 10.66 = \$62.36/offender
 Average Potential Cost Savings: \$641.20/offender

¹ DIA Report; Appendix D; Parole Eligibility Date Code Calculations; page 29
² One year equals 52.14 weeks (365 days / 7 days per week).

As outlined above, there were 300 unique offenders within the 26 PED reports coded as 'Has Approved Plan but Waiting for Funding' (Code 14).

300 offenders X \$641.20 = \$192,360

Potential Savings: \$192,360 for the 26-week period represented by the sample reports.

Annual Potential Savings: \$384,720

By including the duplicate offender entries in their calculations, DIA has over reported cost associated with offenders remaining incarcerated beyond their parole eligibility date due to Code 14 by 42.85%.

Indigent Funding Investment:

For this calculation, DIA utilized the 25 inmates per week average cited above. DIA's calculation projected that if each offender received \$1,000 in indigent funding, that would result in a cost of \$98,250 to the State. This value is greatly underreported since DIA has carried forward the mixed mathematical units methodology from their earlier calculations. DIA utilized the weekly number of inmates multiplied by a factor representing the percentage of a year that the inmates were in past eligibility date status. That factor converts a year into days, not weeks. Just considering the \$1,000 per inmate and 25 inmates per week (average) from DIA's calculation, that equates to a weekly average investment of \$25,000. For an entire year, that investment would be \$1,303,500 (\$25,000 X 52.14 weeks).

To make a direct comparison of the needed indigent funding investment necessary under DIA's assumptions, the Division calculated the indigent funding investment necessary to accommodate all 300 unique offenders that appeared in the 26 weekly PED reports. The Division recognizes that this value is excessive since not all offenders waiting funding from the reports were waiting to utilize indigent funding. Many were in Code 14 status while awaiting self-funding for their approved release plan.

300 offenders X \$1,000 per offender = \$300,000

Since the sample PED reports represented 26 weeks of 2018, the projected funding must be doubled to represent the projected annual investment. \$300,000 X 2 = \$600,000

DIA's mathematical errors have resulted in their indigent funding investment calculation being underreported by 510%.

DRC:

The DRC's were introduced and approved during the 79th Nevada legislative session, to be used as an alternative to incarceration and to help to reduce recidivism. As a whole, DRC's have been so impactful that the audit report recognized the State of Georgia as a "leader in community supervision," and identified several programs that had a positive impact on supervision outcomes. The Georgia DRC's were specifically noted among several factors contributing to Georgia's success.

It is important to note that the Nevada DRC's were only operational for a brief period of time when the audit was conducted. This is noteworthy because the initial focus of the DRC's was as an intermediate sanction for at risk offenders. Without the resources provided at the DRC these individuals would have been incarcerated. As the program became more stable, the Division realized that the services provided by the DRC would also be beneficial for lower risk offenders. As a result, the Division began referring lower risk offenders to the program as a preventative measure focused on addressing supervision compliance before an offender was on the verge of revocation. With the passage of AB 236 during the 80th Nevada

Legislative Session, the use of the DRC's as a tool to address ongoing criminalistic behavior and prevent recidivism became even more important and supported the Division's decision to expand the role of the DRC's with the inclusion of lower risk offenders.

The DRC contract is currently pending BOE approval following release of a Request for Proposal (RFP) to identify and select a new vendor to operate the Nevada DRC's. If the contract is approved, the vendor will provide services in a phased model of program delivery. These phases consist of; motivation, treatment, transition and aftercare. The treatment phase offers individual treatment sessions in programs such as, but not limited to: behavior change, cognitive behavioral treatment, anger management, parenting, life skills employment readiness and development of stable housing.

The audit team was specifically concerned that the DRC was underutilized by an average of 30 participants statewide. When the new contract is approved and the DRC's are once again operational, the Division recognizes the necessity of ensuring both facilities are at full participant capacity each month, but acknowledges that participant numbers will vary from day to day.

Regarding the DRC contract pending approval by BOE, DIA commented that the payment amount remained based upon a flat monthly rate and was not based on participation numbers. The Division is concerned that DIA's cost per offender methodology would create an unsustainable business model for any vendor. In order for a business to operate, they must be able to recoup their expenses and generate a profit. As the consumer, the Division would like that profit to be as low as possible to reduce our expenses. The flat rate model accounts for the vendor's fixed and variable costs, while a per offender model would not unless that per offender cost were greatly inflated.

For example, in order to merely open the doors of a DRC and provide any services to offenders, the vendor must lease or buy office spaces, turn on utilities, furnish each office, and hire a cadre of administrative and professional staff for each location. The vendor must plan on having the capacity to provide all services to the full projected population of the program. The costs associated with these facilities and staffing are the same to the vendor whether they ultimately serve one offender, or the full complement of offenders at either DRC. Those costs are essentially fixed since the Division cannot wait for the vendor to re-hire and train staff before assigning an offender to the DRC. That would be contrary to the premise of 'swift and certain sanctions' within community supervision best practices.

If the Division were to mandate per offender pricing, the State could expect a much higher rate than already under discussion, or a tiered pricing system. Example of tiered pricing: The first 50 offenders equal a specified cost (set to recoup fixed expenses); offenders 50 through 100 may be associated with a lower variable cost focused on increased staff to address the scale of the operation; etc.

The Division also noted that any form of breakeven analysis was the missing from the DIA analysis of the DRC's effectiveness. This is a glaring omission that would provide a much clearer picture of the DRC's cost benefit to the state as compared to the examination of the average participant levels.

The Division examined the total amount paid to the contracted DRC vendor for the months that the Reno and Las Vegas DRC's were in operation. That dollar amount was divided by the number of DRC participants as outlined within the DIA report. The result being the average cost allocated to each offender

participating in DRC programming. That cost was then compared to the daily cost of incarceration³ to determine the number of days that an average DRC participant must receive DRC services in order to offset the DRC cost against the alternate cost of NDOC incarceration.

For the cost of incarceration calculation, the cost associated with NDOC incarceration must be reduced to account for Division supervision and DRC participation while the offender remained out of NDOC custody.

NDOC Daily Incarceration Cost:	\$66.00 / Day
Division Supervision Cost:	\$5.85 / Day
Daily DRC Cost / Offender:	\$8.54 / Day ⁴
Net DRC Participation versus NDOC Incarceration:	\$51.61 / Day

DRC Breakeven Analysis:

Total Amount Paid to Vendor:	\$1,614,060.00 ⁵
Total DRC Participants:	4,536 offenders ⁶
Average Cost per Offender:	$\$1,614,060.00 / 4,536 = \355.83
Days Participation in DRC:	$\$355.83 / \$51.61 \text{ per day} = 6.89 \text{ days}$

So long as the average participant was assigned to DRC programming for at least 7-days, the DRC was a cost-effective program that was successful in terms of preventing offenders from returning to incarceration. With very few exceptions, DRC participants were assigned to DRC programming far longer than just 7-days.

As stated above, the Division acknowledges that the DRC's were not at 100 % participant capacity for all months of operation; but, as shown in the breakeven analysis above, operation at less than full capacity has not resulted in an annual loss to the state of \$94,000,⁷ as reported by DIA. Conversely, starting on day 8, each day of participation in DRC programming equates to a minimum savings of \$51.61 per offender versus the cost of NDOC incarceration.

Considering the purposes of the Indigent Funding budget and the Daily Reporting Center program, both were successful and represent a reduction in state incarceration costs. As such, both remain worthy of continued funding and utilization by the Division.

³ For this calculation, the lowest cost of incarceration (NDOC - \$66/day) was utilized to calculate the most conservative value. The Division recognizes that probationers would not be reincarcerated at NDOC, but all local or county jail incarceration rates are higher than the NDOC daily incarceration rate.

⁴ DIA Report; footnote 29; page 21

⁵ Division expenditures for October 2017 through December 2019 for Las Vegas DRC and March 2018 through December 2019 for the Reno DRC. Participant numbers and expenditures for the month of February 2018 were excluded from this analysis to match the data set utilized by DIA in their analysis.

⁶ DIA Report – Appendix D; page 36

⁷ DIA Report; page 22

The Nevada Division of Parole and Probation is dedicated to leveraging available funding to provide the most beneficial programs and services to the supervision population. The Division continually examines the cost effectiveness of its programs and actively modifies program parameters based upon those internal findings. The Division takes pride in the dignity provided to offenders and the protection given to the visitors and citizens of the State of Nevada, despite the perceived deficiencies.

If you have any questions regarding this response, please contact me.

Sincerely,



Anne K. Carpenter, Chief
Nevada Division of Parole and Probation



Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the Nevada Department of Public Safety, Division of Parole and Probation (NPP), the Division of Internal Audits categorized the recommendations contained within this report into two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). NPP should begin taking steps to implement all recommendations as soon as possible. NPP's target completion dates are incorporated from Appendix B.

Category 2: Recommendations with an anticipated implementation period exceeding six months.

<u>Recommendations</u>	<u>Time Frame</u>
1. Revise Division of Parole and Probation's definition of recidivism.	Jul 2021
2. Develop additional performance measures for programs and services.	Jul 2021
3. Adopt internal controls for offender data.	Feb 2022
4. Allocate resources to other successful programs.	Jul 2021

The Division of Internal Audits shall evaluate the action taken by NPP concerning the report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and NPP.

Appendix D

Data and Analysis

Average Cost per Day per Inmate in Nevada Counties' Jails

Carson County	\$	78.75
Churchill County	\$	65.67
Clark County	\$	157.00
Douglas County	\$	150.00
Elko County	\$	75.00
Esmeralda County	\$	75.00
Eureka County	\$	75.00
Humboldt County	\$	100.00
Lander County	\$	75.00
Lincoln County	\$	65.00
Lyon County	\$	25.00
Nye County	\$	90.00
Storey County	\$	75.00
Washoe County	\$	109.00
White Pine County	\$	61.67
Average^a	\$	85.14

Source: NPP cost survey from county Sheriff Offices

Note:

^a. Mineral and Pershing counties did not provide a response.

DIA NPP Average Daily Supervision Costs Calculation

FY2017 Actual Budget: \$49,252,236

FY2018 Actual Budget: \$56,860,821

FY2019 Actual Budget: \$58,473,495

Average FY2017-2019: \$54,862,184³⁵

2017-2019 % Supervision of Offenders Budget Allocation: 79.00%

2019-2021 % Supervision of Offenders Budget Allocation: 80.00%

Average 2017-2021 % Supervision of Offenders Budget Allocation: 79.50%³⁶

³⁵ FY Actual Budget numbers from FY2017 - 2019 & FY2019 – 2021 Governor's Executive Budget.

³⁶ FY % of Supervision of Offenders from FY2017 - 2019 & FY2019 – 2021 Governor's Executive Budget.

Average Cost/Offender Under Supervision

Budget Allocated to Supervision of Offenders
CY2018 Total Supervision Caseload

\$43,615,436
20,425 inmates

= \$2,135 annually for each offender under supervision

Average Daily Cost of Offender Under Supervision

Average Cost/Offender Under Supervision
365 Days

\$2,135
365

= \$5.85 daily cost of each offender under supervision

Parole Eligibility Date Code Calculations

Has Approved Plan but Waiting for Funding

Costs per Year at NDOC:

25 average inmate per week X 3.93 (365 days/93 average days) X 93 average days X \$66 per day NDOC = \$603,058.50

Costs per Year under Supervision of NPP:

25 average inmate per week X 3.93 (365 days/93 average days) X 93 average days X \$5.85 per day NPP = \$53,452.91

Indigent Funding Investment:

\$1,000 X 25 inmates X 3.93 (365 days/93 average days) = \$98,250.00

Annual Cost Savings to the State of Nevada:
\$603,058.50 – \$53,452.91 – 98,250.00 = \$451,356.59

Day Reporting Center (DRC) Data Analysis

Reno DRC

	Total Participants	Monthly Average Participants
Total Reno DRC Population	771	41
Programs		
Moral Recontation Therapy	564	30
General Education Diploma	65	3
Job Search/Employment Preparation	7	0
Anger Management	61	3
Staying Quit-Relapse Prevention	336	18
Thinking for Good	158	8
Parenting Skills	51	3

Source: Auditor analysis of data provided by current DRC contractor.

Las Vegas DRC

	Total Participants	Monthly Average Participants
Total Las Vegas DRC Population	3,765	179
Programs		
Moral Recontation Therapy	3,527	168
General Education Diploma	592	28
Job Search/Employment Preparation	328	16
Anger Management	76	4
Staying Quit-Relapse Prevention	171	8
Thinking for Good	42	2
Parenting Skills	85	4

Source: Auditor analysis of data provided by current DRC contractor.

DRC Graduation Rates³⁷

Reno DRC

First graduating class on January 10, 2019: 17 graduates³⁸
Total Graduates: 17 graduates

Las Vegas DRC

First graduating class on May 23, 2018: 23 graduates³⁹
Second graduating class on August 22, 2018: 39 graduates⁴⁰
Third graduating class on January 25, 2019: 34 graduates⁴¹
Total Graduates: 23 graduates + 39 graduates + 34 graduates = 96 graduates

Graduation Rate

Total Graduates: 17 graduates + 96 graduates = 113 graduates
Total Population: 771 participants + 3,765 participants = 4,536 participants

$113 \text{ graduates} / 4,536 \text{ participants} = 2.49\%$

³⁷ Graduation Data Received from the NPP Letters of Intent.

³⁸ 2019 Legislative Session, NPP Letter of Intent-Day Reporting Center, dated July 7, 2019.

³⁹ 2017 Legislative Session, NPP Letter of Intent-Day Reporting Center, dated July 24, 2018.

⁴⁰ 2017 Legislative Session, NPP Letter of Intent-Day Reporting Center, dated January 22, 2019.

⁴¹ 2019 Legislative Session, NPP Letter of Intent-Day Reporting Center, dated July 7, 2019.