





February 21, 2007

James E. Tilton, Secretary  
California Department of Corrections and Rehabilitation  
1515 S Street, Room 502 South  
Sacramento, California 95814

Dear Secretary Tilton:

The enclosed report presents the results of the Office of the Inspector General's special review into in-prison substance abuse programs managed by the California Department of







his report presents the results of a special review by the Office of the Inspector General of the state's in-prison substance abuse treatment programs, which are



The contracts with the providers require contractors to provide a minimum of 20 hours per week of face-to-face group and individual activities and access to six additional hours of optional activities. The contracts also require that program activities be scheduled six days a week. But the Office of the Inspector General found that 14 of the 38 programs provide less than the 20 hours per week of activities; that only one of the 14 programs offered the required six additional hours; and that none of the 14 scheduled activities six days a week. At California State Prison, Solano, for example, inmates participate in the program only every other week, seven hours a day, four days a week. As a result, participants receive an average of only 14 hours a week instead of 20 hours—30 percent less than required by the contracts.

Another essential component of the therapeutic community model is the use of intensive group counseling—encounter groups—to promote personal change. But the contracts with providers do not specify how many of the 20 weekly program hours should be devoted to encounter group sessions and the Office of the Inspector General found that 13 of the programs devote less than 25 percent of monthly treatment hours to intensive group therapy. Several of the programs, in fact, devote less than 10 percent of available monthly hours to encounter group sessions.

In recognition of the importance of intensive group counseling, the contracts with program providers require contractors to earmark funding for enough counselors to maintain an 18:1 ratio of participants to counselors. The contracts also specify that contractors must limit the size of encounter groups to 18 participants. Yet, the Office of the Inspector General found that 68 percent of the programs—26 of the 38—have too few counselors to provide the 18:1 ratio and therefore cannot consistently provide the intensive counseling sessions specified by the contract.

Beyond those deficiencies, the review also found that the Office of Substance Abuse Programs uses a flawed process to select contractors, fails to adequately monitor contract compliance, and exercises poor fiscal controls over program budgets. In particular:

The bidding method used by the Office of Substance Abuse Programs to select providers unnecessarily restricts competition and may eliminate the best-qualified candidates by setting minimum and maximum bid amounts that cannot be justified. For most contracts, the amounts differ by only 5 percent—\$10.50 per inmate, per day and \$11.00 per inmate, per day, respectively. The process provides little price competition, often resulting in only one bid or in multiple bids at the minimum amount, and places little weight on cost and no weight on contractors' past performance. As a result, the process fails to ensure that the state receives the highest quality services for the lowest possible price.

The Office of Substance Abuse Programs does not adequately monitor the contractors, even though its policy and procedures manual requires program managers to conduct twice-yearly compliance reviews to enforce compliance with specific contract requirements, including staffing ratios and program hours. The



Office of the Inspector General found substantial evidence from this review that those contract requirements are not being met.

To enable the department to evaluate the in-prison programs and identify opportunities for improvement, the contracts with the providers require contractors to collect and submit data on program participants, such as the days and hours the inmates participated. Yet, the Office of Substance Abuse Programs has not held contractors accountable for submitting the data, and according to a department official, the data submitted is often inaccurate and incomplete. The data therefore cannot be relied upon for evaluating the programs.

The Office of Substance Abuse Programs has limited ability to enforce compliance with contract provisions because its contracts with program providers include no intermediate remedies and instead allow only for full cancellation of the contract if a contractor fails to satisfy contract requirements. The Office of the Inspector General noted this deficiency in a 2003 review of the Substance Abuse Treatment Facility and State Prison at Corcoran and recommended a change in the contract to provide for intermediate remedies, but more than three years later, the department still has not implemented that recommendation.

Several of the in-prison treatment programs have unfilled beds, yet maintain the same staffing levels, resulting in higher per-inmate cost and unnecessary expenditures for salaries and benefits. The Correctional Training Facility contract, for example, calls for 250 beds at a cost per inmate of \$3,832 if the program were fully utilized. But between January 2000 when it began and November 2006, the program housing unit has been able to accommodate only 145 participants, leaving 105 beds unfilled and raising the cost per inmate to \$5,079. Although the contract provided funding for 14 counselor positions to meet the 18:1 ratio for 250 inmates, with only 145 participants, the program required only eight counselor positions to meet the ratio requirement. Yet, the contractor has maintained between 13 and 14 counselor positions, with the result that for fiscal year 2005-06 alone, the department unnecessarily paid at least \$153,059 in counselor salaries and benefits. At the time of this review, California State Prison, Los Angeles County; Pleasant Valley State Prison; and California State Prison, Solano also had unfilled beds and were maintaining more counselors than needed for the 18:1 ratio, resulting in higher per-inmate costs and unnecessary salaries and benefits.

The department's line item budget guide requires contractors to justify and document requests to transfer funds from one budget item to another, such as from unspent salary savings to supplies and equipment. The programs section chief is authorized to deny such requests when justification is inadequate. But the Office of the Inspector General found that former assistant directors of the Office of Substance Abuse Programs have repeatedly overturned denials by the programs section chief and allowed contractors to transfer funds without adequate justification. In 12 of 14 contracts examined, contractors used funds earmarked for staff salaries to increase their operating expense budgets by an average of 54 percent in fiscal year 2004-05, increasing the operating budgets for the 12 contracts by a total of \$394,928. The practice also provides disincentives for contractors to







prison therapeutic drug treatment slots or similar modalities.” (AB 1535, 1999) At present, the bed capacity of the in-prison substance abuse treatment program is almost 9,200.<sup>7</sup>

The choice of the therapeutic community model for the state’s in-prison programs was fueled by evaluations of the Amity program that found positive effects on recidivism when participants also received aftercare. A study published in 1999 found that although three-year recidivism rates were actually slightly higher among inmates who completed the Amity in-prison program (79 percent) compared to inmates who did not receive treatment (75 percent), recidivism dropped to 27 percent for inmates who also completed an aftercare program based on the therapeutic community model.<sup>8</sup> After five years, the recidivism rate increased to 83 percent for inmates who received no treatment, 86 percent for those who completed only the Amity in-prison program, and 42 percent for inmates who completed both the in-prison program and the community-based aftercare.<sup>9</sup>

A January 2006 study by the Washington State Institute for Public Policy of 35 external evaluations of various types of drug treatment programs across the country found some treatment options to be more effective than others at reducing recidivism. As Table 1 shows, the study found that without community-based aftercare, in-prison therapeutic community treatment programs are less effective at reducing recidivism than other treatment methods, such as cognitive behavioral treatment and community-based substance abuse treatment. With community-based aftercare, in-prison therapeutic community treatment programs were found to reduce recidivism by about 7 percent.<sup>10</sup> Because the evaluation did not specify the time elapsed since participants left prison, however, the results cannot be compared with the results of other recidivism studies. In general, studies of in-prison therapeutic community programs in other states have found that they reduce recidivism rates for treatment groups in the short term (12 to 24 months), but that the difference between treatment groups and comparison groups begins to disappear over longer periods of 36 months.<sup>11</sup>

Program Description	Reduction in Recidivism Rate
In-prison therapeutic communities with community aftercare	6.9%
In-prison therapeutic communities without community aftercare	5.3%
Cognitive-behavioral drug treatment in prison	6.8%
Drug treatment in the community	12.4%
Drug treatment in jail	6%

Source: Washington State Institute for Public Policy, “Evidence-Based Adult Corrections Programs: What Works and What Does Not.” January 2006.

A 7 percent reduction in long-term recidivism among the 9,200 California inmates now receiving substance abuse treatment









Numerous university studies conducted over the past nine years have consistently shown that the department's in-prison substance abuse treatment programs are not being effectively implemented and do little or nothing to reduce recidivism. University of California, Los Angeles researchers found in fact that recidivism rates for participants in the state's two largest in-prison treatment programs—those at the Substance Abuse Treatment Facility and State Prison at Corcoran, the fiscal year 2006-07 budget for which totals nearly \$5.7 million—were slightly *higher* than those of non-participants. The researchers found that recidivism rates were also higher for participants at three of the department's other in-prison treatment programs. Similarly, the University of Cincinnati's Division of Criminal Justice concluded in March 2006 that the Substance Abuse Treatment Facility's in-prison treatment programs are "ineffective," and San Diego State University found "no evidence of savings from reduced reincarceration" attributable to participation in that facility's in-prison treatment programs. The findings are consistent with an evaluation by the Office of Substance Abuse Programs itself, which found small reductions in recidivism in the short term (12 months), but no evidence that the state's in-prison substance abuse treatment programs are effective in reducing long-term recidivism rates.

As a result of many of the studies—which were performed at a cost to the state of more than \$8.2 million—the universities have made recommendations for improving both individual programs and the in-prison substance abuse program model. But the Office of Substance Abuse Programs has failed to implement key recommendations to correct the deficiencies identified by the studies and instead simply continues to fund additional research. The department has also failed to implement recommendations issued by the Office of the Inspector General in January 2003 and April 2006 following a management review audit and follow-up review that identified numerous deficiencies in the in-prison programs at the Substance Abuse Treatment Facility. Meanwhile, the department continues to open new in-prison substance abuse treatment programs afflicted with many of the same problems.

Between July 1997 and June 2006, the University of California, Los Angeles conducted numerous multiyear studies and evaluations of the in-prison programs at the Substance Abuse Treatment Facility and nine other state prison facilities and issued more than 20 reports presenting the study results.<sup>13</sup> The studies, which were conducted under contracts

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<sup>13</sup> The two most recent reports were issued as drafts in January 2006 and June 2006. Before public release, draft reports are reviewed by the Office of Substance Abuse Programs and revisions are proposed to the University of California, Los Angeles. The final draft is then submitted to department's executive staff for approval. According to the acting deputy director of the Office of Substance Abuse Programs, the January 2006 draft report was reviewed by his staff and submitted to the department for approval on October 13,



Program Name	12-month Recidivism Rate	
	Program Participants	Non-participants
Quest	31%	25%



Domain Evaluated	Contractor	
	Phoenix House	Walden House
Program leadership and development	Highly effective	Effective
Staff characteristics	Highly effective	Effective
Offender assessment	Ineffective	Ineffective
Treatment characteristics	Ineffective	Ineffective
Quality assurance	Ineffective	Ineffective

*Source:* University of Cincinnati, draft report, "Evidence-Based Correctional Program Checklist (CPC)," March 2006

As a result of the evaluations, the University of Cincinnati identified the following weaknesses:

Program staff did not routinely review recidivism information and previous evaluations had not demonstrated that the program was effective in reducing recidivism.

The programs did not focus on addressing participants' treatment needs.

The programs lacked an adequate internal quality assurance process.

The evaluators recommended the following corrective actions to address the weaknesses:

Measure treatment delivery by conducting periodic assessments of program participants to measure their improvement in areas specifically related to their criminal behavior and review the reassessments with aftercare staff.

Obtain program participant recidivism reports from the University of California, Los Angeles and modify the program as needed to obtain better results; conduct periodic meetings with outside evaluators and program staff to review and discuss research findings.

Develop a useful quality assurance process with objective means to measure treatment delivery, including the quality of services.

contractors experienced high staff turnover, which negatively affected the quality and intensity of the therapeutic community treatment at many of the programs it evaluated.

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The University of California, Los Angeles found that some programs had been unable to develop and sustain an effective therapeutic community culture because of operational and administrative barriers. In its January 2002 report, for example, the university noted that the Substance Abuse Treatment Facility had not developed a true therapeutic community culture because it was overburdened by too many participants. The researchers also found that in rural areas, providers had difficulty locating and hiring staff with previous training and experience in the therapeutic community treatment modality. And in its January 1999 report on the in-prison substance abuse programs at the Substance Abuse Treatment Facility, the university noted that the remote location of the program facility negatively affected staff turnover.

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The university reported in October 2001 that the process for identifying inmates with substance abuse problems was “inefficient” and void of “a valid and reliable means of assessing inmates’ needs for and amenability to substance abuse treatment prior to (or even after) placing them into the programs.” The researchers also reported in January 2002 that recidivism rates for involuntary participants in the Substance Abuse Treatment Facility programs were higher than those for both voluntary participants and a control group of non-participants. The report noted that only 39 percent of in-prison program participants at the Substance Abuse Treatment Facility had volunteered for treatment, and that six-month recidivism rates for involuntary participants were 39.1 percent compared to 26.7 percent for voluntary participants and 22.1 percent for involuntary non-participants. As a result, they concluded that participants who did not want treatment were 75 percent more likely to recidivate after six months than untreated inmates who had also reported that they did not want treatment.

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As noted earlier, the university found that recidivism rates for in-prison program participants at the Substance Abuse Treatment Facility who attended at least 90 days of aftercare were significantly lower than those of participants who did not attend aftercare. They also found, however, that 70 percent of the participants did not attend aftercare and that less than 10 percent attended aftercare for at least 90 days.

To address those deficiencies, the University of California, Los Angeles recommended that the department take the following corrective actions:

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In its report dated October 2001, the university recommended that the department implement an organizational culture “that facilitates the work of these treatment programs,

while ensuring the continued safety and security of the inmates, staff, and public.” The university also recommended that the department direct financial resources to the programs to reduce contractor staff turnover.

§ The university recommended that the department reduce the number of participants in the Substance Abuse Treatment Facility programs and develop other programs in more urban areas.

§ Researchers recommended that the department “renew efforts to explore the development and implementation of a comprehensive screening and assessment system” to “enhance the operational and cost effectiveness of existing programs by not populating them with inmates who do not have serious substance problems or are not amendable to treatment within a general therapeutic community program.”

§ Based on its first multiyear study of the in-prison substance abuse programs at the Substance Abuse Treatment Facility, the university recommended in January 2002 that the department decrease the number of involuntary participants.<sup>15</sup> Researchers offered several suggestions for accomplishing that goal, including that the department target inmates who volunteer for the programs and consider the inmates’ desire for treatment in their referral and admission to the program. The university also recommended offering incentives, such as improving participants’ living quarters and enhancing participants’ vocational training and employment opportunities.

§ The university began recommending mandatory aftercare with its October 2001 report on the Substance Abuse Treatment Facility.

. The Office of the Inspector General found that despite the \$8.2 million expended for the university studies—and even though many of the recommendations date back as far as 2001—the department has failed to implement key recommendations issued by the University of California, Los Angeles, or in some cases, has only recently begun to do so, and that many of the deficiencies remain. In fact, the Office of Substance Abuse Programs has never even implemented a process to formally respond to the studies of its in-prison substance

communities and where lockdowns and other security and custodial operations interfere with treatment services.

§ The department has not reduced the program size at the Substance Abuse Treatment Facility and State Prison at Corcoran, even though that action was recommended both by the University of California, Los Angeles and by the Office of the Inspector General in a 2003 audit of the facility. In addition, the Office of Substance Abuse Programs has opened two new in-prison substance abuse programs at facilities in remote areas since January 2002—at Chuckawalla Valley State Prison in Blythe in 2002 and at Wasco State Prison in Wasco in 2005.

§ The department has not improved its screening and assessment of program participants in response to the recommendations. Under present procedures, the department — without input from program providers—decides which inmates are eligible for in-prison substance abuse treatment and places them in the programs. The process does not include an assessment of an inmate’s amenability to the therapeutic community treatment model, but rather bases eligibility primarily on a history of substance abuse. Length of time remaining to serve, classification score, gang associations, active or potential immigration holds, and enrollment in specified mental health programs are also considered, while involvement in serious incidents or placement in a security housing unit or protective housing unit in the past year may preclude eligibility. Inmates who volunteer to participate receive placement priority, but most participants do not volunteer for the programs. As described in Finding 5 of this report, the department is not providing adequate assessment of either the participants or the effectiveness of the programs because the Office of Substance Abuse Programs has not held program contractors accountable for accurately tracking and submitting the data needed for that purpose.

§ The department has implemented one small pilot program for all-voluntary participants, but has done little else to address this issue. As discussed below, Senate Bill 1453 (Chapter 875, Statutes of 2006), which took effect January 1, 2007, provides an incentive for inmates to volunteer for participation in aftercare treatment, but additional incentives may be needed to increase the number of volunteer participants.

§ The Office of Substance Abuse Programs has only recently begun addressing the issue of mandatory aftercare for participants in in-prison substance abuse programs. As a result of a 2006-07 budget change proposal, the Office of Substance Abuse Programs plans to implement a five-year pilot project for a mandatory residential aftercare program. In the budget change proposal, the Office of Substance Abuse Programs stated that “utilizing a pilot program will provide actual numbers to substantiate if the program will be successful in reducing further recidivism and, in turn, prison overcrowding.” The project, which is scheduled to be implemented in January 2007, will be for eligible inmates participating in the in-prison substance abuse programs at two facilities: Valley



State Prison for Women and the California Rehabilitation Center. Participants accepted into the pilot project will receive 120 days of mandatory residential aftercare services following parole and up to 60 additional days of voluntary services and support. In contrast to Senate Bill 1453, the pilot program does not appear to offer incentives for participation in aftercare. Senate Bill 1453 provides for specified nonviolent inmates who successfully complete an in-prison drug treatment program to be entered into a residential aftercare drug treatment program whenever possible. Under the new law, parolees who successfully complete 150 days of residential aftercare will be discharged from parole supervision.

It should be noted, however, that the Office of Substance Abuse Programs may have difficulty identifying inmates who have “successfully” completed an in-prison substance abuse program because it has not defined “completion” and, as discussed in Finding 5 of this report, has failed to collect data that might be useful in defining completion, such as the number of hours or days an inmate participated in the program. At present, eligibility for aftercare services is not based on the participant’s achievement in an











Transitional Treatment Facility completely isolate inmates participating in the substance abuse programs. Participants in the other 36 substance abuse programs share yard space with general population inmates and may also share medical and kitchen facilities and may participate in work assignments and other institution programs with inmates from the general population.

Asked the reason for the lack of separation, the acting deputy director offered the following explanation:

- Ø Overcrowding has forced some institutions to add beds for general population inmates to housing units that were formerly dedicated to the sole use of in-prison substance abuse program participants.
- Ø Some of the substance abuse treatment programs have unfilled beds because

dedicated 10 percent or less of the available treatment hours to encounter group sessions. Assuming a 20-hour programming week, which translates into an average of 86 hours per month, the worst four programs averaged only between 1.3 and 8.6 hours of encounter group sessions per inmate per month. The remaining 12 programs devoted between 26 and 50 percent of available hours to encounter groups.

In further recognition of the importance of intensive group counseling to the therapeutic community treatment model, the program budgets, which are incorporated into the contracts, require contractors to earmark funding sufficient to maintain an 18:1 ratio of participants to counselors. The contracts also specify that encounter groups be limited to 18 participants. Yet, the Office of the Inspector General found that 68 percent of the programs—26 of the 38—have too few counselors to provide the 18:1 ratio and therefore cannot consistently provide the intensive counseling sessions required by the contract and intrinsic to the therapeutic community model.

The Office of the Inspector General found that the therapeutic community treatment model is effectively absent at eight of the 38 programs—comprising 2,189 beds (24 percent of the beds contracted for in-prison substance abuse treatment programs)—because the programs have been placed in facilities subject to either frequent or long-term lockdowns of all or a large percentage of program participants. These programs are located at seven institutions where gang activity, riots, and other violent incidents are common and where such disruptions are typically followed by lockdowns in which inmates are temporarily confined to cells. Because program participants at these institutions share yards, other facilities, and in some cases, housing units with general population inmates, they are frequently included in lockdowns and other restrictions imposed on the general inmate population and are thereby prevented from attending substance abuse program sessions. The frequent lockdowns disrupt the therapeutic process and result in participants receiving little benefit from the treatment. The effect of the disruptions is so significant that these eight programs appear to be a virtual waste of their combined annual cost of \$8.5 million.

Specifically, the Office of the Inspector General found the following:

On the day the Office of the Inspector General visited, 129 inmates were assigned to the 200-bed Level III substance abuse program at California State Prison, Solano, but because of a series of lockdowns involving inmates of various ethnic and racial groups, only 32 inmates—16 percent of capacity—were able to attend program sessions. Nineteen of the 129 inmates assigned to the program had never attended a session because they were housed in a different facility, and all but one of the remaining 110 participants shared an exercise yard and other facilities with 1,100 inmates from other housing units. As of June 19, 2006, Northern Hispanic inmates had been locked down continuously since April 2005; Southern Hispanic inmates had been locked down continuously since November 2005; and black inmates had been locked down since June 14,







cells to remain unlocked during the day—that were formerly used to reinforce positive behavior on the part of progra







An analysis of the documentation supporting the bidding process for the 35 in-prison substance abuse program contracts currently in effect revealed that in response to the request for proposals, the department often received either only one bid or multiple bids at the minimum pricing level. Specifically, the Office of the Inspector General found the following:

Of the 35 contracts reviewed, 11 (31 percent) received only a single bid, seven of them from one vendor.

Of the remaining 24 contracts, 19 (79 percent) received bids at the same amount—the established minimum bid price.

For the other five contracts, which ranged in cost from \$3.3 million to \$5.2 million, bids fell between the minimum and maximum pricing levels, but in two contracts, differed by only small amounts. In one instance, the bids ranged between \$3,257,625 and \$3,257,672—a difference of only \$47, and in another instance, they ranged between \$3,353,438 and \$3,353,435—a difference of \$3.

Section 5.03A of the State Contracting Manual and section 10339(a) of the Public Contract Code provide that “an agency may not draft any competitive bidding document in a manner that limits bidding directly or indirectly to any one bidder.” Section 2.04 of the State Contracting Manual also recommends that state agencies not unnecessarily restrict competition when formalizing competitive bidding processes. Yet, the bid process used by the Office of Substance Abuse Programs appears to restrict competition and fix the price of the contracts. The process may also unintentionally exclude contractors who might either bid lower costs or have more expensive but more effective programs.

Section 5.10B of the State Contracting Manual requires state agencies to prepare and retain in the agency’s contract file a complete explanation as to why fewer than three bids were received and a justification as to the reasonableness of the contract price. Contracting rules also require that if fewer than three competitive bids or proposals have been received, the following information shall be supplied to the Department of General Services when the contract is submitted for approval:

The effort made by the awarding agency to solicit competitive bids.

Cost information in sufficient detail to support and justify the cost of the contract.

Cost information for similar services.

Special factors affecting the costs under the contract.

An explanation of why the awarding agency believes the costs are appropriate.





*(method currently used)*

proposals for more than one program location—sometimes soliciting proposals for six program locations with a single request. The 11 request for proposal solicitations resulted in 35 contracts totaling nearly \$144 million with durations ranging from two to five years.

The Office of the Inspector General found that the department’s contracting unit, which oversees the contracting process for the in-prison substance abuse program, has identified the following deficiencies in the process:

It is difficult for new contractors to enter the existing group because the contracting process tends to favor existing contractors who know how to “play the game” by requesting copies of prior winning bid proposals and using similar language in their proposals.

The advertisement process is lengthy, and the entire request for proposal process typically takes from seven to nine months.

The proposals continue to be evaluated by the same staff members because it is difficult to find evaluators at the required staff services analyst level or higher who can commit the time necessary to perform the evaluations.

The request for proposal process allows contractors to move budgeted funds from one area to another, while the invitation for bid process would provide better controls over the budget and funding for the contracts.

The department’s in-prison substance abuse program contractors are among those that most frequently protest the scoring and other issues related to the bidding process. When such protests are filed, they require contracting staff or the Department of General Services’ Office of Legal Services to develop time-consuming responses.

Members of the contracting unit staff said they believe the department should coordinate with the Department of General Services and the Office of Substance Abuse Programs to discuss an alternative bid proposal process for the in-prison substance abuse program, but also suggested that the management of the Office of Substance Abuse Programs has ignored previous recommendations to change the process.





The practice did not change significantly when the former assistant director was replaced in January 2005. According to the programs section chief, numerous video equipment purchases that had been given blanket approval by the first assistant director were specifically approved by the second assistant director. In another example, the programs section chief denied one contractor's request to purchase computers and other equipment valued at more than \$29,000 and wrote a memorandum to the assistant director, dated June 7, 2005, outlining the reasons the contractor's request should be denied. The memorandum stated that "their contract expires in December. It is not in the best interests of the State to allow contractors to purchase equipment shortly before their contract expires." Nonetheless, the assistant director overrode the programs section chief's decision and approved the contractor's request. The issue is significant because at that time the line-item budget guide expressly allowed contractors to retain ownership of equipment, even if it was purchased with state funds.

An analysis by the Office of the Inspector Ge



relinquished through this provision could be significant. In the current review, the Office of the Inspector General found that an in-prison contractor whose contract at the Substance Abuse Treatment Facility was not renewed after June 30, 2006 took numerous computers, televisions, and fax machines when it vacated the program. Many of those items had been included in a \$93,250 budget transfer request approved by the Office of Substance Abuse Programs 10 months earlier. Because each of the items probably did not have a unit value of more than \$5,000, the contractor retained ownership of the equipment in accordance with the budget guide, even though the equipment was purchased with state funds.

In response to the Office of the Inspector General's October 2006 review, and subsequent to the end of fieldwork for the present review, the department amended the budget guide to change this provision. Effective October 20, 2006, the guide requires that upon termination of a contract, the contractor must "leave all expendable equipment for use by subsequent contractors or for the State to dispose of according to its needs." The amended budget guide, however, does not require contractors to identify and track all expendable equipment, making it difficult for the department to confirm that the contractors have complied with the new requirement. The budget guide requires only that contractors maintain a list of purchases of expendable equipment considered "theft sensitive," such as cameras, calculators, two-way radios, computers, and printers for audit purposes, and does not require them to identify and track expendable equipment not necessarily deemed "theft sensitive," such as desks, chairs, white boards, and file cabinets.

#### **RECOMMENDATIONS**

The Office of Substance Abuse Programs has done a poor job of monitoring the in-prison substance abuse program providers for program quality and compliance with contract terms. Even though a policy and procedures manual requires program managers to conduct twice-yearly compliance reviews to enforce contract provisions relating to issues such as staffing ratios and program hours, the Office of the Inspector General found substantial evidence in the present review that those contract terms are not being met. To enable the department to evaluate the in-prison programs and identify needed improvements, the provider contracts also require contractors to collect and submit data on program participants, such as the days and hours the inmates participated. But the Office of Substance Abuse Programs has not held contractors accountable for submitting the data and, according to a department official, the data submitted is often inaccurate and incomplete—and therefore cannot be relied upon in evaluating the programs. The Office





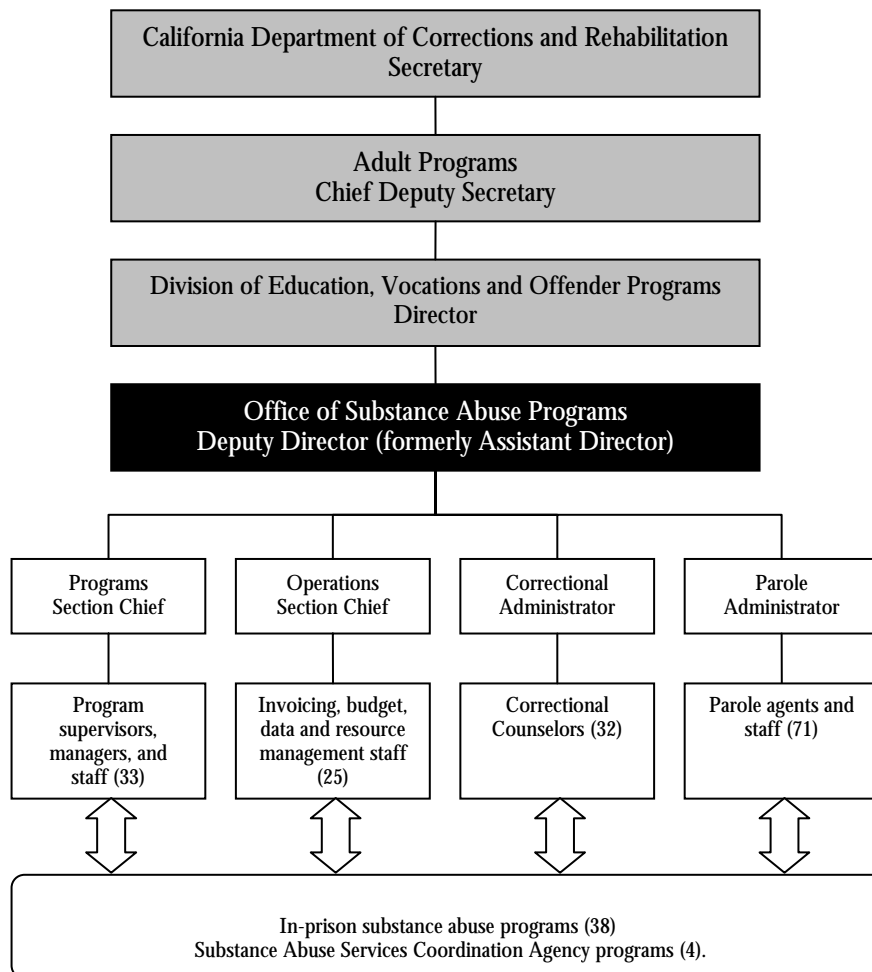








1	Avenal State Prison	II	200	Phoenix House	\$766,500
2	California Correctional Institution, Tehachapi	II	175	Mental Health Systems	\$670,687
3	Central California Women's Facility	I-IV		\$981,	re.52



Source: California Department of Corrections and Rehabilitation organization chart, dated 10/3/2006.  
Office of Substance Abuse Programs organization chart, dated 10/10/2006.









CDCR is reevaluating its methods of bidding and contracting for substance abuse services. Changes will be implemented as soon as possible.

A new contract monitoring tool and database has been developed and will be utilized to identify contract/contractor deficiencies, monitor program performance, and highlight areas of concern.

Based on the recommendations of the TAC, the in-depth program reviews, bid process changes, and contract monitoring improvements, CDCR will improve management of our substance abuse treatment programs. These improvements will be implemented as expeditiously as possible.

- t Although CDCR generally concurs with the overall findings and intent of the recommendations, it is important to note that the OIG's primary focus was on the University of California, Los Angeles' (UCLA) study of one CDCR facility, the California Substance Abuse Treatment Facility and State Prison at Corcoran, while CDCR operates 38 programs within 22 facilities.
- U UCLA conducted studies of 14 programs at 8 other facilities and found a range of recidivism rates. The 12-month recidivism rates for 26 of CDCR's substance abuse treatment programs are lower than the departmental average. Recidivism rates for the civil addicts are even more positive. This is consistent with the Washington State Institute for Public Policy study of 35 external evaluations mentioned in the OIG's report.

As pointed out in the OIG's review, the CDCR has collected data on individual programs and found that some of the programs for felons have shown lower recidivism rates than the departmental average. Additionally, the TAC, the CDCR Office of Research, and the expert panel will identify program deficiencies and structural programmatic changes to achieve the intended results.

CDCR is hopeful that the implementation of Senate Bill 1453, which provides the incentive of early discharge from parole for nonviolent inmates who successfully complete both the in-prison program and 150 days of aftercare, will improve the program's recidivism rates further by encouraging aftercare participation. The aftercare program is important to overall success in the Department's treatment programs and their impact on recidivism.

We would like to thank the OIG for its continued professionalism and guidance in CDCR's efforts to improve its operations. If you have any questions, or require further information, please call me at 323-6001.

*Original signed by*

JAMES E. TILTON  
Secretary  
California Department of Corrections and Rehabilitation

cc: Marisela Montes, Chief Deputy Secretary, Adult Programs  
Stephen Stenoski, Assistant Secretary (A), Office of Audits and Compliance

\* Circled numbers in this document refer to the Office of the Inspector General's comments in reply to this response. Those comments appear on the following page.

COMMENTS OF THE OFFICE OF THE INSPECTOR GENERAL ON THE RESPONSE FROM  
THE DEPARTMENT OF CORRECTIONS AND REHABILITATION

- t Contrary to the department's assertion that the Office of the Inspector General's primary focus was on the University of California, Los Angeles study of the California Substance Abuse Treatment Facility and State Prison at Corcoran, the Office of the Inspector General visited all 38 programs and reviewed external research reports related to several California prisons, including reports from the University of California, Los Angeles, San Diego State University, and the University of Cincinnati.

In reaching its conclusions about the department's substance abuse treatment programs, the Office of the Inspector General weighed its own observations of the programs as well as the results from the external research reports. The most convincing research studies were those that compared the recidivism rates of treatment program participants to the rates for a similar group of nonparticipants (control group). Comparisons using a control group are more convincing because they demonstrate that an outcome was caused by the *combination* of the treatment program and the unique characteristics of the participants rather than just the unique characteristics of the participants.

- u The department suggests that comparing the recidivism rates for participants in its substance abuse treatment programs to the recidivism rates for its overall inmate population demonstrates that its treatment programs are successful. Such a conclusion is flawed, however, for two reasons. First, the department's own study of 26 programs did not include comparisons to a control group of nonparticipants. Similarly, the University of California, Los Angeles did not provide comparative control group information for ten of the 14 programs it studied. The results for the other four programs studied by the University of California, Los Angeles, which did include a control group, appear on page 14 of the Office of the Inspector General's report.

Second, the department's reference to its own 12-month study omits relevant information related to less favorable longer-term outcomes. In an earlier study, using program participants released from prison in 2001, the department found 12-month recidivism rates for participants were lower than the department's average recidivism rate, but also found that after 36 months the rates for participants were no different than the department's average recidivism rate. Because these studies lacked a comparative control group, they do not provide conclusive evidence that the treatment program itself was responsible for the reduced recidivism.