

California Prison Industry Authority

It Can More Effectively Meet Its Goals of Maximizing Inmate Employment, Reducing Recidivism, and Remaining Self-Sufficient

REPORT NUMBER 2010-118, ISSUED MAY 2011

This report concludes that although one of its primary responsibilities is to offer inmates the opportunity to develop effective work habits and occupational skills, the California Prison Industry Authority (CALPIA) cannot determine the impact it makes on post-release inmate employability because it lacks reliable data. Specifically, both CALPIA and a consultant it hired were unable to match the social security number of parolees from the California Department of Corrections and Rehabilitation's (Corrections) Offender Based Information System to employment data from the Employment Development Department. We attempted to measure CALPIA's impact using a different source—Corrections' CalParole Tracking System (CalParole)—but could not because we found more than 33,000 instances of erroneous parolee employer information in this system. Our audit also revealed that while CALPIA created a set of comprehensive performance indicators for the entire organization, its opportunity to track its performance is limited because it only recently finalized a tracking matrix in March 2011. Moreover, several of these indicators are either vague or not measurable.

We also noted that CALPIA could improve the accuracy of its annual reports to the Legislature. Although we found that the recidivism rate for parolees who worked for CALPIA were consistently lower than the rates of the general prison population, CALPIA overstated by \$546,000 the savings it asserts result from the lower recidivism rate. Further, CALPIA did not acknowledge that factors other than participating in one of its work programs may have contributed to the lower recidivism rates among its parolees.

CALPIA's closure of more enterprise locations than it has opened has resulted in a decline of work opportunities for inmates. Since 2004 it has established two new enterprises and reactivated or expanded four others; however, during the same time period it closed, deactivated, or reduced the capacity of six other enterprises at 10 locations, resulting in a net loss of 441 inmate positions. Finally, although CALPIA's five largest state agency customers paid more for certain CALPIA products, overall they saved an estimated \$3.1 million during fiscal year 2009–10 when purchasing the 11 products and services that we evaluated.

In the report, the California State Auditor (state auditor) made the below recommendations to CALPIA and Corrections. The state auditor's determination regarding the current status of recommendations is based on CALPIA's and Corrections' responses to the state auditor as of May 2012.

Recommendation 1.1.a—See pages 17—20 of the audit report for information on the related finding.

To improve the reliability of employment data contained in CalParole, Corrections should ensure that parole agents correctly follow procedures related to populating the data fields of and maintaining CalParole.

Corrections' Action: Pending.

According to clarifications we received from Corrections in August 2012 regarding its May 2012 response, it intends to release a policy memorandum to provide direction to field staff about entering offender data into CalParole, which will include detail on the integrity of employment information. This policy memorandum shall establish a statewide standard relative to data entry to CalParole, including ramifications for staff noncompliance with this standard. In August 2012 Corrections stated that the policy was under review and would be released upon executive approval. In addition to the policy memorandum, CalParole has been upgraded to include employment status fields. As a result, Corrections stated that the new Parole Performance Index (PPI), a tool used to monitor data input within CalParole, is now capable of extracting the necessary employment status data from CalParole for data analysis and reporting purposes.

Recommendation 1.1.b—See pages 17—20 of the audit report for information on the related finding.

In addition, supervisors of parole agents should conduct periodic reviews of parolee files to verify whether employment fields are completed appropriately and whether employment is documented adequately.

Corrections' Action: Pending.

In addition to existing department procedures that require parole agent supervisors to review all cases subject to active supervised parole, Corrections indicated it developed the PPI as a secondary monitoring tool for parole agent supervisors to ensure data input to CalParole is correct. Further, Corrections stated that it will release a policy memorandum outlining the use of the PPI. The policy memorandum is to include instruction for managers to audit the frequency and quality of CalParole updates. According to Corrections, coupled with a supervisory file review, the PPI will serve to assist supervisors in monitoring the integrity of data within CalParole. Corrections stated that the policy memorandum is complete and ready to be released, however, it has encountered a technical issue with the electronic user guide, which it referred to the software developer for resolution. According to Corrections, the policy memorandum will be immediately released to all Division of Adult Parole Operations (Parole) staff once this technical issue is resolved.

Recommendation 1.2—See pages 17—20 of the audit report for information on the related finding.

As Corrections prepares to move CalParole data into the Strategic Offender Management System (SOMS), it should modify existing employment related fields and add to SOMS new fields that are currently not available in CalParole so that Corrections can minimize the opportunity for erroneous data entries and make employment data more reliable.

Corrections' Action: Pending.

According to Corrections, it is in the process of modifying existing employment-related fields in SOMS in a thorough, more detailed manner than that currently captured within CalParole. It expects to complete these modifications by the middle of 2013. Also, according to Corrections, upon full implementation of the parole modules in mid-2013, SOMS will provide the ability for Parole supervisors to conduct case reviews electronically. SOMS will be implemented for all Parole field and office staff statewide, and will require use of SOMS as the system of record for all parole information. As a result, Corrections stated that SOMS will replace CalParole.

Recommendation 1.3—See pages 20—23 of the audit report for information on the related finding.

To ensure that it has a uniform set of inmate assignment standards, CALPIA should continue its efforts to issue regulations and complete the amendment of Corrections' operations manual. It should then work with Corrections to implement the changes to the inmate assignment criteria and the assignment process when the regulations take effect.

CALPIA's Action: Pending.

According to clarifications we received from CALPIA in August 2012 regarding its May 2012 response, the Prison Industry Board approved its proposed inmate hiring and assignment criteria in April 2012. CALPIA stated that it filed the regulations with the Office of Administrative Law in May 2012. It estimates the regulations will become effective by December 2012 after the completion of the comment period and response to any public comments.

Recommendation 1.4.a—See pages 23—25 of the audit report for information on the related finding.

To allow it to measure progress in meeting the goals in its strategic plan, CALPIA should ensure that all of its performance indicators are clear, measurable, and consistently tracked. It should also continue its efforts to properly measure its performance and to track each performance indicator.

CALPIA's Action: Fully implemented.

According to CALPIA, it formed a strategic business council of five CALPIA managers, who are each responsible for one of the five strategic plan goals. The strategic business council is to assess progress on the goals each month. Further, at least monthly, these five managers also meet with their staff to assess whether its strategic business plan's underlying objectives and action steps are relevant to accomplishing the plan's goals and that measures used to track progress are properly utilized.

In addition, CALPIA indicates that its performance measurement matrix has been improved to capture results with performance indicators in a dashboard-style chart that uses color codes and is updated and reviewed monthly by management. Instructions have been developed to provide clear and standardized instructions for managers and staff when reporting and utilizing the improved performance measurement dashboard matrix.

Recommendation 1.4.b—See pages 23—25 of the audit report for information on the related finding.

Further, CALPIA needs to create a process that will allow its management to review the results of performance tracking and ensure that the results can be recreated at least annually.

CALPIA's Action: Fully implemented.

CALPIA indicates the strategic business council reviews the performance measurement dashboard on a monthly basis. Further, to ensure that its results can be recreated at least annually, CALPIA states that it retains all documentation related to its strategic planning efforts. This documentation includes minutes of meetings, project management timelines, completed performance measure checklists, data collection and analysis, and periodic compilations of performance results for the five strategic goals.

Recommendation 1.5.a—See pages 25—29 of the audit report for information on the related finding.

CALPIA should maintain the source documentation used in calculating the savings it brings to the State as well as ensure that an adequate secondary review of its calculation occurs.

CALPIA's Action: Pending.

According to CALPIA, it has hired two graduate student assistants to review CALPIA's recidivism calculation and revise the calculation as needed. CALPIA indicated that it is utilizing the Washington State Institute for Public Policy's report titled, *The Comparative Costs and Benefits of Programs to Reduce Crime* as a foundation for the calculation's methodology. CALPIA estimates that it will complete the recidivism cost savings calculation study by October 1, 2012, assuming its exemption request to keep the student assistants is approved. Once the final recidivism calculation has been produced, CALPIA indicates it will memorialize the calculation's methodology and supporting documentation so the same figures can be reproduced or updated as needed.

Recommendation 1.5.b—See pages 25—29 of the audit report for information on the related finding.

It should also qualify its savings by stating that employment at CALPIA enterprises may be just one of several factors that contribute to the lower recidivism of its inmates.

CALPIA's Action: Pending.

CALPIA agrees that there may be other factors that contribute to the lower recidivism rate of CALPIA participants. According to CALPIA, since the completion of our audit, it has endeavored to develop a more accurate method to calculate the recidivism rate of its inmates and the related savings to the State's general fund. CALPIA stated that upon completion of the recidivism study, it will provide qualifying information about the recidivism calculation, including other contributing factors, if they are found.

Recommendation 2.1—See page 34 of the audit report for information on the related finding.

CALPIA should continue to use its recently improved method of identifying new product ideas and the changing needs of state agencies.

CALPIA's Action: Fully implemented.

CALPIA states that it is continuing to use the recently updated product development process to ensure product and enterprise concepts are properly screened prior to their launch. It also indicates that it is documenting instructions for using this process on the CALPIA intranet for staff.

Recommendation 2.2—See pages 37 and 38 of the audit report for information on the related finding.

When performing analyses to establish prices for its products, CALPIA should document the basis for each product's or service's profit margin and should also ensure that it always considers and documents market data when making pricing decisions.

CALPIA's Action: Fully implemented.

CALPIA indicates that each product price analysis now includes the basis for the product's profit margin as well as market data for comparable products.

Recommendation 2.3—See pages 43 and 45 of the audit report for information on the related finding.

CALPIA should continue to ensure that its managers use the estimated net profit report on a regular basis to review the profitability of each enterprise and to make decisions on how to improve the profitability of those enterprises that are unprofitable.

CALPIA's Action: Fully implemented.

CALPIA asserts it continues to ensure that managers use the estimated net profit report to monitor each enterprise's profitability.