



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 8/27/2013
Placement: Departmental
Estimated Tme: 60 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Chandra L. Wallar, County Executive Officer, 568.3400
Director(s)
Contact Info: Dennis Bozanich, Assistant to the CEO, 568-3400

SUBJECT: Recidivism Reduction: Overview of *Results First* and *Pay for Success* Initiatives

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Receive and file this report on recidivism reduction opportunities associated with implementing the *Results First Initiative* and feasibility analysis of a *Pay for Success* partnership model,
- B. Authorize staff to proceed with the *Result First Initiative* and authorize Chair to sign Letter of Support (Attachment A) and return to the Board with findings,
- C. Direct staff to conduct the feasibility study on the *Pay for Success* partnership model or other next steps and/or follow up, returning to the Board with additional information as warranted, and
- D. Determine that this is not a project under the California Environmental Quality Act (CEQA) Section 15378 (b) (5) since it is an organizational or administrative activity that will not result in direct or indirect physical changes to the environment.

Summary Text:

The escalating cost associated with incarceration in the County is unsustainable. 2011 Public Safety Realignment has exacerbated the overcrowding of the Santa Barbara County Jail. The addition of jail beds in the North County Jail (2018 projected opening) will increase capacity however without additional efforts, the relief will only be temporary. Innovative, evidenced-based recidivism reduction solutions will be vital in containing the costs of incarceration. This report to the Board will summarize two innovative recidivism reduction solutions available to Santa Barbara County.

The Pew-MacArthur *Results First Initiative* is designed to assess the cost/benefit of various criminal justice interventions and provide guidance to public safety policy makers on program enlargement, enhancement, reduction or elimination.

Pay for Success partnerships are created between public sector entities and socially responsible investors. Investment partners provide upfront programmatic capital to support implementation of critical services. Socially responsible investors are willing to finance programs that meet specific and rigorously validated measures of success. Investors will receive a mutually agreed upon return on investment if the program is successful. Additionally, many foundations are considering *Pay for Success*-type partnerships as a means of maintaining or enhancing their core funding.

Background:

Recidivism Impacts to the Criminal Justice System

Santa Barbara County's jail system has been overcrowded for over 20 years. The County Jail facilities have been operating at over 120% of rated capacity even though industry standards suggest a jail should operate at 85% of rated capacity in order to appropriately handle surges in arrests and changes in the type of inmates incarcerated. Since the early 1980's, the jail has been under a court-ordered population capacity limit, requiring the Sheriff to release offenders early or not put them in jail at all. This practice erodes respect for the criminal justice system and negatively impacts the quality of community life. This problem has been severely complicated by California's 2011 Public Safety Realignment Law (AB109), under which former State prisoners are now under County supervision and certain convicted felons are now serving their prison commitments in the county jail. Also State parolees who violate their parole conditions are serving their time locally.

Jail overcrowding has many negative effects on public safety, including:

- Inmates let out of jail before their sentences are complete. In the past five years, an average of 1,370 inmates annually have been released early due to overcrowding.
- Safety risk to both inmates and staff.
- Significant waiting lists for inmate participation in the few existing jail programs designed to reduce recidivism.

In 2008, The Sheriff's Blue Ribbon Commission on Jail Overcrowding recommended:

- Building a new, relatively small, county jail, and
- Investing sufficient funds in recidivism reduction programs.

The first recommendation was accepted. The construction funds for the new jail have been obtained, and the County has committed funds to operate it. The jail is scheduled to open in 2018. Because of AB109, however, more jail capacity is required than was needed in 2008 and the new jail alone will not eliminate overcrowding.

Unfortunately, there are limited funds available to implement the second recommendation and to create the needed recidivism reduction programs. Santa Barbara County Probation and the Santa Barbara County Reentry Project have extensive experience using evidence based programs to reduce recidivism among state parolees and county probationers. However, as a result of lower staffing levels and antiquated facility design, the ability to currently offer such services in the county jail is limited.

Santa Barbara County is interested in using the *Results First Initiative* to help to identify the most cost effective evidence based programs that would reduce recidivism for the criminal justice population, including county jail inmates, pre and post release, and improve public safety. When the analysis is completed, then consideration of funding sources for expanded or enhanced levels of service would need to commence. More details about the *Results First Initiative* are available below.

One funding option, for consideration may be *Pay for Success* public-private partnerships. The *Pay for Success* partnership model is a new way of financing social services that has the potential to improve results and encourage investments in cost-saving preventative services. Under the *Pay for Success* model, a government agency commits to pay for a specific outcome, in this case reducing recidivism by a specified amount in a target population. Investors provide the upfront capital to pay for the interventions required to achieve the outcome. A third-party evaluator validates the results of the intervention. If the specified outcome is achieved, the investors are repaid their capital plus a return. The financial return is dependent upon the degree to which the specified outcome is achieved. Additional information about *Pay for Success* partnership models is available below.

Results First Initiative

The Pew-MacArthur *Results First Initiative* is a project of the Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation. *Results First* is designed to:

- Help assess the costs and benefits of options available to the criminal justice system and
- Allow for the use of data to make decisions based on proven results.

Since the mid-1990's, Washington State policy makers have used the model to make decisions to invest in crime-prevention and treatment programs. Since that time the state has experienced improved results in crime rates as compared to the national average, an incarceration rate lower than the national average and a savings of \$1.3 billion per two-year budget cycle.

Key objectives of the *Results First* model are:

- Analyze all available research to identify which programs work and which don't, rather than relying on a few studies or anecdotal evidence.
- Rank the projected benefits, costs and risk of all programs as a guide to policy options.
- Identify ineffective programs that could be targeted for cuts or elimination.
- Calculate the potential return on investment of policy options, taking into account both the short and long term and the effect on taxpayers, program participants, and residents who are most directly affected.

After conducting a thorough validation by a national panel of experts, the *Results First* team is bringing Washington State's highly successful cost-benefit model to other states and to counties in California and providing technical assistance to help them use the model to compile and analyze data, interpret results, and present findings to policy makers. Through outreach from the California State Association of Counties (CSAC), Santa Barbara County had the opportunity to be considered as one of three pilot counties for *Results First*. The *Results First* team has presented to local stakeholders involved in the Criminal Coordinating Partnership as well as community-based organizations currently delivering services to the criminal justice population. The data requirements of the model have been reviewed and it is believed that with coordination lead by the Probation Department and the technical assistance provided the *Initiative*, Santa Barbara County is well positioned to benefit from this project. The District Attorney, Sheriff, Chief Probation Officer, Public Defender and Chief Executive Officer of the Courts have all endorsed the project and executed memorandums of understanding.

Pay for Success Partnerships

Pay for Success is a new way of financing social services that has the potential to improve results and encourage investments in cost-saving preventative services. Under the *Pay for Success* model, a government agency commits to pay for a specific outcome, in this case reducing recidivism by a specified amount in a target population. Investors provide the upfront capital to pay for the interventions required to achieve the outcome. A third-party evaluator validates the results of the intervention. If the specified outcome is achieved, the government repays the investors their capital plus a return. The financial return is dependent upon the degree to which the specified outcome is achieved.

Santa Barbara County's *Pay for Success* project builds upon the findings and recommendations coming from *Results First* and *Transitions from Jail to Community* projects. *Results First* will help quantify the cost savings associated with reducing recidivism, and *Transitions from Jail to Community* will provide a template of optimal processes and programs within the criminal justice system. The *Pay for Success* project has the potential to assist in financing some of the gaps identified in these processes and programs.

The *Pay for Success* model offers many benefits to local government. It enables the County to access private capital to implement proven preventative services, facilitates long term planning and outcomes, and mitigates financial risk by shifting from a "pay for services" to a "pay for outcomes" model. Santa Barbara County is ideally suited for a *Pay for Success* project. The County has a proven track record of recidivism reduction, collaborative and engaged leadership, technical assistance from renowned partners, and social and financial sectors with a history of supporting innovative community programs. The project team currently leading the initiative is being funded by the local community at no cost to the County.

The project is currently in the feasibility phase. The project team will attempt to accomplish six tasks by year-end 2013:

- Secure County commitment to pursue a *Pay for Success* project. The County must conceptually agree to share savings with the investors.
- Build a base of potential investors.
- Establish the targeted economic benefits the County will see if the program(s) successfully achieves the desired outcomes. Potential for savings will be established using Pew's *Results First* model.
- Identify an intermediary organization that will help determine the appropriate intervention, assist with the selection and management of high-quality service provider(s), and act as a financial intermediary for investors and the County.
- Develop a specific set of recidivism reduction programs that would be implemented to achieve the desired outcomes.
- Develop a comprehensive measurement protocol that will be used to evaluate the results of the recidivism reduction program.

If the feasibility phase is successful, the project team will enter a detailed planning phase in which the final dollars of savings, investment required, and payback to investors will be determined. After which, funds would be raised, contracts executed, and service delivery would begin in early 2015.

Opportunities for Moving Forward

The County of Santa Barbara will need to identify effective forms of recidivism reduction to maximize limited jail capacity, limited staff service delivery capacity and to manage overall public safety expenses. Participation in the *Results First Initiative* allows the county to:

- Connect public safety cost/benefit performance results, recidivism reduction in particular, with how resources are allocated for high risk offenders under probation supervision and the jail's in custody and alternative to detention programs,
- Increases staff effectiveness,
- Increases the success rates for members of the community receiving post-release services and
- Generates public support for using high quality cost and performance data to reduce recidivism.

The Board may choose to authorize staff to proceed with the *Results First Initiative* and return with additional information when available. Separately the Board may direct staff to proceed with the feasibility study for *Pay for Success* partnerships.

Fiscal and Facilities Impacts:

While there is a cost of staff time to provide Pew-MacArthur *Results First Initiative* with county criminal justice data, the cost-benefit analysis the county will receive in return will be worth considerably more than the staff costs of preparation.

Attachments:

A – Letter of Support

B – Presentation

Authored by:

Dennis Bozanich, Assistant to the County Executive Officer

CC:

Sheriff Bill Brown

District Attorney Joyce Dudley

Probation Chief Beverly A. Taylor

Public Defender Raimundo Montes De Oca