



Joint Budget Committee

Staff Budget Briefing FY 2026-27

**Department of Public Safety
Division of Criminal Justice**

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December 18, 2025

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Contents

Staff Budget Briefing FY 2026-27	1
Overview of Division	2
Graphic Overview	3
General Factors Driving the Budget	6
Summary of Request	11
Budget reduction options	12
Issue 1: Incapacitation, deterrence, and crime	15
Issue 2: DOC inmates in the community	32
Issue 3: Community corrections cost analysis	51
FY 2025-26 Executive Order Budget Adjustments-Not applicable	57
Footnotes and Requests for Information	58
Department Annual Performance Report	62
Appendix A: Numbers Pages	A-1
Appendix B: Full response to RFI 2 Options to increase DOC community placements	B-1
Appendix C: Letter from the Community Corrections Coalition concerning transition placements	C-1
Appendix D: Brief history of community corrections and local control	D-1
Appendix E: Community corrections cost analysis	E-1

Additional Resources

To find the online version of the briefing document search the General Assembly’s website for [budget documents](https://leg.colorado.gov/content/budget/budget-documents) (leg.colorado.gov/content/budget/budget-documents).

Plan for the briefing presentation

JBC staff plans to focus most of their 1.5-hour briefing presentation on Issue 2, with the remainder spent on the General Factors, budget reduction options, and short summaries of Issues 1 and 3. Footnotes and requests for information as time allows.

Overview of Division

The Division of Criminal Justice (DCJ) contains the following offices:

- Office of Administration: provides oversight and support for the entire division.
- Office for Victims Programs: administers federally funded grant programs for crime victims and the State VALE (Victim Assistance and Law Enforcement) grant program. These grant programs help state and local agencies assist and support victims of crimes, including sexual assault victims and child abuse victims.
- Office of Adult and Juvenile Justice Assistance: administers (1) federally funded criminal and juvenile justice grant programs and (2) the state's juvenile diversion grant program.
- Office of Community Corrections: allocates funding for the State's community corrections programs and local boards. The Office also sets standards for facilities, audits for compliance, and provides technical assistance and training for boards and programs.
- Office of Domestic Violence and Office of Sex Offender Management: assists the Domestic Violence Offender Management Board and the Sex Offender Management Board in developing and implementing standards and policies for the evaluation, treatment, monitoring, and management of convicted adult domestic violence offenders and convicted adult and adjudicated juvenile sex offenders. Both boards maintain lists of approved treatment providers and help train providers.
- Office of Research and Statistics: collects and disseminates criminal justice information, analyzes justice policies and problems, evaluates criminal justice programs, and provides support to the Colorado Commission on Criminal and Juvenile Justice. The Office's reports include forecasts of adult and juvenile correctional and parole populations used by the Joint Budget Committee.

Recent Appropriations

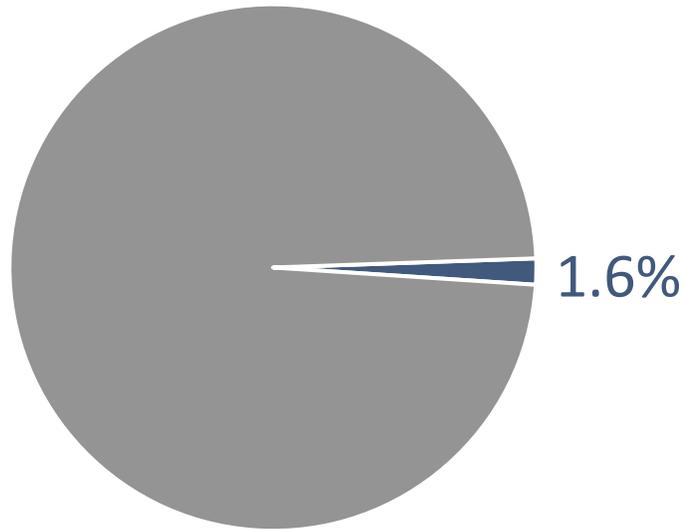
Department of Public Safety-Division of Criminal Justice

Funding Source	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27 [1]
General Fund	\$121,214,778	\$98,599,087	\$100,681,305	\$100,687,375
Cash Funds	4,836,435	19,608,331	57,052,350	72,184,588
Reappropriated Funds	6,200,345	7,524,282	7,576,911	7,619,322
Federal Funds	34,769,863	34,980,054	35,360,447	35,385,420
Total Funds	\$167,021,421	\$160,711,754	\$200,671,013	\$215,876,705
Full Time Equivalent Staff	94.7	93.5	94.9	98.9

[1] Requested appropriation.

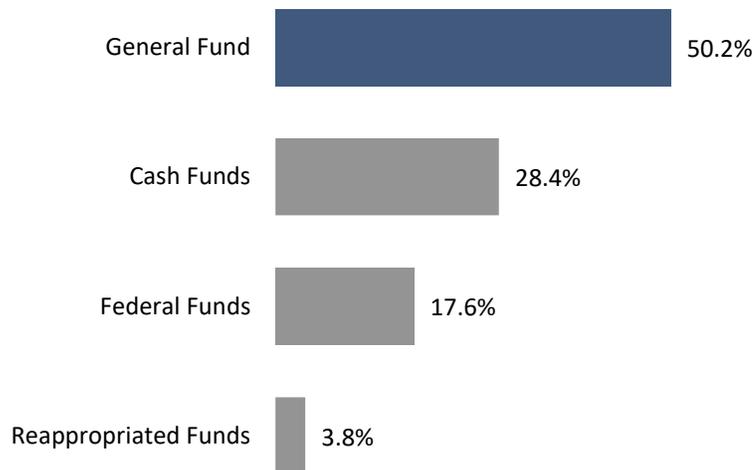
Graphic Overview

Department's Share of Statewide General Fund



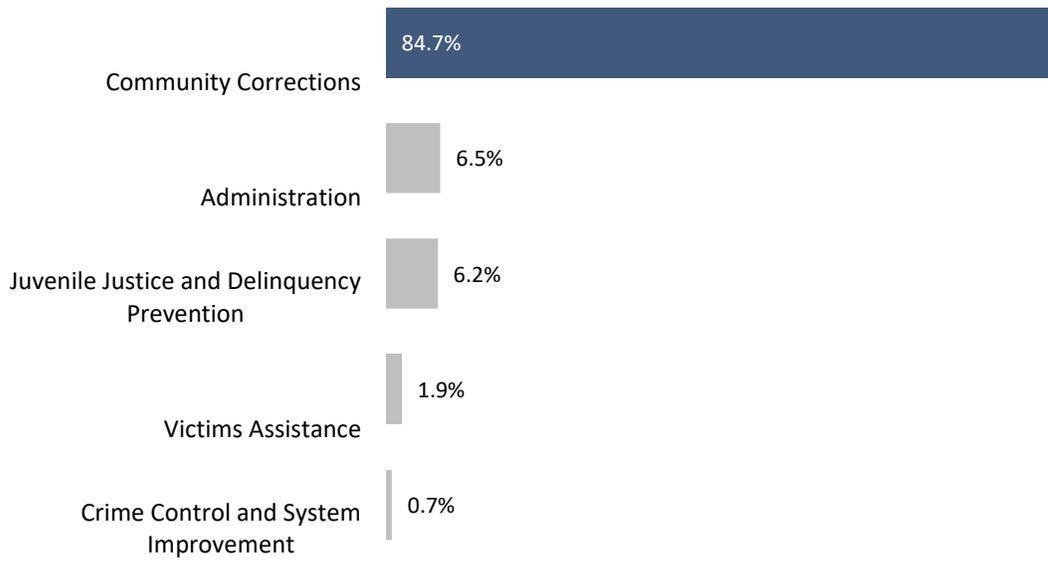
Based on the FY 2025-26 appropriation.

Division Funding Sources



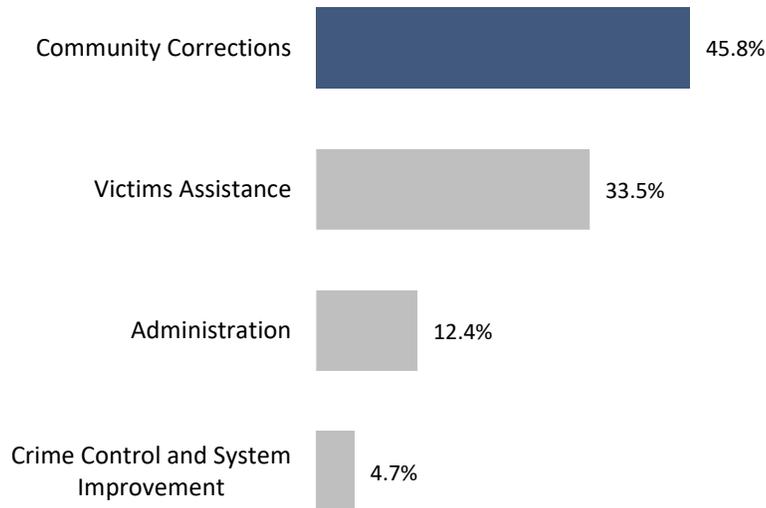
Based on the FY 2025-26 appropriation.

Distribution of General Fund by Subdivision



Based on the FY 2025-26 appropriation.

Distribution of Total Funds by Subdivision



Based on the FY 2025-26 Appropriation

Cash Funds Detail

Department of Public Safety-Division of Criminal Justice Cash Funds Detail

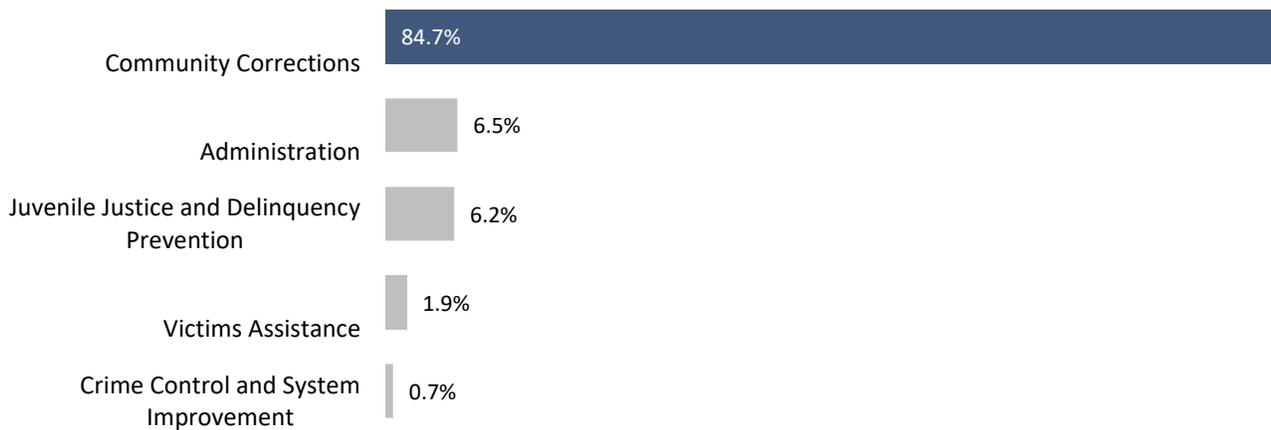
Fund Name	FY 2025-26 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
CO Crime Victim Services Fund			Excise taxes on guns and ammunition, General Fund	
State's Mission for Assistance in Recruiting and Training	\$7,031,919		General Fund transfers totaling \$7.5 million.	Supports the State's Mission for Assistance in Recruiting and Training (SMART) Policing Grant Program.
Multidisciplinary Crime Prevention and Crisis Intervention Cash Fund	\$4,992,055		General Fund transfers totaling \$18.0 million.	Supports the Multidisciplinary Crime Prevention and Crisis Intervention Grant Program.
Law Enforcement Workforce Recruitment, Retention, and Tuition Cash Fund	\$3,593,030		General Fund transfers totaling \$7.5 million.	Supports the Law Enforcement Workforce Recruitment, Retention, and Tuition Grant Program.
State Victims Assistance and Law Enforcement Fund	\$2,243,155		Assessments on criminal offenders.	Grant awards to agencies that provide services to victims of crime and related administrative costs.
Marijuana Tax Cash Fund	\$649,929		See Marijuana Tax Policy Overview budget briefing.	See Marijuana Tax Policy Overview budget briefing.
Sex Offender Surcharge Fund	\$363,219		Assessments on criminal offenders.	Supports the staff and operating expenses for the Sex Offender Management Board.
Various cash funds	\$612,372		Various fees and criminal offense surcharges.	Various programs.
Total	\$57,052,350			

[1] None of these cash funds are exempt from TABOR or continuously appropriated.

General Factors Driving the Budget

The Long Bill budget for the Division of Criminal Justice contains five subdivisions. The Community Corrections subdivision receives the largest share of General Fund appropriations to the Division and is the focus of this section. The number of placements in the community corrections system and reimbursement rates for those placements are the primary factors driving the DCJ budget.

Distribution of General Fund by Subdivision for the Division of Criminal Justice
Total General Fund Appropriation FY 2025-26 = \$100,681,305



Based on the FY 2025-26 appropriation.

What is community corrections?

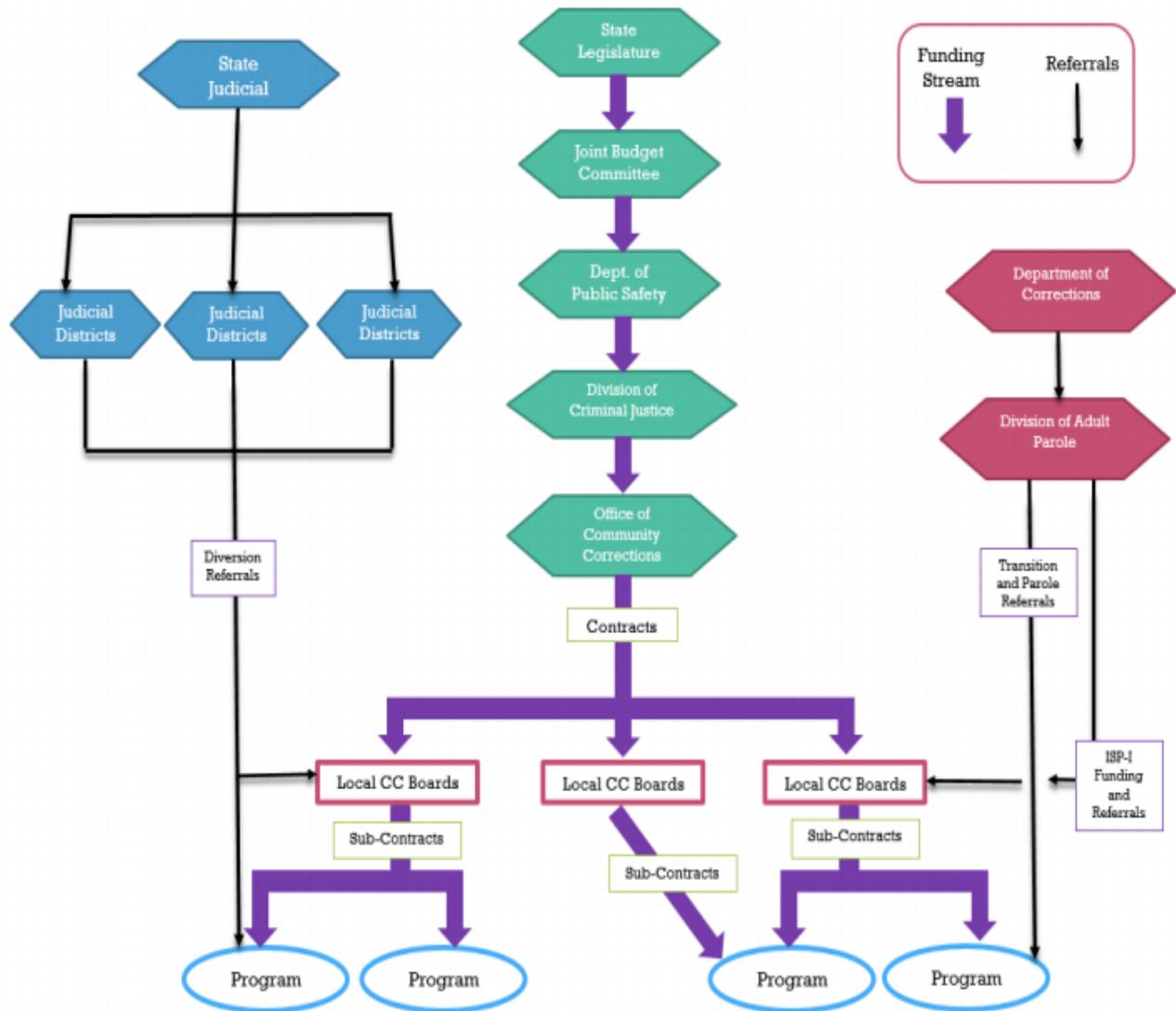
Community corrections is an alternative to prison for felony offenders. It provides an intermediate level of supervision that is less than prison but more than probation and parole.

The community corrections system is made up of:

- A network of public, private, and non-profit entities that provide both residential and non-residential services. Residential facilities are sometimes called “halfway houses.”
- DCJ’s Office of Community Corrections (the Office), which administers the system, provides standards and training, and allocates funding.
- Local community corrections boards that contract with providers for services, screen offender referrals, and oversee programs in their jurisdiction. These boards are generally made up of community members with a variety of professional backgrounds and areas of expertise. But they frequently include individuals who work in the criminal justice system.
- Felony offenders. There is a small percentage of offenders in community corrections as a condition of probation, but they are not paid for from the General Fund. ¹

¹ Statute prohibits the use of General Fund for pretrial supervision placements or misdemeanor placements.

The Office allocates funds through contracts with local community corrections boards, who then subcontract with providers for services in their communities. In some cases, DCJ contracts directly with certain providers for specialized supervision and treatment services.



Source: DCJ FY 2018-19 Community Corrections Annual Report

Caseload

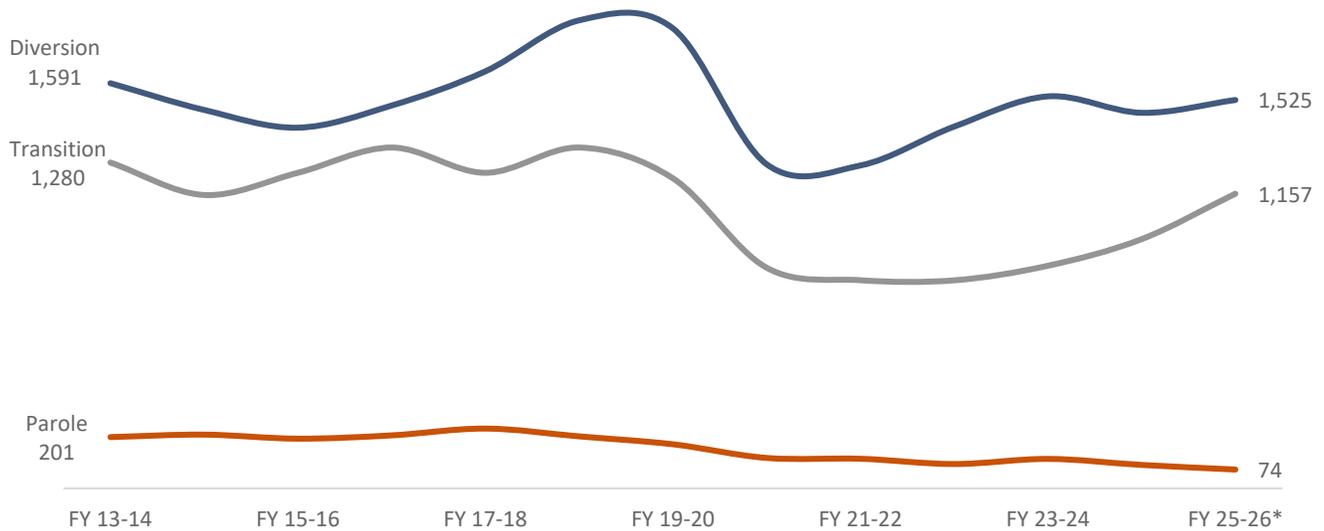
The number of placements in the system (a.k.a. caseload) depends on many factors. These include the number of referrals from the different parts of the criminal justice system, the willingness of community corrections boards and providers to accept referred offenders into their community and facilities, and in some cases the willingness of an offender to participate in community corrections.

Referrals to community corrections come from the courts, the Department of Corrections, and the Parole Board. These referrals are commonly referred to as diversion, transition, and parole placements.

1. Diversion: an offender is sentenced directly to community corrections by the courts in lieu of a prison sentence;
2. Transition: a Department of Corrections inmate has served time in prison and is released to a residential community corrections facility in preparation for parole; and
3. Parole: offenders are required to spend part of their time on parole in community corrections.

Diversion placements are more common. The following graph shows the average daily number of residential placements (ADP) over the past decade.

Placements directly from the courts (diversion) outpaced placements from the Department of Corrections (transition) over the last decade.



Per-diem rates

The per-diem rate paid to providers also drives appropriations. The General Assembly first established per-diem rates for community corrections in the Long Bill in 1992. These rates are factored into the Long Bill appropriation and specified in a Long Bill footnote attached to that appropriation (see table below).

Rate type	Rate	Average Daily Placements	Appropriation
Residential base rate	\$70.39	959	\$24,649,496
Base rate plus 1.0% incentive	\$71.09	783	\$20,317,167
Base rate plus 2.0% incentive	\$71.80	875	\$22,931,125
Specialized Differentials			
Intensive Residential Treatment	\$63.61	206	\$4,782,836
Residential Dual Diagnosis Treatment	\$63.61	90	\$2,089,589
Sex Offender	\$34.68	116	\$1,468,351
Standard Non-residential	\$9.94	792	\$2,873,455
Outpatient Therapeutic Community	\$27.67	25	\$252,489
Total			\$79,364,508

Offender subsistence fees

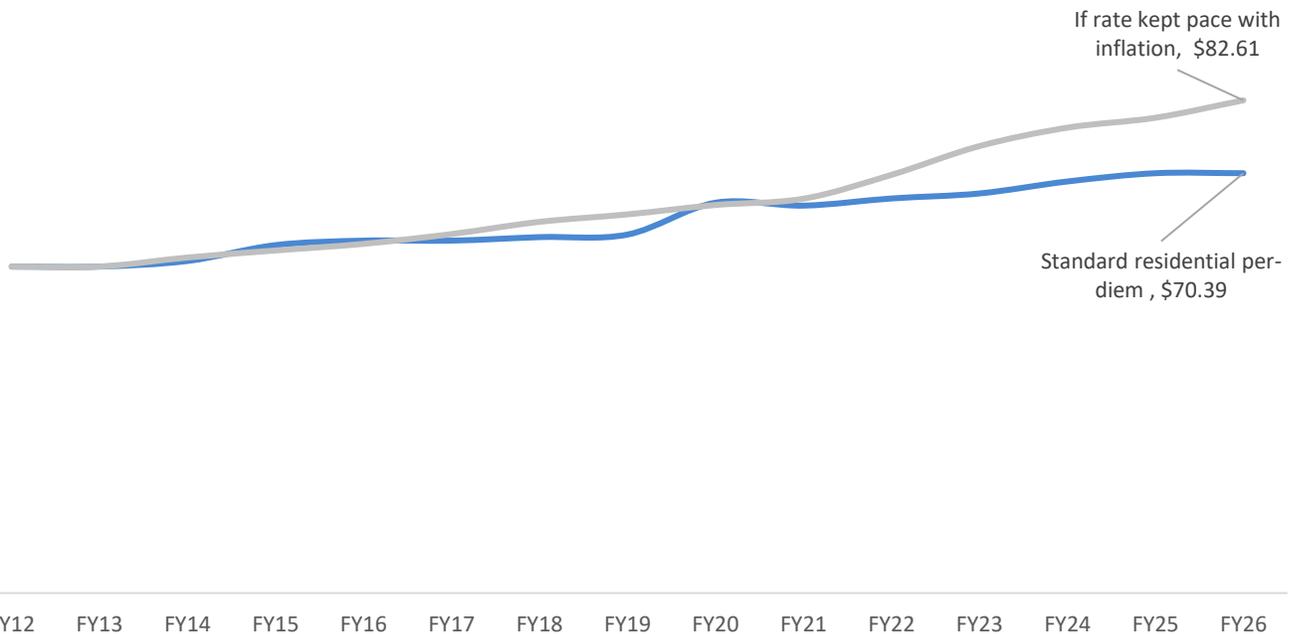
Prior to FY 2022-23, this Long Bill footnote assumed that providers would collect a daily “subsistence fee” directly from offenders. From the early 2000s to FY 2021-22, the daily fee for residential placements was \$17.00 and the daily fee for nonresidential placements was \$3.00. These fees accounted for about \$12.0-\$15.0 million in annual revenue for providers. This figure does not include owed subsistence fees. Some providers did not achieve a 100.0 percent collection rate.

This changed in the FY 2022-23 budget when the JBC replaced the subsistence fee assumption with an assumption that subsistence fees would not be collected. Per-diem rates increased to offset the revenue that providers could no longer collect from offenders. The standard residential rate went up by \$17.84, a 36.3% increase. The total cost of this increase was about \$16.4 million General Fund.

How rates go up or down

Per-diem rates usually go up or down based on common policy decisions made by the JBC and approved by the General Assembly. However, the last decade saw at least five targeted increases to the standard residential base rate. These increases—initiated by both JBC staff and the JBC—the base rate keep pace with the Denver metro area consumer price index until FY 2021-22.

The standard residential base rate kept pace with inflation for many years after the Great Recession. This changed in FY 2021-22 and FY 2022-23 when inflation increased significantly.



For FY13 through FY22, the rate = Long Bill rate plus \$17.00 subsistence fee

However, the difference between inflation and the current rate becomes more pronounced as one goes further back in time. If one used FY 2003-04 as a starting point, the current rate would be \$95.04 if it matched inflation.

Specialized rates

The community corrections appropriation also accounts for the number of offenders receiving “standard” services versus those receiving specialized services. Residential community corrections facilities provide programs for their offenders, such as drug and alcohol education, anger management classes, parenting, and money management.

However, some residential programs provide more extensive specialized therapy and receive higher per-diem rates as a result (shown in the table below). Specialized programs include:

- Intensive Residential Treatment (IRT), a 90-day residential substance-abuse program intended for high risk and high needs individuals with severe substance use disorders;
- Residential Dual Diagnosis Treatment (RDDT), which address co-occurring mental illness and substance abuse problems; and
- Sex offender treatment, which provide supervision and treatment as required by the Sex Offender Management Board Standards.

Summary of Request

Department of Public Safety-Division of Criminal Justice

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	197,025,433	97,535,725	57,052,350	7,576,911	34,860,447	93.9
Other legislation	\$3,645,580	\$3,145,580	0	0	\$500,000	1.0
Total	\$200,671,013	\$100,681,305	\$57,052,350	\$7,576,911	\$35,360,447	94.9
FY 2026-27 Requested Appropriation						
FY 2025-26 Appropriation	\$200,671,013	\$100,681,305	\$57,052,350	\$7,576,911	\$35,360,447	94.9
R9 DCJ General Fund reduction	-306,609	-306,609	0	0	0	0.0
Operating common policies	-15,683	0	-37,539	0	21,856	0.0
Prior year actions	15,527,984	312,679	15,169,777	42,411	3,117	4.0
Total	\$215,876,705	\$100,687,375	\$72,184,588	\$7,619,322	\$35,385,420	98.9
Increase/-Decrease	\$15,205,692	\$6,070	\$15,132,238	\$42,411	\$24,973	4.0
Percentage Change	7.6%	0.0%	26.5%	0.6%	0.1%	4.2%

R9 DCJ General Fund reduction: The request seeks an ongoing General Fund decrease for three line items. The budget reductions issue brief provides more details.

Year 1: -\$306,609 General Fund

Operating common policies: The request includes a net decrease of \$15,683 for indirect cost assessments.

Prior year budget actions: The request includes a net increase of \$15.5 million for the impact of prior year budget decisions and legislation.

Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-310 Prop. 130 implementation	\$15,000,000	\$0	\$15,000,000	\$0	\$0	4.0
HB 25-1098 Automated notify victim	250,000	0	250,000	0	0	0.0
FY 25-26 Salary survey	219,625	173,747	18,894	23,867	3,117	0.0
HB 24-1219 First responder health benefit trusts	100,000	100,000	0	0	0	0.0
HB 24-1054 Jail standards recommend.	30,500	15,250	0	15,250	0	0.0
FY 25-26 Step Plan	19,529	15,352	883	3,294	0	0.0
SB 25-050 Racial classify gov. forms	15,000	15,000	0	0	0	0.0
FY 25-26 Training sex offense victim reps.	-100,000	0	-100,000	0	0	0.0
HB 25-1146 Juvenile detention bed cap	-6,670	-6,670	0	0	0	0.0
Total	\$15,527,984	\$312,679	\$15,169,777	\$42,411	\$3,117	4.0

Budget reduction options

The DCJ request includes a reduction of \$306,609 General Fund. This represents 0.3% of the DCJ’s General Fund budget in FY 2025-26. This issue brief reviews the Department’s request and additional options identified by staff.

Summary

- The DCJ budget has not changed much after accounting for inflation.
- Most of DCJ’s General Fund budget goes to community corrections. Large cuts in community corrections would be counterproductive with prison populations increasing.

Discussion

Funding History FY 2018-19 to FY 2025-26

The DCJ’s General Fund budget increased by 0.8 percent since FY 2018-19 after adjustments for inflation. This is less than the statewide increase in General Fund appropriations of 13.6 percent over the same period.

The large increase in total funds stems from \$37.6 million cash fund appropriations for Colorado Crime Victim Services. This reflects a combination of firearms excise tax revenue (\$30.0 million) and prior General Fund appropriations (\$7.6 million).

FY 2018-19 to FY 2025-26 Appropriations Comparison - Adjusted for Inflation

Fund	FY 2018-19 Nominal	FY 2018-19 Adjusted	FY 2025-26	\$ Change from FY 2018-19 Adjusted	% Change from FY 2018-19 Adjusted
General Fund	\$76,769,169	\$99,904,983	\$100,681,305	\$776,322	0.8%
Total Funds	\$121,964,885	\$158,721,267	\$200,671,013	\$41,949,746	26.4%

Budget Requests for General Fund Relief

The Division submitted one request for an ongoing reduction of \$306,609 General Fund. This request hits three different line item. The Department included the table below in its request.

(4) DCJ (A) Administration, DCJ Administrative Services	(\$185,222)
(4) DCJ (B) Juvenile Justice and Delinquency Prevention, Juvenile Diversion Programs	(\$99,439)
(4) DCJ (E) Crime Control and System Improvement, Sex Offender Surcharge Fund Program	(\$21,948)
Total General Fund Reduction	(\$306,609)

The Department describe the potential impact as follows:

“This will reduce operating costs across all the offices in DCJ. Reductions will result in less travel, conferences, and training to staff and stakeholders. The Juvenile Diversion General fund reduction of \$99,439 will result in a reduction in consultant services and facilitators for subcommittees. The remaining reductions of \$21,948 are to the Sex Offender Surcharge and Supervision Programs and will result in less travel, and training opportunities for staff. The programs will be able to manage and mitigate these reductions through vacancy savings, and holding vacant any previously approved positions.”

Additional Options for JBC Consideration

Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
One-time transfer of all General Fund for community corrections to a new cash fund, avoid reserve requirement	\$12,790,703	\$0	Y	Create a new community corrections cash fund. Transfer \$85.2 million General Fund to that cash fund to avoid the 15.0% statutory reserve requirement.
Subtotal - Revenue	\$12,790,703	\$0		
Expenditure Reductions				
Remove appropriation to Jail Standards Advisory Committee Cash Fund	-\$305,000	-\$305,000	N	Funding supports the Jail Standards Advisory Committee, created and funded through H.B. 24-1054 (Jail Standards Commission Recommendations)
Remove appropriation for First Responder Employer Health Benefit Trusts	-\$350,000	\$0	Y	Established via H.B. 24-1219. Statute requires escalating General Fund appropriations every year until FY 2028-29 with an appropriation of \$1.0 million.
Remove performance-based contracting incentives	-\$660,908	\$0	N	The Long Bill currently includes funding for incentive payments up to 2.0% of the base residential rate. These incentive payments relate to recidivism and program completion. They were added to the Long Bill in FY 2022-23.
Subtotal - Expenditures	-\$655,000	-\$305,000		
Net General Fund Relief	\$13,445,703			

Revenue Enhancements

Transfer General Fund for community corrections to a cash fund on a one-time basis

Staff does not recommend this but it is a one-time option. The move would avoid the 15% reserve requirement and save \$12.8 million General Fund. But it defeats the purpose of the reserve requirement, which aims to support ongoing programs when revenue falls short.

Expenditure Reductions

Remove appropriation to Jail Standards Advisory Committee Cash Fund

Description: House Bill 24-1054 required jails to follow the jail standards adopted by the Legislative Oversight Committee on Jail Standards and creates an enforcement mechanism. Starting in FY 2024-25, the bill increased state and local expenditures on an ongoing basis.

The bill extended the Jail Standards Oversight Committee and Commission, which was set to repeal. The Commission sets standards for local jails. Each county jail shall comply with the standards adopted by the oversight committee beginning July 1, 2026.

Second, it created a Jail Standards Advisory Committee. The Committee has many duties.

- Assess jails using peer assessors to ensure compliance with standards in cooperation with the Attorney General
- Complete jail assessment reports
- Approve variance requests from standards
- Make recommendations to the Commission.

Third, it clarified that the Attorney General may investigate patterns or practices for noncompliance of jails with jail standards.

Lastly, the bill created the Jail Standards Advisory Committee Cash Fund to cover the expenses of the Advisory Committee. It required ongoing General Fund appropriations to the cash fund. The FY 2025-26 appropriation is \$305,000.

Key Considerations: The bill sponsors and the Department may have thoughts.

Remove appropriation for First Responder Employer Health Benefit Trusts

Description: The bill expanded eligibility for required firefighter heart and circulatory malfunction benefits to include part-time and volunteer firefighters. It also required employers to participate in the multi-employer cancer trust; and creates a cardiac screening trust for peace officers.

The bill increased state expenditures beginning in FY 2024-25 on an escalating and ongoing basis. It put these appropriations into statute, so legislation would be necessary to eliminate or reduce them.

Table 2
Expenditures Under HB 24-1219

Department	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Department of Local Affairs	\$300,000	\$500,000	\$650,000	\$1,000,000
Division of Criminal Justice	\$200,000	\$250,000	\$350,000	\$500,000
Total	\$500,000	\$750,000	\$1,000,000	\$1,500,000

Key Considerations: The bill sponsors and the Department may have thoughts.

Issue 1: Incapacitation, deterrence, and crime

This issue brief discusses research about the relationship between imprisonment, criminal sentencing laws, and crime rates.

Summary

- Incapacitation is the primary function of Colorado’s state prisons. The DOC is measurably excellent at holding inmates in secure prisons. This prevents inmates from harming the general public.
- Staff did not find an observable relationship between incarceration and crime rates in dozens of U.S. states over a 10-year timeframe. Staff found a weak correlation between incarceration and crime rates in Colorado’s counties over a similar timeframe. The link between incarceration and crime rates may be weak for many reasons. For example, incarceration rates are not a single policy, but a combination of many policies. Each policy may have a different effect on crime or no effect at all. Also, crime can be a highly local phenomenon, so state-level policies may have little effect.
- Incapacitation is most effective at reducing crime when it is applied to high-rate offenders who are in their prime crime years. Returns diminish when: (1) the same policies and decisions that incarcerate high-rate offenders also incarcerate low-rate offenders, especially for a long periods of time, and (2) people age out of criminal behavior or are reformed through programming.
- High-rate offending is not necessarily about violent vs. non-violent behavior. Crime type is not a good predictor of future criminal activity. Frequent offenders do not seem to specialize in certain crimes or build toward more serious crimes. They simply offend more, period.
- The research repeatedly shows that increasing the length of prison sentences for things that are already illegal and punishable by prison has a minimal deterrent effect on crime. The perceived likelihood of apprehension has a larger deterrent effect, which suggests that more and better policing will have a bigger and more immediate impact on crime rates than the severity of a prison sentence.

No JBC staff recommendation

There is a large practical component to deterrence and incapacitation because they can be observed and analyzed. However, they still require some subjective judgements that nonpartisan staff cannot make. For example, older people offend less than younger people, but it still happens. One may conclude that the cost of incarceration for older inmates is worth the possible benefit to public safety, even if the risk is lower.

Similarly, deterrence is not the only reason to change the severity of a sentence. Sentencing laws also reflect a society’s morals and values. Nonpartisan staff cannot weigh in on the morality of imprisonment, the “right” amount of punishment for a crime, or the “right” amount of public safety. These subjective questions are the purview of elected officials and the constituents they represent. Consequently, this issue brief should not be construed as a critique of any related policy decisions. Rather, it is an attempt to summarize a large body of research amid a very difficult budget situation. Members should consider other perspectives and sources of information when drawing conclusions about these issues.

Reasons for this issue brief

The State finds itself in an extremely challenging situation. DOC data from July through November 2025 suggest that the total inmate population will increase by 951 in the current fiscal year. This would be the largest annual increase over the last 14 fiscal years, excepting a post-COVID rebound in FY 2021-22. This would max out the State's available prison capacity. Previous forecasts suggested it would be a few years before that happens.

This development coincides with aging infrastructure, aging inmates, rapidly increasing medical costs, and staffing challenges. All of these things further complicate prison capacity and management. They will also drive very large costs in very tough budget environments. Reducing the prison population through parole, community corrections, and/or the Intensive Supervision Program are ways to lessen these costs. Revising sentencing statutes is another option.

However, these options come with difficult policy conversations and trade-offs. Multiple versions of the JBC have discussed using community corrections to reduce the prison population and related costs for decades. Multiple JBCs have also tried many different things to accomplish this goal, but with limited success. At the JBC's request, the Departments of Corrections and Public Safety have suggested changes that would have a bigger impact on prison population growth than past efforts. But these changes would come amid skepticism about community corrections and, more generally, the State's ability to manage offenders in the community.² They would also come amid recent and prospective ballot measures that would increase the prison population (e.g. Proposition 128).

These challenges stem, at least in part, from competing views about what prison is for and/or what it can or should accomplish. However, the purposes of prison and other parts of the criminal justice system may not be very well-known or very clearly stated in various policy proposals. For example, many members of the General Assembly specialize in something other than criminal justice and the prison system. In late 2020, one such member of the General Assembly asked JBC staff, "What is it all for?" JBC staff was unable to provide a good answer at that time.

This issue brief partially addresses that question by laying out the purposes of imprisonment and community corrections as tools to address illegal conduct and the rule of law more broadly. It also discusses how these tools may be used and how they may or may not impact crime rates. Staff focused on the purposes incapacitation and deterrence. These appear to be the most prominent features of prison system, apart from punishment, and are often invoked to justify the threat or use of imprisonment to improve public safety. Furthermore, the DCJ studies crime and may be in a position to answer questions about crime and ways to address it.

² Byers, Mitchell. "Driver in Magnus White crash seeks early prison release." Axios Boulder. Dec. 5, 2025.

<https://www.axios.com/local/boulder/2025/12/05/driver-seeks-release-magnus-white-crash>

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Chris Vanderveen, Aaron Adelson, Chris Hansen. "Colorado parolee risk assessment flaws revealed; CDOC vows immediate reforms." 9News. Nov. 25, 2025. <https://www.9news.com/article/news/investigations/colorado-doc-admits-flaws-parolee-risk-assessments/73-df97f54e-e05e-4082-868f-ea338812e195>

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Discussion

Criminal justice and legitimacy

Survival is the primary goal of all political regimes. They may have other goals, but they cannot achieve those goals if they do not exist.

Political survival depends heavily on maintaining social order. “All societies create institutions and authorities whose purpose is to maintain social order...Societal viability is linked to the effectiveness of [societies’] authorities and institutions and societies cannot survive without being able to enforce their rules.”³

It is difficult, if not impossible, to create and maintain order through coercive power alone. That is because coercion is expensive and of limited effectiveness. It requires,

“a large expenditure of resources to obtain modest and limited amounts of influence over others. Further, people’s behavior is only controlled in settings in which effective surveillance can be established, and the influence of coercion does not extend over time. People who comply as long as a police officer is present will cease to comply when that officer leaves.”⁴

Political regimes therefore seek voluntary compliance through legitimacy. At its most basic level, legitimacy is whether people accept a political regime and its right to make the rules. They do not have to like it or approve of everything it does. They just need to accept its right to rule and generally abide by the rules it makes.⁵

Law enforcement, courts, and corrections are key institutions that shape social order and perceptions of legitimacy. “Legitimacy of the state and its monopoly on punishment is essential to maintain social order through meaningful facilitation of [punishment and crime control.]”⁶ When a state is unable or unwilling to enforce its laws, local communities tend to “create informal systems of order maintenance...”⁷ Case studies in Mexico and South Africa suggest such informal systems can range from “non-punitive” restorative justice to openly “brutal retribution” without due process. In both cases, local populations viewed these informal systems as legitimate because they had “controlled crime and restored order where the official system had failed.”⁸

“Whose laws?” and “Whose order?” are difficult questions for large and diverse (pluralistic) societies to answer. “A pluralist system has to work well enough for everyone that most of the time they want to go on playing the game within the overarching framework: the danger is that someone will get really upset and take away the ball, which is what has happened in different ways in South Africa and Mexico.”⁹ Fair procedures are one way to navigate those difficulties. “...research consistently suggests that the factor that most decisively shapes the police’s legitimacy is the way they and other legal authorities exercise their authority when enforcing the law.”¹⁰

³ “Tom R. Tyler, Anthony Braga, Jeffrey Fagan, Tracy Meares, Robert Sampson, and Chris Winship, “Legitimacy and Criminal Justice: International Perspectives,” in *Legitimacy and Criminal Justice*, ed. Tom R. Tyler (New York: Russell Sage Foundation, 2007), Page 9. <https://www.russellsage.org/sites/default/files/92860txt.PDF>

⁴ Tyler et al, page 10.

⁵ Tyler et al, page 10.

⁶ Sheldon A. Evans. “Punishment Externalities and the Prison Tax.” *California Law Review*. Volume 111. June 2023. <https://www.californialawreview.org/print/punishment-externalities-and-the-prison-tax>

⁷ Tyler et al, page 19.

⁸ Tyler et al, page 45.

⁹ Tyler et al, page 47.

¹⁰ Tyler et al, page 24.

Purposes of imprisonment and community corrections

The Colorado Criminal Code describes certain human conduct that is illegal and therefore a “crime” or “offense.”¹¹ The code categorizes these crimes by type and seriousness. More serious offenses are called “felonies” and less serious offenses are called “misdemeanors.” The law also distinguishes serious felonies from less serious felonies. It does the same for misdemeanors.

The Code lays out many possible penalties for illegal conduct, which include imprisonment. The purposes of these penalties or “sentences” are described in the Code. Because imprisonment is sentence, these purposes apply to imprisonment and the DOC. It also applies to community corrections, which exists, in part, to “further all purposes of sentencing.”¹² These purposes are:

- **Proportional punishment (retribution)**: The State imprisons an offender because their conduct deserves that punishment.¹³
- **Fair and consistent treatment**: The criminal code aims to eliminate unfair differences in sentences, provide fair warning of the consequences of one’s actions, and create fair procedures for imposing sentences.¹⁴
- **Deterrence**: Deterrence is form of coercion. Coercion the threat or use of punishment to influence a person’s decision to engage in illegal conduct. Imprisonment deters people if they abstain from illegal conduct because they fear the punishment—the pain or unpleasantness—that will follow.¹⁵
- **Rehabilitation**: Assumes that illegal conduct stems from one or more factors. Rehabilitation aims to reduce or eliminate these factors to reduce the risk of re-offense.¹⁶
- **Restoration**: Repairing the harm that offense cause to victims and the community. These practices usually include some kind of interaction between the offender and the victim and the perhaps the community.¹⁷
- **Restitution**: Financial penalties that the offender must pay to the victim or to the State.¹⁸
- **Incapacitation**: Physically removing an offender from society protects the public from further harm. This purpose follows from the act of imprisonment, the need for judges to consider the public’s protection in their sentencing decisions, and statute’s requirement that, “the primary consideration for any decision to grant parole shall be the public safety.”¹⁹

Section 18-1-104 (1) says, “The terms ‘offense’ and ‘crime’ are synonymous and mean a violation of, or conduct defined by, any state statute for which a fine or imprisonment may be imposed.”

¹² Section 17-27-101.5 (1)(a), C.R.S.

¹³ Section 18-1-102.5 (1)(a): “To punish a convicted offender by assuring the imposition of a sentence he deserves in relation to the seriousness of his offense.”

¹⁴ Section 18-1-102.5 (1)(b)

¹⁵ Section 18-1-102.5 (1)(c) and (e)

¹⁶ Section 18-1-102.5 (1)(d) and (e)

¹⁷ Section 18-1-102.5 (1)(f). Also see Section 18-1-901 (3)(o.5) for a lengthy definition of “restorative justice.”

¹⁸ Section 18-1.3-603 (1). Also see Section 17-28-101 (1)(c) and (d)

¹⁹ Legal annotations for Section 18-1-102.5 regarding prior case law. Also see Section 17-2-100.2.

Incapacitation: Does imprisonment reduce crime?

The short answer is somewhere between “not really” and “maybe,” but it is highly context dependent and not without huge financial costs. There are social and moral costs too, but those are not the subject of this analysis.

The Colorado Department of Corrections is very good at keeping offenders away from the general public.

However, there is not a clear link between incarceration rates and crime rates. There are at least a few reasons for this.

1. The number of people in prison is the aggregate result of many individual policies. Some of these policies may reduce the crime rate while others may actually make it worse.
2. Research shows that most crime is done by a small percentage of the population. However, sentencing laws may be not designed for the selective incapacitation of high-rate offenders. They are mainly designed to punish crimes based on the type and severity of the crime, but the type of crime is not a good predictor of future criminal behavior.
3. Diminishing returns. Sentencing regimes that expand the scope and length of imprisonment for many different crimes will bring in both high- and low-rate offenders. The crime reducing value of a prison sentence diminishes when low-rate offenders go to prison for long periods of time.
4. Long sentences in prison often incapacitate people far longer than necessary to reduce crime. That is because criminal activity decreases with age.
5. Crime can be a highly-local geographic phenomenon. It can vary dramatically from one block to another. Statewide sentencing policies are not highly-localized.

The primacy of incapacitation and custody in Colorado prisons

If imprisonment is a tool, it may help to know what that tool does and how best to use it. Incapacitation is what the DOC does most and best. The DOC is measurably excellent at holding inmates in secure prisons. Over the past two decades, the DOC is more than 99.9% successful at preventing escapes from prison.

In JBC staff’s view, this success rate follows from the fact that the DOC’s core task is custody, which is broadly comprised of security and care. Its chief tasks are holding offenders in secure 24/7 facilities, restricting their movement and behavior, and being responsible for their care.

Most of the Department’s operations follow from these tasks or are subordinate to them. It dictates the physical design of prisons, the personnel they need most and most often (correctional officers), and the job description of those personnel.²⁰ It dictates the need to provide inmates with their meals, medical care, and medicine. It therefore dictates the overwhelming majority of the Department’s appropriations and expenses.

²⁰ There are well over 3,000 correctional officer positions within the Department. Over 2,000 of these are Correctional Officer I positions. Link to job description: <https://www.governmentjobs.com/careers/colorado/jobs/newprint/4522776>. The job announcement makes one reference to rehabilitation, but in a “para-military setting which includes rank and structure.”

Also, when staffing vacancies peaked a couple of years ago, the Department pulled teachers and case managers from their normal duties to work security shifts. See Schmelzer, Elise. “Teachers, case managers taking security shifts in Colorado prisons as 28% vacancy rate fuels staffing crisis.” The Denver Post. July 7, 2022.

<https://www.denverpost.com/2022/07/05/colorado-prison-staffing-crisis/>. Also see DOC hearing with the JBC, December 14, 2023. https://leg.colorado.gov/sites/default/files/fy2024-25_corhrg.pdf Page 11

The focus on custody has been very consistent over the past two centuries, both in Colorado and in the United States more broadly. It is also consistent with how imprisonment started in Colorado.

In 1868, the Colorado Territorial Legislature passed a Joint Memorial and Resolution addressed to the United States Congress. The focus of the resolution was money; to complain about insufficient appropriations. But the more relevant part of the letter was why they wanted the money. Among other things, the Territory wanted a “secure prison” in which to hold and punish offenders.

“A large majority of our counties are without a jail or prison of any kind, and in these a conviction amounts to an acquittal. Our people have been too often compelled to step beyond the limit of the statute and resort to the first law of nature, and administer summary punishment to offenders. For years past these evils have pressed sorely upon our people, and we appeal to you, as guardians of this people, for such an appropriation as will give us a secure prison; and to this end we would suggest that an additional appropriation, of at least forty thousand dollars, is absolutely necessary for the attainment of the object contemplated.”²¹

In 1939, the U.S. Department of Justice and the U.S. Attorney General published a sweeping study of prisons, release procedures, etc. The 475-page volume on prisons states, “A realistic view of 150 years’ experience with imprisonment as a means of rehabilitation—moral, physical, intellectual or industrial—does not incline one to an optimistic conclusion. After all is said and done, imprisonment remains chiefly a custodial and a punitive agency.”²²

In 1967, a Presidential Commission on Law Enforcement and Administration of Justice found, “The most striking fact about the correctional apparatus today is that, although the rehabilitation of criminals is presumably its major purpose, the custody of criminals is actually its major task.”²³

Modern prisons do more than simply hold offenders in custody. They attempt to provide treatment, education, etc. The point is that that security and care concerns, especially security, vastly exceed other functions in terms of scale and focus. This makes DOC prisons an excellent tool for incapacitation, which can improve the public’s safety, especially if an offender is highly likely to commit more crimes.

²¹ Colorado General Assembly, "Joint Memorial and resolution relative to additional appropriations for the purpose of building a penitentiary in Colorado territory." (1868). Session Laws 1861-1900. 674.

<https://scholar.law.colorado.edu/session-laws-1861-1900/674>

²² Morse, Cummings, Morse, Wayne L., and Cummings, Homer S. “The Attorney General’s Survey of Release Procedures. Volume 5.” Washington: U.S. Govt. Print. Off, 1939. Page 35. [Link](#) to Google Books.

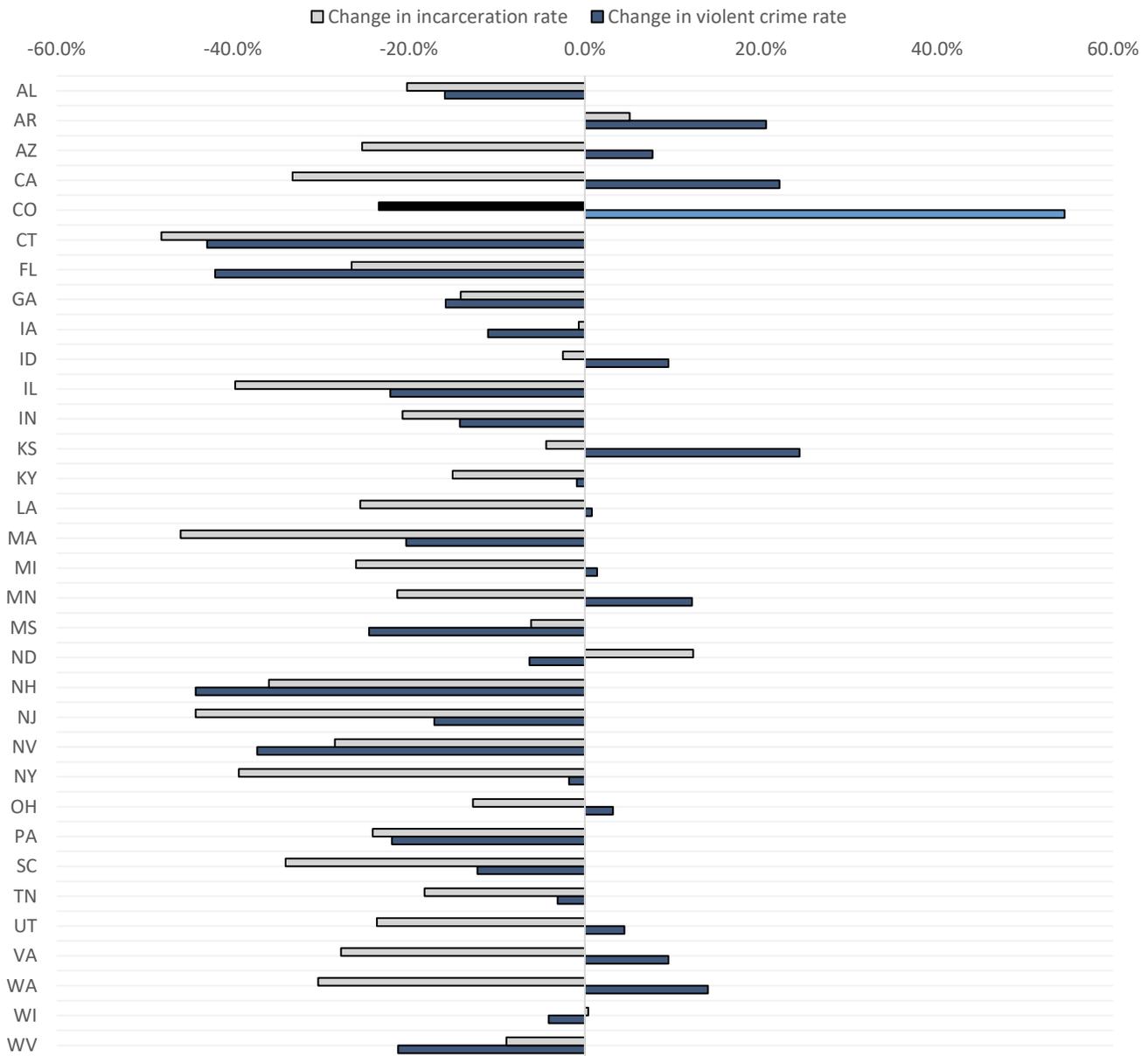
²³ United States. President’s Commission on Law Enforcement and Administration of Justice. “The Challenge of Crime in a Free Society: A Report.” Washington: U.S. Govt. Print. Off., 1967. Page 12.

<https://www.ojp.gov/sites/g/files/xyckuh241/files/archives/ncjrs/42.pdf>

Incarceration rates and violent crime rates

Data from 2013-14 to 2024 for 33 U.S. states and nine Colorado counties do not show a relationship between incarceration rates and crime rates.²⁴ The incarceration rate declined throughout the country from 2014 to 2024, with wide variations from state to state. But the violent crime rate fell in 20 states and increased in 13. Colorado saw its violent crime rate increase more than any other state.

Change in incarceration rates and violent crime rates from 2014 to 2024, by U.S. state.

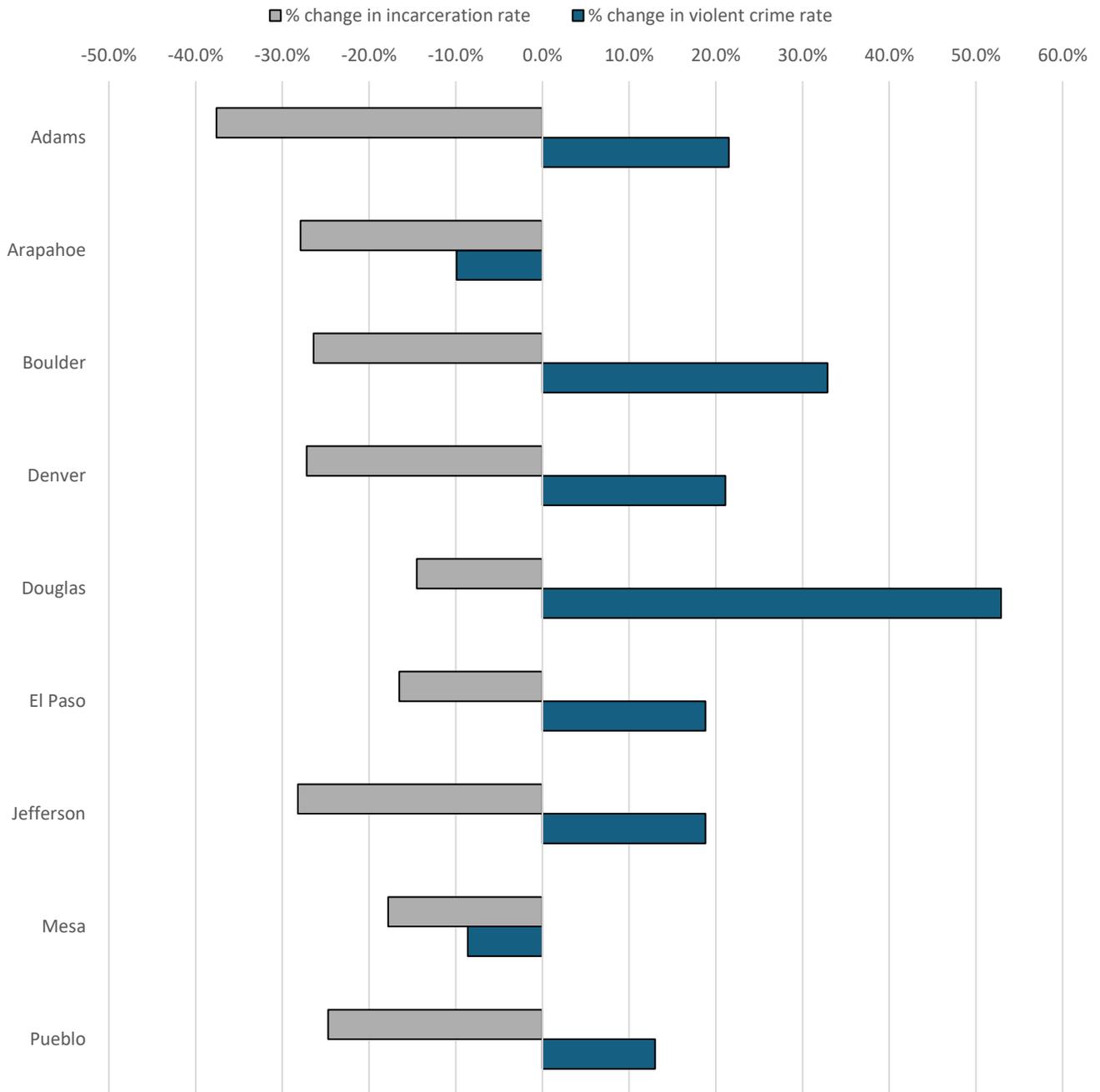


²⁴ JBC staff compiled incarceration and crime rate data both nationally and locally. National data reflect incarceration and violent crime rates for 33 states. Staff drew prison population data from the websites for each state’s department of corrections and violent crime rate data from the Council of State Governments, which is based on Federal Bureau of Investigation data. For an example, see the data for Colorado: <https://projects.csjusticecenter.org/tools-for-states-to-address-crime/50-state-crime-data/?state=CO>. Local data come from the Division of Criminal Justice, Colorado Bureau of Investigation, the Colorado Department of Corrections, and the State Demographer’s Office.

Nine Colorado counties produced almost 80.0% of the DOC's inmate population in 2024. The incarceration rate declined in all 11 counties between 2013 and 2024, mainly due to population growth. Two counties, Douglas and El Paso, increased the number of inmates at the DOC but still saw a decline in the incarceration rate. Eight of the 11 counties also saw an increase in the violent crime rate at the county level. Arapahoe and Mesa County saw the violent crime rate fall. The data showed a weak correlation between the two variables.

Readers should be aware that the sentencing district, as shown here, is not necessarily where a DOC inmate formerly resided. The next step in this type of research would be to account for the inmate's geographic place of residence relative to the sentencing district.

Change in incarceration rates and violent crime rates from 2013 to 2024, by select Colorado county



Reasons why the incarceration rate and the crime rate may not be related

1. The number of people in prison is the aggregate result of many individual policies. Crime rates are also the aggregate result of many different policies.

It is very difficult to isolate the collective impact of many different policies. Individual policies may have a positive or negative impact on both incarceration rates or crime rates.

2. The criminal justice system and sentencing laws are not necessarily designed for accurate and selective incapacitation, which would have a more direct impact on crime rates if successful.

One author argues that criminal justice systems in the U.S. are not very good at identifying risky offenders. Why?

“The main reason is that modern sentencing is not actually designed for it. Rather than seeking to surgically incapacitate the riskiest people, modern sentencing policy is driven by retribution. Within this framework, policymakers punish people based on the seriousness of the crimes they commit. Unfortunately, type of crime isn’t very predictive of recidivism risk after controlling for age and prior history. People who commit crimes do not specialize in certain crimes, nor do they systematically build towards more serious crimes. More frequent offenders are also more likely to have a violent offense for the same reason that they spend more time in prison – they offend more, period.”²⁵

Numerous studies appear to suggest that the author is correct about offending frequency: most crime is done by a relatively low number of offenders. A systematic review of these studies confirmed this. “Our findings suggest that the implications drawn from the most prominent studies in the literature are probably sound: a few people do commit the most crimes, and among offenders, a relatively small group are responsible for most crimes. The policy implications we can draw are obvious: focus attention on the most active offenders.”²⁶

Furthermore, sentencing laws are generally structured around the type and seriousness of a crime, not selective incapacitation. Is it violent or non-violent? Is it a crime against a person or property? Is it serious (murder) or less serious (theft)? Some data suggest that the type and severity of a crime are poor predictors of future offending. For example, a huge federal study of recidivism in 34 states showed that inmates released after serving time for property crimes were about as likely to be rearrested for a violent offense in three years as those who served time for violent offenses.²⁷ The same study also found that those with 2 or fewer prior arrests offended far less after three years than those with more arrests.

Colorado statutes do include enhancements based on demonstrated risk and frequency of offending. For example, the habitual criminal statute requires a life sentence if an offender is convicted of a Class 1 or 2 felony, or Level 1 drug felony, or Class 3 violent felony for the third time.²⁸ But DOC data from 2018 (admittedly outdated) suggests that these make up a relatively small percentage of the DOC prison population.²⁹

²⁵ Shawn Bushway. “The myth of the optimal level of incarceration.” September 19, 2025.

<https://www.niskanencenter.org/why-we-can-safely-let-incarceration-drop/>

²⁶ Martinez, N.N., Lee, Y., Eck, J.E. *et al.* Ravenous wolves revisited: a systematic review of offending concentration. *Crime Sci* 6, 10 (2017). <https://doi.org/10.1186/s40163-017-0072-2>

²⁷ Matthew R. Durose and Leonardo Antenangeli, “Recidivism of Prisoners Released in 34 States in 2012: A 5-Year Follow-Up Period (2012–2017).” U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics. July 2021.

<https://bjs.ojp.gov/sites/g/files/xyckuh236/files/media/document/rpr34s125fup1217.pdf>

²⁸ Section 18-1.3-801, C.R.S. The lengthy statute includes many other provisions.

²⁹ About 3.1% in June 2018.

3. Diminishing returns as incarceration policies expand to include low-rate and older inmates

A group of scholars generally concluded that expansive incarceration policies tend to provide diminishing returns with respect to crime, or may even be counterproductive.

“As you increase the number of people you put behind bars, you dip into a population that is increasingly less criminally active, so the benefits of incarceration diminish. We have expanded the scope of what is punishable by incarceration and, in the process, are netting less and less dangerous people on average.”

“With respect to prison building and crime control, the half-million or million beds we added were probably helpful. Everything beyond that—the second million additional inmates—was pretty much a waste.”

“There is good evidence that after a certain point, as prison populations continue to grow, the benefit of incarceration declines and reverses, and you even see crime increase. That seems to me to be where we are now. There is also the question of diminished deterrence. In neighborhoods where half the young men go to prison, and going to prison is seen as a rite of passage, then any credible threat of deterrence is severely weakened. The last thing we want to do is make imprisonment so normal in some communities that it loses its deterrent value.”³⁰

Some of these same scholars also concluded that increasing incarceration rates in the 1990s may have reduced crime. However, the impact was modest, ultimately diminished over time, and was not necessarily applicable everywhere. For example, the incarceration rate in New York City declined by 28% between 1990 and 2007. The city also saw substantial declines in crime. Furthermore, the aggressive use of incarceration may have delegitimized the criminal justice system among those who were heavily impacted by it.

4. People generally offend less as they age.

This suggests that longer prison sentences lose their crime-reducing value over time. The “age-crime curve” is a well-established phenomenon. “The association between age and crime is one of the most established facts in the field of criminology. It is generally agreed that aggregate crime rates peak in late adolescence/early adulthood (ages 18-21) and gradually drop thereafter.”³¹

The aforementioned federal recidivism study appears to corroborate this view. It shows that of those who were 24 or younger at release, 72.3% were arrested for a new crime within three years. Arrest rates declined with age. The arrest rate for the 55-64 cohort was 39.0%.³²

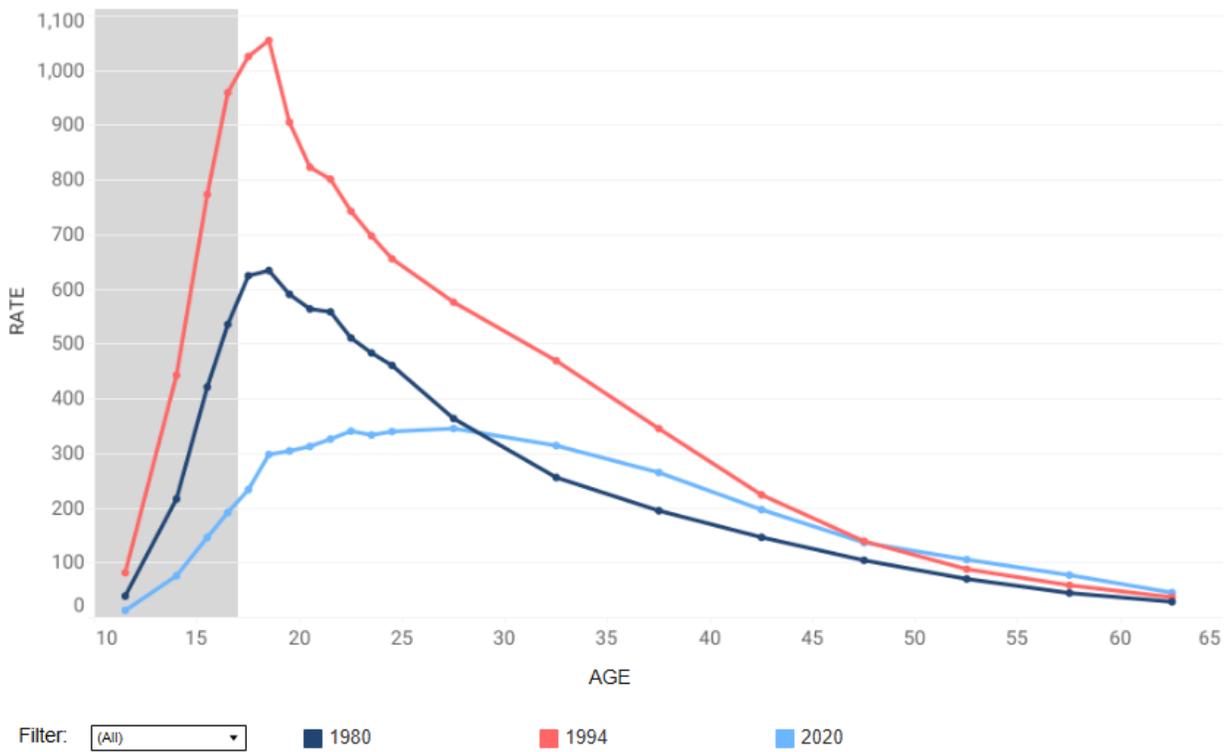
However, a decline in juvenile arrest rates is changing the age-crime curve. Arrest rates have generally declined for other age groups as well. However, the curve was flatter in 2020 than it was in 1980 or 1994, which showed big spikes in arrest rates from 15-25 years old. The graph below shows trends at the national level.

³⁰ “Weighing Imprisonment and Crime: 9 experts explore the relationship between prisons and crime rates.” Pew Research. <https://www.pew.org/en/research-and-analysis/articles/2014/09/weighing-imprisonment-and-crime>

³¹ Lila Kazemian. "Pathways to Desistance From Crime Among Juveniles and Adults: Applications to Criminal Justice Policy and Practice," November 8, 2021. <https://nij.ojp.gov/topics/articles/pathways-desistance-crime-among-juveniles-and-adults-applications-criminal-justice>

³² Matthew R. Durose and Leonardo Antenangeli, “Recidivism of Prisoners Released in 34 States in 2012: A 5-Year Follow-Up Period (2012–2017).” U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics. July 2021. <https://bjs.ojp.gov/sites/g/files/xyckuh236/files/media/document/rpr34s125yfup1217.pdf>. Pages 4-5.

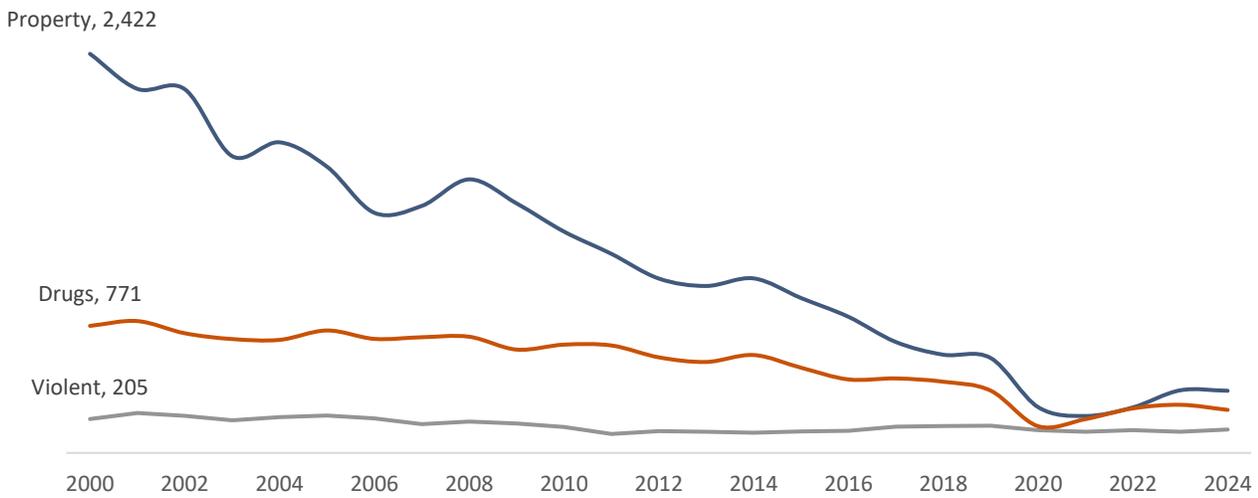
Violent crime arrests per 100,000 population, 1980, 1994, 2020



33

DCJ data for Colorado show a general decline in arrest rates across violent, drug, and property crimes. The decline in violent crime has been slight, with bigger declines in property and drug crimes.

Declines in juvenile arrest rates in Colorado from 2000 to 2024 (per 100,000 Colorado population aged 10-17)



34

³³ U.S. Office of Juvenile Justice and Delinquency Prevention. "Violent crime arrests per 100,000 population." <https://ojjdp.ojp.gov/statistical-briefing-book/crime/faqs/qa05301>

³⁴ Division of Criminal Justice, Officer of Research and Statistics. <https://dcj.colorado.gov/dcj-offices/ors/dashb-cp-arrrfil>

5. Crime can be a highly-local phenomenon.

This may partially explain why policing, environmental design³⁵, and local programs³⁶ appear to have a bigger impact on crime than high-level sentencing policies that increase the incarceration rate.

For example, the National Institute of Justice describes “hot spot” policing as an effective crime prevention strategy. It describes the practice as, “[a] focus on small geographic areas or places, usually in urban settings, where crime is concentrated. Through hot spots policing strategies, law enforcement agencies can focus limited resources in areas where crime is most likely to occur. This practice is rated Effective for reducing overall crime and rated Promising for reducing violent, property, public order, and drug and alcohol offense.”³⁷

A different study found, “Crime in cities is extremely concentrated at a micro-geographic level with a narrow bandwidth concentration levels.” In other words, it can vary dramatically from street to street. For example, it notes research in Seattle, Washington that show that “50% of crime incidents were found at between 4.7 % and 6.1 % of street segments in the city each year.”³⁸

One may conclude that local problems require local solutions. State-level actions may assist local efforts to curb crime in specific geographic areas, but it is not clear that increasing the statewide incarceration rate would help.

Policy considerations: two competing views

One author argues that long sentences based on prior records will do little to reduce crime if applied to offenders who began their criminal careers at a time when crime rates were very high. Another author argues that prior offenses should guide stronger sentencing policies aimed at incapacitation.

The first author explains their position as follows.

“This very fact, that the offending rates of different birth cohorts are influenced by crime booms, should send up warning flares about incarceration policies that focus on the number of prior offenses a defendant has on their record. Whole birth cohorts will acquire records at dramatically higher rates – and then have these records follow them into the future, even after the crime boom has ended...An elevated rate of crime during the years when a person is at highest risk of crime involvement will generate a prior record that will then trigger longer sentences later in life. Essentially, a focus on prior records in combination with a crime boom that ensnares a large number of young adults will reverberate through the system for 20 to 30 years after the crime boom is over, even if the underlying arrest and conviction rate for this birth cohort in their later years is not any higher than for prior birth cohorts.

This helps explain the odd reality that American incarceration rates continued to increase for 20 years after the peak of the crime boom. This phenomenon was almost entirely driven by the incarceration of

³⁵ Mindy Duong. “Crime Prevention Through Environmental Design (CPTED): An overview for public safety professionals.” Division of Criminal Justice, Officer of Research and Statistics. May 2024. <https://dcj.colorado.gov/dcj-offices/ors/docs/brf-cpted2>

³⁶ “Program Profile: Adolescent Diversion Project (Michigan State University).” National Institute of Justice Crime Solutions. November 19, 2013. <https://crimesolutions.ojp.gov/ratedprograms/adolescent-diversion-project-michigan-state-university>

³⁷ “Practice Profile: Hot Spots Policing.” National Institute of Justice Crime Solutions. September 9, 2013. <https://crimesolutions.ojp.gov/ratedpractices/hot-spots-policing#7-0>

³⁸ David Weisburd, Taryn Zastrow, Kiseong Kuen, Martin A. Andersen. “Crime concentrations at micro places: A review of the evidence.” *Aggression and Violent Behavior*. Volume 78. Sept-Oct. 2024. <https://www.sciencedirect.com/science/article/pii/S1359178924000697>

older adults. But as explained above, the older adults who are incarcerated only because of their priors will, in fact, have lower recidivism rates. That means these “hangover” incarceration rates that are generated based on priors accumulated years earlier will not have anywhere near the crime reduction benefit as earlier incarceration rates. At the same time, new policies that try to extend the incarceration periods of people who are currently cycling through spells of imprisonment will also not have large crime-reducing benefits. Those currently incarcerated have a median age of 39. Extending their sentences will incapacitate them well past their peak offending years.

Absent another crime boom, incarceration rates will continue to drop in the U.S. as members of Gen X, who came of age during the crime boom of the 1980s and 1990s, limp out of prison for the last time and are not replaced by members of Generation Z. Recidivism rates will continue to decline. Policies that try to target repeat offenders in the current environment will inevitably capture older offenders.”³⁹

The second author argues for stronger sentencing laws based on prior offenses.

“Nearly half of all prisoners have ten or more prior arrests, yet only 5 percent of the population will go to prison in their lifetime. Policymakers must focus on stopping that 5 percent. Achieving this goal is simple: to reduce crime victimization, incapacitate those who commit the majority of crimes. Repeat-offender enhancements can achieve this goal.

Society should impose these enhancements based on the offender’s prior convictions, thus dispensing with “predictive analysis.” Let the convicted criminal’s record speak to his likelihood to reoffend after release. An offender with multiple prior felonies of any class, or with a limited number of more severe felonies, should receive sentencing enhancements that apply the maximum term of incarceration of the class of felony above the class with which he is convicted. For example, a defendant with sufficient priors charged with a Class III felony would face the maximum penalty of a Class II felony, if convicted.

Chronic misdemeanants—those who steal from stores, drive recklessly, are publicly intoxicated, and the like—should also receive enhanced punishments for repeated offenses. If the sum of the maximum sentences of the defendant’s prior convicted misdemeanors, regardless of actual time served, exceeds a certain length, that defendant should be charged with a felony. These penalties should be applied such that offenders must serve their full term of incarceration in prison, without eligibility for reductions or suspensions of their sentence.”⁴⁰

The General Assembly should decide the appropriate path for itself. However, JBC staff notes that the same research that indicates high recidivism rates for those with many prior arrests also shows lower recidivism rates for older inmates.⁴¹ Staff cannot say whether lower recidivism rates for older offenders is still too much of a risk to public safety. It would be interesting to know whether Colorado-specific data might provide guidance on both age and prior record and other factors. For example, how often does a former CDOC inmate over the age of 50 with 6 prior arrests and 3 prior convictions recidivate? Or a 42-year-old inmate with 2 prior arrests and 1 conviction?

³⁹ Shawn Bushway. “The myth of the optimal level of incarceration.” September 19, 2025.

<https://www.niskanencenter.org/why-we-can-safely-let-incarceration-drop/>

⁴⁰ Jakob Dupuis. “Lock Up Repeat Offenders: Incapacitating them reduces crime.” October 2, 2025. <https://www.city-journal.org/article/crime-incarceration-prison-repeat-offenders>

⁴¹ Durose and Antenangeli, 2021. Pages 4-5.

Deterrence: Does imprisonment dissuade people from committing crimes?

In short, increasing the length of prison sentences for behaviors that are already illegal and punishable by prison do little to deter crime. Rather, the perceived likelihood of being caught is a more effective deterrent.⁴² In other words, changing the perceived certainty of apprehension matters more than changing the severity of the punishment. The experience of prison itself seems to have mixed results, at best. Many people who are in prison go on to reoffend, especially if they are younger and were frequent offenders before prison. This section focuses on general deterrence via sentencing laws rather than specific deterrence via the experience of prison.

General deterrence: the deterrent effect of sentencing laws on the general public

Deterrence is form of coercion. Coercion the threat or use of punishment to influence a person's decision to engage in illegal conduct. Imprisonment deters people if they abstain from illegal conduct because they fear the punishment—the pain or unpleasantness—that will follow. It is to a great extent a cost-benefit calculation. The cost of the crime, whether prison, a fine, or something else, outweighs the possible benefits of the crime. The would-be offender therefore abstains from the offense.

Colorado's criminal code explicitly lists deterrence as a purpose of sentencing. It says the purpose of the criminal code is to "...prevent crime and promote respect for the law by providing an effective deterrent to others likely to commit similar offenses."⁴³

Some research suggests that criminalizing behavior may deter that behavior. People generally respond to sanctions. This is commonly seen in traffic laws. "When laws began requiring that people wear seatbelts and imposing a fine for failing to wear them, more people began to wear seatbelts."⁴⁴ Another example referenced by the same author points to short jail sentences as a deterrent in some cases. The existence of criminal laws may therefore discourage some illegal behavior.

However, if a behavior is already illegal, and the law already requires lengthy prison sentences (e.g. years, not weeks or months), increasing the severity of the punishment does not appear to deter crime. Rather than ask "Why does increasing severity not deter crime?", one might ask, "Why would it?" Specifically, "Why would a change in statutory text at Colorado's capitol affect the behavior of a prospective criminal at the street level?"

Many things must happen in a complicated chain of events for a change in statutory text to influence behavior.

1. **The would-be criminal must be aware of the change and accurately connect the behavior with the likely punishment.** Colorado's criminal statutes are extremely lengthy and dense, with many cross-cutting references, caveats, exceptions, etc. The would-be criminal likely knows that the behavior is illegal, but may not know what the exact punishment is.
2. **The would-be criminal must be rational.** Deterrence requires that the would-be criminal is capable of weighing the cost of the punishment with the benefit of the crime they are considering. Substance abuse, mental health issues, and even baseline cognitive abilities all hinder a rational cost-benefit calculation.

⁴² Nagin, Daniel S. "Deterrence in the Twenty-First Century." *Crime and Justice* 42, no. 1 (2013): 199–263.

<https://doi.org/10.1086/670398>.

Ben Johnson. "Do Criminal Laws Deter Crime? Deterrence Theory in Criminal Justice Policy: A Primer." Minnesota House Research. January 2019. <https://www.house.mn.gov/hrd/pubs/deterrence.pdf>

⁴³ Section 18-1-102.5 (1)(c), C.R.S.

⁴⁴ Johnson, 2019. Page 16.

- 3. The would-be criminal must accurately perceive the amount of time they could be in prison and properly account for it.** Increasing or decreasing the severity of sentencing laws tends to focus on either the seriousness of crime or the amount of prison time it requires. For example, increasing the sentence from 5 to 10 years, or increasing the seriousness from a Class 3 felony to a Class 2 felony, which may result in a longer sentence.

However, human beings have tendency to discount the future and focus on present costs and benefits.⁴⁵ In this case, discounting the future cost of crime in terms of time lost (the length of the prison sentence) relative to its benefits in the moment. Research suggests criminals “have higher discount rates than the typical member of the population.”⁴⁶

Humans also find it difficult to accurately perceive time. “Interviews with offenders show that they discount sentence increases. A five-year sentence, for example, is seen as twice as severe as a one-year sentence, not five times harsher. A 20-year sentence is seen as six times more severe than a one-year sentence.”⁴⁷

- 4. Authorities must be made aware of the crime.** Not all crimes are reported to the police. One analysis says that “national surveys of victims have consistently demonstrated that only half of all crimes are brought to the attention of the police.”⁴⁸ So, if the crime occurs, it is not guaranteed that it will be made known to law enforcement. A rational would-be criminal may conclude that law enforcement will not be apprised of their actions, regardless of how they perceive the change in sentencing.
- 5. The offender must be apprehended.** Law enforcement must be able to identify the culprit in the crime. They must then find and apprehend the culprit. This is far from guaranteed. The clearance rate for violent crimes in Colorado was 44.6% in 2024. That means that in 44.6% of reported cases, law enforcement made one or more arrests related to the crime. The clearance rate for theft and burglary was around 17%. And so on. A rational would-be criminal may conclude that even if law enforcement knows about the crime, they may not be apprehended, regardless of how they perceive the change in sentencing.
- 6. The offender must be successfully prosecuted and sentenced to prison.** JBC staff currently lacks data on the probability of these outcomes. That said, if the would-be criminal perceives (or experiences) unsuccessful prosecution and the absence of a sanction for their crime, they may not be deterred by changes in sentencing laws.

One analysis put it this way. “In light of the obstacles to successful apprehension and prosecution, the probability of conviction is quite low, even for felony offenses (although it has increased since 1980). Moreover, because the majority of felony convictions already result in imprisonment, policies designed to increase the

⁴⁵ “Temporal Discounting.” Science Direct. <https://www.sciencedirect.com/topics/psychology/temporal-discounting#recommended-publications>

⁴⁶ Durlauf, S.N. and Nagin, D.S. (2011), Imprisonment and crime. *Criminology & Public Policy*, 10: 17. <https://doi.org/10.1111/j.1745-9133.2010.00680.x>

⁴⁷ Johnson, 2019. Page 16. Also see “Weighing Imprisonment and Crime: 9 experts explore the relationship between prisons and crime rates.” Pew Research. <https://www.pew.org/en/research-and-analysis/articles/2014/09/weighing-imprisonment-and-crime>

⁴⁸ National Academies of Sciences, Engineering, and Medicine. 2014. *The Growth of Incarceration in the United States: Exploring Causes and Consequences*. Washington, DC: The National Academies Press. <https://www.nationalacademies.org/read/18613/chapter/7#132>. Page 133.

certainty of incarceration for those convicted—through mandatory prison sentences, for example—will have only a limited effect on the overall certainty of punishment.”⁴⁹

A large body of research suggests that increasing the perceived probability of apprehension has a greater deterrent effect than changes in sentence severity. The primary way to accomplish this is policing. The following quotes demonstrate the point, which is supported by other literature not referenced here.

“The evidentiary bases for our conclusion are taken from recent reviews of the empirical studies on deterrence... led us to the following broad empirical conclusions that inform our policy views... Increasing the visibility of the police by hiring more officers and by allocating existing officers in ways that heighten the perceived risk of apprehension consistently seem to have substantial marginal deterrent effects.”⁵⁰

“An increase in the number of police per capita, a reduction in unemployment, and increases in real wage rates and education have all been shown to be associated with lower rates of crime.”⁵¹

“After controlling for most of these issues, the economics literature supports the view that a larger police force generally reduces the index level of crime. The effect seems to be larger for violent crime (especially murder) than for property crime.”⁵²

Policy makers must decide for themselves if additional policing is worth the financial cost or the potential societal conflict that may come with it. Also, there are many other factors that may contribute to declines in crime. For example, with respect to the decline in crime from the 1990s onward, experts point to numerous factors.

- The decline of the crack cocaine epidemic.
- Improved economic opportunities. “Generally favorable economic trends through the 1990s and into the 2000s reduced unemployment and some of the impetus for crime.”
- Less cash. “Certain street crimes may be less common because Americans tend to carry less cash than in the past due to the growth of digital transactions.”
- Better technology. “Anti-crime technology, ranging from sophisticated car- and home-alarm systems to video surveillance equipment, has become widespread.”
- Less lead exposure. “Americans’ exposure to lead—which has been linked to aggressive behavior in children and associated with future crime—has declined.”⁵³

⁴⁹ National Academies of Sciences, Engineering, and Medicine. 2014. *The Growth of Incarceration in the United States: Exploring Causes and Consequences*. Washington, DC: The National Academies Press.

<https://www.nationalacademies.org/read/18613/chapter/7#132>. Page 133.

⁵⁰ Durlauf, S.N. and Nagin, D.S. (2011), Imprisonment and crime. *Criminology & Public Policy*, 10:

14. <https://doi.org/10.1111/j.1745-9133.2010.00680.x>

⁵¹ Stemen, Don. “Reconsidering Incarceration: New Directions for Reducing Crime.” Vera Institute of Justice. January 2007.

https://static.prisonpolicy.org/scans/vera/379_727.pdf

⁵² Raymond E. Owens III and Santiago Pinto. “What Do Recent Studies Say About Crime and Policing? Part 1.” Federal Reserve Bank of Richmond. September 2021.

https://www.richmondfed.org/publications/research/economic_brief/2021/eb_21-29a

⁵³ “Weighing Imprisonment and Crime: 9 experts explore the relationship between prisons and crime rates.” Pew Research.

<https://www.pew.org/en/research-and-analysis/articles/2014/09/weighing-imprisonment-and-crime>

There may be other good reasons to pursue changes to sentencing laws

Deterrence and incapacitation are mostly practical issues in that one can analyze their effects. However, they still require some subjective judgements that nonpartisan staff cannot make. For example, older people offend less, but some do offend. Some may conclude that the cost of incarceration for older inmates is worth the benefit to public safety, even if the risk is lower.

Similarly, deterrence is not the only reason to increase or decrease the severity of a sentence. Sentencing laws are also a reflection of a society's morals and values. Nonpartisan staff cannot weigh in on the morality of imprisonment, the "right" amount of punishment for a crime, or the "right" amount of public safety. These subjective questions are the purview of elected officials and the constituents they represent.

Issue 2: DOC inmates in the community

The JBC asked the Departments of Corrections and Public Safety to respond to the following request for information (RFI), based on JBC staff's recommendation.

Department of Corrections, Department of Public Safety – By November 1, 2025, it is requested that the Departments of Corrections and Public Safety provide the JBC with feedback on JBC staff's options to increase the proportion of DOC inmates in community corrections and the intensive supervision program (see pages 36-38 of the JBC staff figure setting document: https://leg.colorado.gov/sites/default/files/fy2025-26_corfig_0.pdf). It is requested that this feedback include technical issues (e.g. statutory, technological, or data challenges/requirements), estimated impact on the DOC prison population and community corrections population, and policy considerations. The Departments are also requested to provide alternative solutions to increase the proportion of DOC inmates in community corrections and intensive supervision if they conclude that alternative solutions are necessary or better.

This brief consists of four parts: (1) the origins of the RFI, (2) explaining the Departments' proposal, (3) a brief discussion about related ideas from the Community Corrections Coalition, and (4) JBC staff's points to consider.

Summary

- **Origins of the RFI:** The JBC and General Assembly have tried many things over many years to increase the number of DOC inmates in community corrections. These efforts were largely unsuccessful. The proportion of DOC inmates in the community declined over the past decade in spite of those efforts. The decline translates to hundreds of inmates in prison rather than community. Previous discussions between the JBC and the Departments failed to yield clear and actionable information.
- **The Department's proposal:** Most eligibility criteria do not change, which require good behavior and program participation. The main changes include risk qualifiers, extended referral timelines for all risk levels, and a requirement that local authorities accept low risk inmates. Local boards and providers can currently reject any referral for any reason or no reason at all. The Departments' proposal only removes that authority for low-risk inmates. The Departments suggest that multiple stakeholders may push back against policies that allow offenders to access to the community at an earlier date and limit local control.
- **Coalition recommendations:** The Coalition's working group on transition acceptance rates provided 17 recommendations. They include mandatory acceptance criteria that are more limited than the Departments' proposal. They also include an extended discretionary referral window for well-behaved inmates and fairly aggressive measures to place inmates in community corrections when the DOC prison bed vacancy rate drops below 3.0%. These recommendations were not unanimous and the Coalition noted similar concerns about extended timelines and limits on local control.
- **JBC staff points to consider:** Staff offers no recommendations at this time. Staff's interpretation is that the proposal prioritizes incapacitation, rehabilitation, and restitution. It deprioritizes punishment and has no obvious impact on deterrence and restoration. The General Assembly and Departments should consider ways to ensure that risk assessments are accurate. The General Assembly may also consider policies that require local actors to internalize some of the costs of their decisions.

Discussion

What does it mean for a DOC inmate to be in the community?

The offender is still in the DOC’s custody as an “inmate” in the DOC prison system. This means they are subject to the DOC’s Code of Penal Discipline (CoPD). The CoPD is a set of rules that prohibits certain behaviors, outlines sanctions for those behaviors, and outlines related procedures.

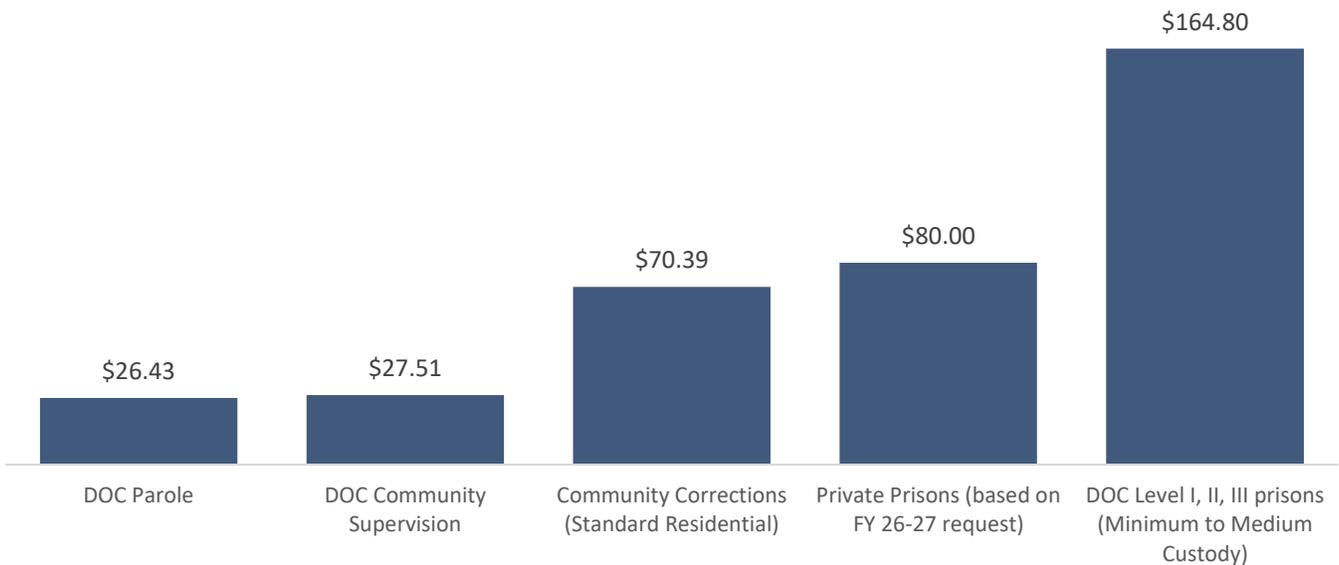
Statue allows DOC inmates to serve some of their time in community settings before parole, either through community corrections or the Intensive Supervision Program-Inmate (ISP-I). Intensive Supervision is the structured supervision, monitoring, and guidance of the activities of an inmate living in an approved private residence such as a house or apartment. Eligibility criteria are based on good behavior, such as avoiding CoPD violations, avoiding gang activity, and participation in DOC and community corrections programs.

Origins of the request for information

The RFI stemmed from a few key facts and analytical conclusions about the community corrections system. **First, DOC inmates in the community, or “community placements,” are less expensive than prison beds.** The issue often takes on a sense of urgency when one of two things happen, or both.

- The prison population approaches prison capacity limits, driving budget requests for large sums of money to expand prison capacity.
- The State experiences budget shortfalls.

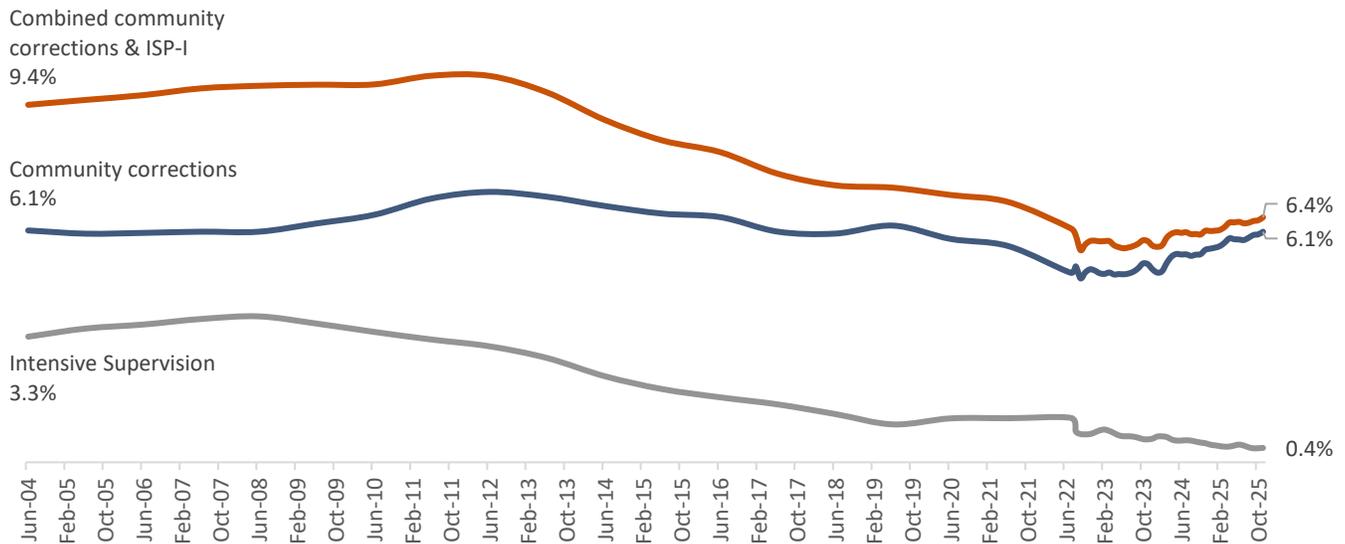
Comparing the estimated cost of community supervision and prison beds



Sources: FY 2025-26 personal services and operating cost allocations per prison, per S.B. 25-211 reports. Data supplemented by estimated change in the clinical, administrative, and centralized costs per day that are shown in the DOC’s FY 2022-23 Cost Per Day report.

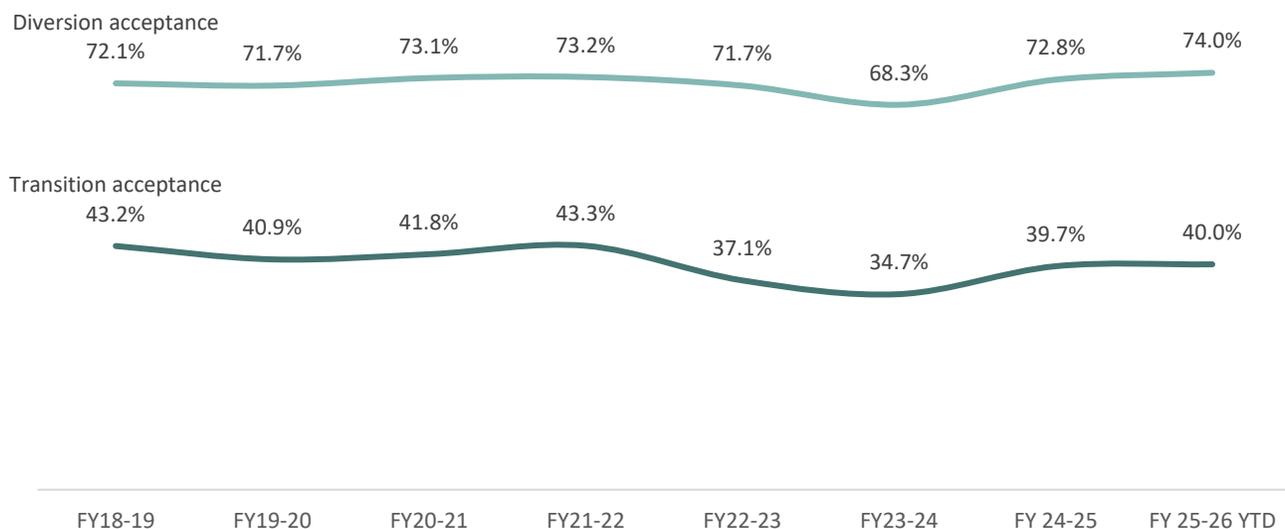
Second, the number of community placements have declined over the last 10-plus years, especially for ISP-I. This holds true when adjusting for the overall size of the prison population. The combined percentage of community placements remains below pre-COVID levels, despite a recent increase in community corrections placements.

Percentage of DOC inmates in community corrections and the Intensive Supervision-Inmate program, 2004 to present



Third, transition referrals from the DOC tend to be rejected at higher rates than diversion referrals from the courts. Acceptance rates hit a seven-year low in FY 2023-24. They increased over the last couple of fiscal years but remain slightly below pre-COVID levels. However, new data from DCJ shows that recent transition acceptance rates are higher for primary referrals—49.0% in the first quarter of FY 2025-26.⁵⁴

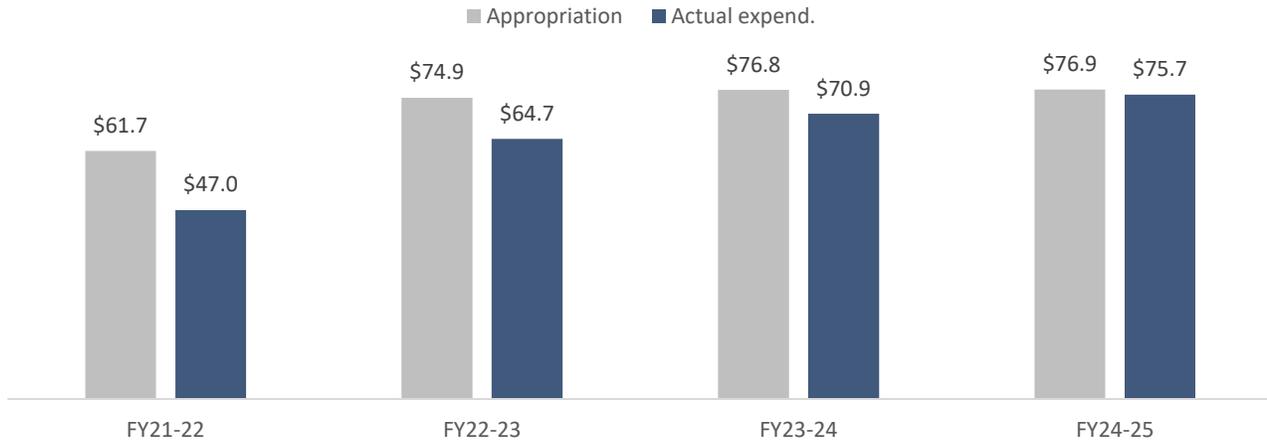
Percentage of diversion and transition referrals accepted by local boards and providers



⁵⁴ A transition primary referral is a referral that is sent to the jurisdiction that an inmate is planning to parole to. Secondary and tertiary referrals are those that have been denied by the primary jurisdiction and sent to alternate jurisdictions for screening.

Fourth, the DCJ consistently underspent its appropriation for community corrections placements in recent years. This happened because there were fewer offenders in community corrections than expected, even though providers had open beds and staff to support them. However, the data show that reversions are decreasing. JBC staff expects the Department to submit a supplemental request to support increased caseload in the current fiscal year.

Community Corrections Placements: Appropriations vs. Actual Expenditures
(\$, millions General Fund)



Lastly, the JBC, JBC staff, the DCJ, the DOC, and stakeholders have discussed this issue multiple times over nearly two decades. Previous JBCs tried many different funding strategies. Nothing seems to have worked, or worked very well.

That may be because the community corrections system is not designed to help the DOC deal with prison capacity pressures or help the State to manage its budget. Statute declares that community corrections exists, in part, to provide a broader range of correctional options to the courts, the DOC, and the Parole Board. But their ability to use this option is limited by the system’s design.

The system is designed to let local authorities decide which offenders are allowed to live in their community. Community corrections boards and providers have the authority deny referrals for any reason or no reason at all. The aim of this design is to increase local support for the programs serving offenders in that community. (See Appendix D for more information about the history of community corrections.)

The system is further designed to place offenders within the geographic boundaries of judicial districts regardless of whether a bed is available for that offender. It allows those districts to reject placements from outside those geographic boundaries.

Furthermore, previous responses from the Departments produced abundant detail but lacked clarity and a useful structure for making decisions. That is one reason why JBC staff proposed a number of options for increasing community placements during FY 2025-26 figure setting process. Those options formed the basis of the RFI. It aimed, among other things, to solicit actionable policy options for the General Assembly’s consideration. In JBC staff’s view, the Departments’ RFI response accomplished that goal. It includes clear and actionable policy options. It also identifies potential challenges and consequences.

DOC and DCJ proposal to increase community placements

The proposal extends referral and placement timelines, which would increase the number of inmates who qualify for community placement. Local community corrections boards and providers would be required to accept very-low/low risk inmates convicted of non-violent offenses. These local actors would retain the ability to reject all other referrals. All other eligibility criteria would be consistent with current law and DOC policy. These other criteria focus on good behavior, program compliance, and the absence of other warrants or detainers.

Eligibility criteria under current law

This section covers eligibility criteria other than time to PED. Most criteria do not change under the Departments' proposal. Generally speaking, inmates need to demonstrate good behavior, program compliance, and not have any active warrants or detainers.

Community Corrections

- No Class 1 Code of Penal Discipline (CoPD) violations for one year
 - Class 1 violations are more severe. Examples include murder, arson, assault, rape, fighting, drug dealing, refusal to be drug tested
- No detainers
- Program compliant
- Must meet additional criteria if previously returned from community corrections or parole
 - Regressed community inmates must complete 3 months at a DOC prison and show progress with goals and objectives of the Colorado Transitional Accountability Plan, which is the DOC's internal case management framework.
 - They must also be at least 180 days to their mandatory release date.
 - Regressed parolees must complete at least 6 months in a DOC prison and show similar improvement in their accountability plan.
 - They must also be at least 180 days to their mandatory release date.

Intensive Supervision

- Non-violent offense per Section 18-1.3-406 (Mandatory sentences for violent crimes)
- No Class 1 CoPD violations in last 18 months, no Class 2 CoPD violations in last 12 months
 - Class 2 violations are less severe than Class 1. Examples include theft, drug possession/use, body modification, sexual harassment
- No "status" placement in last two years (indicates violent behavior in prison)
- Approved prospective residence plan within the geographical boundaries of the Community Corrections Board

Local authority to evaluate and reject placements

- Boards and providers may reject any referral for any reason or no reason at all.

Proposed changes to referral timelines

Current law: Non-violent, no risk qualifiers

Local boards and providers may reject placements for any reason or no reason at all.



Departments' proposal: Non-violent, very-low and low risk to reoffend

Local boards and providers must accept these referrals.



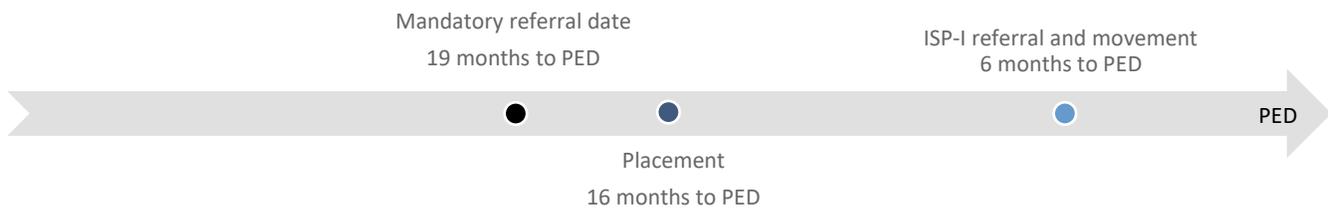
Departments' proposal: Non-violent, moderate risk to reoffend

Local boards and providers may reject placements for any reason or no reason at all.



Departments' proposal: Non-violent, high or very-high risk to reoffend

Local boards and providers may reject placements for any reason or no reason at all.



Violent offense referral timelines

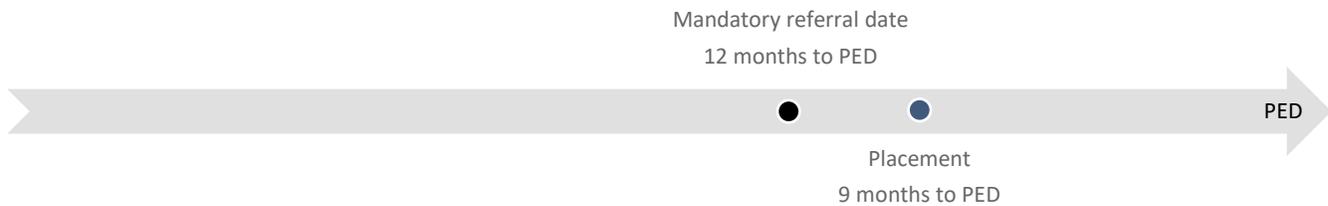
Current law: Violent offenses, no risk qualifiers

Local boards and providers may reject placements for any reason or no reason at all.



Departments' proposal: Violent offense, no risk qualifiers

Local boards and providers may reject placements for any reason or no reason at all.



Number of inmates affected by proposed changes

For lower risk non-violent inmates, extended timelines and mandatory acceptance could possibly free up 150-350 beds in the DOC's prisons. There are currently 210 would who qualify under current law but acceptance is not mandatory. More inmates would qualify with the extended referral timeline and their acceptance would be mandatory.

Inmates convicted of non-violent crimes, low and moderate risk

Risk level	Current referral timeline: 19 months to PED	Proposed referral timelines: 31 or 25 months to PED (very-low/low, moderate)	Difference
Very-low/low	210	357	147
Moderate	165	201	36

For all other categories, the extended timelines would increase the pool of qualified inmate. But local boards and providers would retain the authority to reject these inmates for any reason or no reason at all.

Inmates convicted of violent crimes, all risk levels

Risk level	Current referral timeline: 9 months to PED	Proposed referral timeline: 12 months to PED	Difference
All	740	984	244

What is the Colorado Actuarial Risk Assessment Scale, or CARAS?

The CARAS includes 12 risk categories that collectively point to an offender’s risk to reoffend. Statute requires the DCJ to develop this tool and validate it.⁵⁵ In other words, does it actually do a good job predicting reoffending? Do low-risk offenders reoffend less and high-risk offenders more? The CARAS is currently the main component of the Parole Board Release Guideline Instrument, which is a structured decision-making tool that provides recommendations regarding denial or release from prison. The Board also considers other factors.

The 12 risk categories in the CARAS

1. Age at first arrest or charge
2. Most serious crime classification
 - a. Based on felony classification number (e.g. Felony 1, Felony 2, etc.)
3. Current age
4. Number of prior escapes/absconds ever
5. Substance abuse needs level
6. Gang membership
7. Number of prior cases.
 - a. Only cases associated with a sentence to DOC
8. Whether the most serious crime was a property crime
9. Criminal attitudes
10. Number of Code of Penal Discipline Violations in the last two years
11. Number of technical parole revocations in the last 5 years.
12. Scored custody level per DOC’s classification assessment (e.g. minimum, medium, close)
 - a. Scored custody classification, not actual custody classification

What does “validation” mean?

The CARAS predicts actual behavior about 20-25% more than chance. The DCJ demonstrated this by applying the criteria to offenders in the real-world and evaluating outcomes.

What do the risk levels actually mean in terms of recidivism?

Risk level	Likelihood to recidivate
Very low	1 of 5
Low	2 of 5
Medium	1 of 2
High	3 of 5
Very High	5 of 7

Where do the data come from?

DOC data automatically populate the tool. It pulls data from the DOC’s Electronic Offender Management Information System. Various people in the DOC enter data at different times. The tool only includes data points that are frequently available in the DOC system (e.g. they are present and not missing more than 70% of the time).

⁵⁵ Section 17-22.5-404 (2)(a), C.R.S.

Benefits and challenges noted in the proposal

In the Departments' words, "Ultimately the objective is to accomplish increased system efficiency with a focused requirement balancing the need to expedite the move of inmates into community corrections with specific community public safety needs. The solution should maintain local control over referrals for individuals indicated to be at a higher risk to reoffend by validated assessments."

The proposal lays out several benefits to the State, which would be especially helpful when prison capacity dwindles and money is scarce. The State is currently dealing with both. However, the Departments also pointed out arguments against the proposal and likely challenges to it.

Benefits of extended referral timelines, limited mandatory acceptance, and risk

- **It accounts for recidivism risk, which the current referral process does not do.** Custody classifications do not account for recidivism risk either. This makes them a less useful tool when considering which inmates are better suited for community placements.
- **It aids the movement of lower risk inmates out of the DOC, which increases opportunities for higher-risk inmates.** Low-risk inmates who do not require targeted programming and tend to be more stable in the community would be able to move through the system more efficiently. This would make essential programming more available to higher-risk offenders.
- **Mandatory acceptance of lower risk inmates addresses long-standing inefficiencies in the community corrections system.** The DCJ has been working to improve system efficiency for many years. Specifically, it has been working with local boards to adopt mandatory acceptance criteria. At least 8 boards have done so. But this alone "will not successfully address concerns around system inefficiencies."
- **Expanded ISP-I timelines help avoid pre-parole stagnation,** which is when a community corrections client completes their required programming long before their PED allows them to exit the program.
 - The proposal notes unintended impacts from prior legislation. "House Bill 18-1251 unintentionally contributed to a decline in ISP-I referrals from Community Corrections. The current process states: 'If an offender completes a community corrections program, the board shall schedule a parole release hearing and, if the decision is to deny parole, the majority of the full board is required to deny parole at that hearing.' Although offenders are eligible for ISP-I placement upon completing [community corrections programming], the short referral window often means most offenders are already parole-eligible. Extending these referral dates will allow offenders to transition from Community Corrections to ISP-I before being paroled, providing additional avenues for release and increased supervision, thus prioritizing public safety."
- **Increased transparency for the inmate.** They know that they will be accepted but statute still affords them the right to decline placement after acceptance. In recent years, many inmates have opted out of community corrections to wait for parole. Extending the time
- **Decreased workload for community corrections boards,** making it more efficient for them to process referrals quickly.

Challenges to the proposal

- **Multiple stakeholders may push back against a policy that allows offenders to have access to the community at an earlier date.** Specifically, victims, victims' rights groups, District Attorneys, and community members may oppose the extended referral and placement timelines. The news articles referenced on page 16 highlight this concern and suggest that opposition could be strong.
- **Some judicial districts may quit the community corrections system if the State mandates acceptance of certain inmates.** There are various ways this could occur. For example, they may not sign any future contracts for community corrections or they may disband their community corrections boards. Even if the DOC had the authority to directly contract with providers, local governments could pass zoning ordinances that prevent community corrections providers from operating in their communities.

Alternative proposals from the Community Corrections Coalition

The Colorado Community Corrections Coalition includes a majority of Colorado's service providers. The Coalition's working group on transition acceptance rates provided 17 recommendations. The recommendations represent a majority opinion, not unanimous consent. This section focuses on those recommendations most closely related to the Departments' RFI response, but there are many other recommendations that the General Assembly may consider (see Appendix C).

Per the Coalition's letter, the goal is to maximize utilization of available community corrections beds for appropriate individuals.

Mandatory Acceptance

The Coalition recommended that the General Assembly should explore mandatory acceptance by all community corrections boards for a limited group of transition referrals.

- Within 18 months of mandatory release date
- No Class 1 CoPD violations within the 12 months
- Exclude all offenders with an active sentence for a Victim Rights Act Crime.
- Exclude offenders returned to DOC for a failure in the community in the previous 90 days.

Summary of concerns

- Loss of local control
- A disconnect from core principles (that different communities are different)
- Undermining the expertise of local boards
- Reduced alignment with each program's supervision capabilities and infrastructure
- Challenges to structured decision-making tools developed by each jurisdiction.

Alternative Coalition recommendation

The General Assembly should require the DCJ to include language in its contracts that require local boards to develop their own mandatory acceptance criteria.

Referral timelines

The Coalition recommended that the General Assembly consider authorizing the DOC to develop criteria for a discretionary referral at 36 months prior to PED for well-behaved inmates who are progressing through their programs.

Summary of concerns

The Coalition did not support broad case manager discretion in making the discretionary referral. It also noted concerns about a potential conflict with Prop 128, which requires offenders convicted of certain crimes to serve at least 85% of their sentence before being eligible for parole.

Prison population management measures

The Coalition recommended that the General Assembly consider legislation that triggers temporary placement strategies when the DOC prison bed vacancy rate is below 3.0%. This might include providing the DOC with the authority to coordinate directly with providers to fill beds without approval by the community corrections boards. It would apply to any offender that the Parole Board recommended for transition through community corrections until the community corrections program is at 95.0% capacity. It also includes requirements to report to the DCJ and local boards.

Summary of concerns

It is JBC staff's understanding that this recommendation generated a lot of debate.

JBC staff's points to consider

The proposal's relationship to the purposes of sentencing

This is JBC staff's interpretation.

- Incapacitation: The proposal prioritizes incapacitation. Local boards and providers retain the authority to reject inmates that are more likely to cause harm. But they are required to accept inmates less likely to cause harm.
- Punishment: The proposal deprioritizes punishment. Punishment is the primary reason for holding lower risk inmates in DOC prisons, especially those that have completed all of their programs and demonstrated good behavior. This proposal potentially reduces punishment by extending referral timelines for all risk categories, but especially for lower risk inmates.
- Deterrence: No clear impact.
- Rehabilitation: The proposal prioritizes rehabilitation by giving more offenders a chance to work, save money, and have access to treatment options in the community.
- Restitution: It prioritizes restitution because offenders are able to work higher paying jobs, save money because they are not paying rent in a residential community corrections facility, and therefore pay restitution and child support.
- Restoration: No clear impact.

The proposal includes both risks and benefits to public safety. Any offender placed in the community presents some level of risk to it. Low risk offenders offend less, but offenses still occur.

That said, nearly all DOC inmates will be return to the community at some point. Community corrections and ISP-I offer far more supervision than parole. Some inmates are choosing to opt out of community corrections because they would rather wait for less supervision on parole. This partially stems from referral timelines, especially for those convicted of violent offenses. Why deal with the hassle of more supervision in community corrections if one can just wait six more months for their parole eligibility date?

Even if a community corrections placement carries some risk, there is less risk than a parole placement. Inmates in community corrections get structured support and more supervision. Sometimes they get more supervision than they truly need, but certainly more than they would get on parole when the inmate is inevitably released.

Risk assessments

This policy could be worse than doing nothing if inaccurate risk assessments undermine trust. On the one hand, the risk assessment is just one of many eligibility criteria. On the other, if the State requires mandatory acceptance of some inmates based on assessed risk, all stakeholders need to be supremely confident that the data are accurate. Inaccurate data and inaccurate risk assessments would justifiably undermine trust in the process. A lack of trust could result in policies that are stricter than current law, which would drive more costs than current law.

Local control and state costs

It is not clear that community corrections has robust and widespread local support. It has support among individuals in each district and more support in some districts than others. However, from an aggregate statewide perspective, some evidence points to something between local tolerance and outright opposition, not broad-based local support.

The relationship between the State and local communities includes many instances of cooperation. However, some local actors see community corrections is the State's problem, just like prisons. This view is sometime accompanied by a latent threat (sometimes explicit) that any restrictions to local control will cost the State money. Namely, by disallowing community corrections programs in their districts, requiring the State to pay for more prison space.

This subsection explores whether the State might achieve a better balance if local actors bore some of the costs of their carceral decisions, including the act of rejecting eligible community corrections referrals. The State currently pays for almost 100% of the cost of prison and most of the cost of community corrections. But should it? There is precedent for shifting costs and responsibilities in Pennsylvania and California. It is also a fairly common concept in economics. Furthermore, the historical record suggests that the current arrangement stems from decisions and circumstances that occurred in the mid-to-late 19th century, but those reasons may not be valid today. Then the prison population exploded in the 1970s to 1990s, driving the large and expensive prisons that exist today.

Staff offers no recommendations. This subsection aims to generate discussion about a general policy concept, especially when considering difficulties at the DOC and ongoing budget shortfalls on the horizon. It is explicitly not about the morality of incarceration. Rather, it recognizes that incarceration is more effective at incapacitation than anything else. It then wonders whether a cost-sharing model might encourage local actors to use it that way, in addition to other potential benefits to the State.

Does local control lead to local support for community corrections?

It is difficult to draw very strong conclusions. Local support among whom? Leadership at the county and municipal level, such as commissioners, community corrections board members, district attorneys, and law enforcement? Or does the general public support its use? In either case, the answer varies by district.

However, there are reasons to be skeptical about the current model from a statewide system perspective. These reasons include a lack of local zoning support, a lack of local funding support, and resistance to serving offenders in the community.

Local zoning limits community corrections capacity

This issue is especially relevant when thinking about alternatives to the current and proposed structure. For example, imagine that local authorities stop contracting with local providers because they must accept lower risk offenders from the DOC. The General Assembly could bypass local authorities by giving the DOC the ability to contract directly with service providers. But local authorities could pass zoning ordinances that limit or end the ability of providers to operate there.

In 2010, the DCJ explained how local control theoretically increases local support for community corrections, including for zoning. But it also explained how zoning is an obstacle to increasing community corrections capacity.

“According to the [National Institute of Corrections, or NIC], local support in Colorado and elsewhere has largely been created through the participation of local elected officials and prominent citizens in the offender screening process. As these citizens become more connected to community corrections, they are more inclined to encourage or permit favorable zoning and physical expansion, and they are more willing to support the placement of difficult offenders.

The NIC has also pointed out that, although relatively few clients in community corrections reoffend during placement, it is much more likely that the decision to accept such offenders into community placement will be supported by local elected officials and citizens when they had a role in that decision. The NIC believes that the withdrawal of decision-making authority from local boards would prompt much more vocal criticism of the state at those times when community corrections clients commit new crimes.

In many jurisdictions, local officials and citizens actually direct local resources toward the support of local felon reentry, a stance they would be much less likely to take if they were not so invested in community corrections. In some cases, these local resources have provided dramatically enriched treatment opportunities for offenders, with a corresponding further reduction in recidivism rates.”⁵⁶

In that same document, however, the DCJ observed that increasing bed capacity is difficult due to zoning issues.

“The creation of beds in community corrections is challenging, in part as the result of zoning issues and in part due to capital costs.

For example, additional community corrections capacity would be desirable in Adams County. The last provider to add new beds in Adams County required three years to complete the project, most of which

⁵⁶ Department of Public Safety, FY 2010-11 Joint Budget Committee Hearing, January 6, 2010. https://leg.colorado.gov/sites/default/files/pubsafhrg2_4.pdf. Pages 10-11.

was devoted to zoning hearings and a lawsuit that unsuccessfully sought to prevent construction of the facility.

Some jurisdictions have lessened the impact of zoning issues by creating new capacity on public property adjacent to correctional facilities. Weld County will soon open a new, county-owned facility that was more acceptable to local residents because it is part of the government complex, across the street from a sheriff's training facility and near the county jail. The Department has encouraged the development of this facility, and has recommended that other jurisdictions adopt the same model, which has proven to be especially effective in the Larimer and Mesa Counties.”

Zoning is an ongoing issue. More recently in December 2023, the DCJ stated, “Competition in community corrections is stifled by the difficulty in starting new programs due to zoning issues and building costs.”⁵⁷ The DCJ also noted zoning problems in 2022 and 2016.

Lack of local funding support

Most Judicial Districts (JDs) do not provide local funding support. Community corrections operates in 16 JDs. Four of these JDs operate county-run programs and provide local funding support. These include the 2nd JD (Denver), 8th JD (Larimer County), 9th JD (Garfield County), and the 22nd JD (Mesa County). Funding support in other JDs is minimal or non-existent. A recent cost analysis found that local funding made up 1.9 percent of total funding for community corrections in 2023—\$1.6 of \$81.9 million.

Why would local governments pay anything at all? That question has come up often in the six years that this JBC staffer has analyzed the community corrections budget. In short, some local authorities think that felony offenders are the State’s problem and the State should pay for them. The State funds probation in the Judicial Department and prisons through the DOC, so the State should also be responsible for community corrections. The alternative is paying for a more expensive state prison beds, so it should be in the State’s interest to pay for less expensive community corrections beds, even though the State has little control over how many community corrections beds there are or how many offenders fill them.

But some districts do provide local funding. Why? It is hard to say. It could be because those JDs think alternatives to incarceration are morally necessary and practically useful. However, ongoing local funding is not guaranteed. Per the recent community corrections cost analysis, “those counties [currently providing local funding support] may not be able to continue to do so in the future given competing county services needing scarce general fund revenues.”⁵⁸ On the other hand, the State is in that exact situation on an annual basis for the foreseeable future.

Resistance to serving offenders in the community

There are clear examples of local opposition to zoning policies that favor community corrections, its use as a sentencing option, and to accepting the offender into the community. For example, the DCJ previously noted that, “Cases with a sex offense conviction were frequently denied; in some judicial districts, these cases are automatically excluded from consideration.”

⁵⁷ Department of Public Safety, FY 2024-25 Joint Budget Committee Hearing, December 14, 2023.

https://content.leg.colorado.gov/sites/default/files/fy2024-25_pubsafhrg2.pdf . Page 6.

⁵⁸ Sjoberg Evanshenk Consulting, Inc. “Community Corrections Programs: Cost Evaluation and Future Cost Model.” May 2025. See page 33 of the report, which is attached in Appendix E.

Inmates may be denied even if board's own tools or metrics suggest the inmate is qualified. Staff has heard anecdotes about otherwise qualified inmates being denied due to static factors they cannot change. For example, an inmate may be denied due to their original offense, even if they have completed DOC programming and behaved well. A different example is denial following a statement from the victim. There was not an explicit connection between the statement and the board's decision, but reports suggest this is not uncommon.

There are many possible explanations for tepid local support. It could stem from moral values. People may think that offenders must receive a punishment more severe than community corrections and must endure that punishment longer than current referral timelines allow. There may low risk tolerance among local decision makers, either because they think the individual is too dangerous or because they are worried about being blamed if the offender misbehaves. Local decision makers may privilege the views of victims over the needs of the State and inmates displaying good institutional behavior. It may be some combination of many factors.

With reservations, JBC staff poses a question that might clarify one's thinking about the perceived level of local support for community corrections in Colorado. If a ballot measure emerged to reduce community corrections referral timelines and reduce its availability as a sentencing option, and Colorado voted today, would it pass?

Should local decision-makers internalize some the costs of their decisions?

The General Assembly may want to consider policies that require local decision makers to bear some of the costs of their decisions. This may be the most direct way to:

- Remedy impending capacity problems at the DOC due to an increasing prison population and aging infrastructure.
- Mitigate rising health care costs for aging DOC inmates.
- Mitigate staffing challenges that affect the DOC's ability to provide security, rehabilitative programming, and medical care at existing facilities, much less new ones.
- Prioritize the use of DOC prisons to incapacitate the most dangerous offenders and/or those whose criminal activity spans multiple jurisdictions.
- Encourage local investment in crime prevention measures, including policing and social programs that sustain and build on the security gains achieved through policing.
- Encourage local investment in effective local alternatives to prison, including community corrections.
- Encourage difficult conversations at the local level regarding appropriate sentencing options.

This is not a recommendation. It is an idea for the General Assembly to consider. It is not without risks. Local capacity to control crime and handle more carceral responsibilities would vary greatly from county to county.

The State pays for local decisions

Right now, the State bears almost 100% of the responsibility and cost for imprisonment. It also bears most of the cost for community corrections. Is it appropriate that the State absorb all of the responsibility and cost of a JD's rejection of a DOC inmate's placement in that community, even if the inmate should be accepted by that JD's own standards? Should the State always bear the cost and responsibility for imprisonment when authorized community alternatives are absent, unused, or perform poorly?

On the one hand, the General Assembly writes the laws that prohibit certain conduct and describe the penalty for that conduct. Those laws are mostly enforced and prosecuted at the local level. Law enforcement funding is

mostly local. It may follow that the State should bear the cost of the laws that it writes to encourage local enforcement and prosecution of those laws. Furthermore, some crimes require a sentence of imprisonment, so it follows that the State should bear those costs.

Yet, the General Assembly has also authorized alternative penalties for some crimes that cost less. The abundance of local decisions without local costs may lead to decisions that are ineffective and, at least from the State's perspective, financially problematic. One scholar described it as follows:

“Decision-making authority in law enforcement and prosecution is overwhelmingly local, but only some of the budgetary consequences of those decisions are borne at the local level...the costs of state imprisonment are generally borne by the state governments—and they are substantial. As a result, not all costs are internalized to local decision makers. State prison subsidies generate incentives for localities to make decisions that minimize local costs and maximize those borne by the state, resulting in greater usage of state prison facilities.”⁵⁹

For example, local actors could argue that not imprisoning somebody leads to local costs in terms of public safety (e.g. more crime) and public and private finances (e.g. reduced economic activity). This argument is about incapacitation. It assumes that the offender will cause further harm if they are not locked away. It is also about deterrence. However, some people are not sentenced prison because they are obviously dangerous, or because there is a clear link between the sentence and deterrence. They are sentenced to prison because the community wants them to be punished in that manner. But why does the State take on this task, for any reason? Why could local communities not build bigger jails to satisfy what they perceive as a public safety necessity?

Why states started paying for prisons

Large and expensive state-funded prisons are relatively recent innovations. The reasons for that may not be valid today. The explanation warrants more detail and length than can be included in this document, but a brief summary may be helpful. It necessarily requires some “rounding around the edges.”

“One can at least see from the history that the current, dominant mode of states paying for prison has not always been the case, was not predestined either by policy or by our legal system, and that the initial drive towards a greater state role rests on assumptions and penal goals that do not have wide purchase today.”⁶⁰

The move from disparate local jails to centralized state-run prisons started in the mid-19th century. In short, reformers saw local jails as horrible places incapable of reforming inmates. The solution was a centralized state authority with adequate oversight, professional standards, and resources aimed at successful reformation.⁶¹ This solution did not pan out. The state-run prison is still mainly a custodial and punitive instrument that struggles to provide robust rehabilitative programming and related care.⁶²

⁵⁹ W. David Ball. “Why State Prisons?” Yale Law and Policy Review. Volume 33, Issue 1, Fall 2014. Available at: <https://yalelawandpolicy.org/why-state-prisons>. Pages 79-80.

⁶⁰ W. David Ball, Why Should States Pay for Prisons, When Local Officials Decide Who Goes There? (2011), Available at: <https://digitalcommons.law.scu.edu/facpubs/605>

⁶¹ Ball 2014, 18-20. Also see E.C. Wines & Theodore W. Dwight, “Report on the Prisons and Reformatories of the United States and Canada,” Made to the Legislature of New York, January, 1867. Also see David J. Rothman, “Perfecting the Prison: United States, 1789-1865.” The Oxford History of the Prison: The Practice of Punishment in Western Society. Oxford University Press, 1995.

⁶² Also see Edgardo Rotman, “The Failure of Reform: United States, 1865-1965.” The Oxford History of the Prison: The Practice of Punishment in Western Society. Oxford University Press, 1995.

Colorado became a state during this time period, the driving factors were different from developed eastern U.S. states. Imprisonment in Colorado was initially motivated by security and rule of law concerns, not rehabilitation. Documents from that time period suggest that centralized prisons stemmed from a lack of local capacity, run first by the federal government and then by the state. Furthermore, the rule of law was in its infancy in the Mountain West during that time period. The role of a higher authority like the federal or state government makes more sense in this context because they have access to more resources and expertise than nascent local governments.⁶³ Current crime rates may be concerning to some, but local actors no longer lack the capacity or expertise of their forebears. Nor is the State attempting to create the rule of law in an undeveloped landscape.

Labor was another key factor driving the establishment of state-run and funded prisons. "Prison labor attracted two different constituencies [in the late 19th century]: those interested in the rehabilitative power of work, and those interested in the economic benefits."⁶⁴ Through the start of the 20th century, prison labor was a fairly profitable enterprise in some parts of the country. The ability to use or sell inmate labor masked the cost of state-run prisons until prison labor became less popular. Then prison populations began to grow rapidly without the benefit of labor to offset the cost. "State-run prisons came of age during a time when they were economically viable, but even when prisons no longer paid, state governments maintained responsibility for them. The problem with this arrangement would remain hidden until the scale of imprisonment exploded in the 1970s."⁶⁵

Colorado used inmate labor for public benefit and cost savings for most of the 20th century and the beginning of the 21st. But that is no longer the case. For example, the General Assembly passed an act in 1931 used prison labor to build a highway.⁶⁶ In 1951, the General Assembly passed a bill aimed at using prison labor and goods to defray the cost of operating the Colorado State Penitentiary.⁶⁷ Labor was also the original purpose of the Delta and Rifle prisons built in the early 1960s. Until 2022, Colorado's statute's said that "Every able-bodied inmate shall be put to and kept at the work most suitable to such inmate's capacity and most advantageous to the people of this state." The DOC still benefits from inmate labor within its prisons, but it is no longer aimed at profit and public works.⁶⁸

In sum, the factors that motivated state-run and funded prisons may no longer be relevant. Why then does the state continue to subsidize incarceration at state prisons?

Options for internalizing the costs of local decisions: Community corrections

The General Assembly may consider the following ideas independently or in combination with one another.

Staff emphasizes that these are ideas, not recommendations or fully-developed policy proposals. Their intent

⁶³ Colorado General Assembly, "Joint Memorial and resolution relative to additional appropriations for the purpose of building a penitentiary in Colorado territory." (1868). *Session Laws 1861-1900*. 674.

<https://scholar.law.colorado.edu/session-laws-1861-1900/674>

⁶⁴ Ball, 2014. Page 94.

⁶⁵ Ball 2014, page 94.

⁶⁶ Colorado General Assembly, "To Provide for the Employment of Prisoners Confined in the State Penitentiary and the State Reformatory by the State Highway Department of State Highways." (1931). *Session Laws 1901-1950*. 3452.

<https://scholar.law.colorado.edu/session-laws-1901-1950/3452>

⁶⁷ Colorado General Assembly, "Concerning the Colorado State Penitentiary and Convict Labor." (1951). *Session Laws 1951-2000*. 196. <https://scholar.law.colorado.edu/session-laws-1951-2000/196>

⁶⁸ Section 17-29-101, C.R.S., as amended by S.B. 22-050 (Work Opportunities for Offenders in Department of Corrections).

Link to bill: <https://leg.colorado.gov/bills/sb22-050>

is to generate discussion about a general policy concept, especially when considering prison capacity limits, other challenges at the DOC, and ongoing budget shortfalls on the horizon.

- Require that JDs provide community corrections capacity and services as a proportion of the number of people they send to the DOC in a cost-sharing model with the State.
- If establishing mandatory acceptance criteria of any kind, consider allowing more local control for JDs that invest in and fully-utilize community corrections. Consider other policies that reward local funding support and use.
- If retaining full local control, establish state-level criteria for inmates who should be accepted. If the inmate is rejected, the State bills the rejecting JD for the cost of the inmate’s incarceration until they are released.
 - Community corrections’ original “designed purpose” was “protecting society against the hardened criminal while reintegrating the offender not needing maximum security into the community through rehabilitative, educational, treatment, and vocational programs.” This concept emphasized a “community approach” by “locating of the offender within his community” and utilizing community resources.⁶⁹

Precedent for internalizing costs

Through the early 20th century, Pennsylvania charged counties for the inmates they committed. At some point, the State paid for the salaries of its staff but still charged counties for the operational costs of the inmate’s care. “...cost-sharing was seen in Pennsylvania as a means of controlling admissions, with one observer writing that county payments were seen as a means ‘to some slight extent tend to reduce criminality, in that it sets a financial penalty upon counties which furnish a disproportionate number of convicts.’”⁷⁰

Furthermore, cost-internalization frameworks are widely used in economics.⁷¹ The concept refers to how the actions of individuals or groups create problems for others who are not involved, but the cost of the action is not included or borne by the actors. Internalization of the cost of the action aims to encourage less of the thing that is impacting third-parties.

Options for internalizing the costs of local decisions: Sentencing

The General Assembly may consider the following ideas independently or in combination with one another.

Staff emphasizes that these are ideas, not recommendations or fully-developed policy proposals. Their intent is to generate discussion.

- The State could clarify the type and amount of illegal conduct that warrants incapacitation in a state prison facility, while allowing local jurisdictions to incarcerate other offenders in local jails according to local and state statutes. In other words, the State holds and pays for a select group of offenders, JDs hold and pay for the rest.
- The State could charge JDs for all or a portion of the cost of incarcerating offenders meeting certain criteria.

⁶⁹ S.B. 74-055 (An act concerning the state correctional system). Session Laws 1974, Chapter 77, page 321.

⁷⁰ Ball 2011, page 37. For an example in the area of juvenile justice, see Ouss, Aurelie. “Misaligned incentives and the scale of incarceration in the United States.” Journal of Public Economics. Volume 191. November 2020.

https://aouss.github.io/ouss_incentives_justice.pdf

⁷¹ Thomas Helbling. “Externalities: Prices Do Not Capture All Costs.” International Monetary Fund.

<https://www.imf.org/en/publications/fandd/issues/series/back-to-basics/externalities>

Precedent for shifting carceral responsibilities to counties

A 2011 U.S. Supreme Court ruling required the State of California to reduce its prison population to reduce overcrowding. The case was *Plata v Brown*. “The plaintiffs argued that persistent overcrowding in the state’s prison system was preventing CDCR from delivering constitutionally adequate health care to inmates.”⁷² A three-judge federal panel ruled that overcrowding was the primary reason that the California department of corrections could not provide constitutionally adequate health care. The Supreme Court upheld the ruling.

The California legislature subsequently passed Assembly Bill 109. The bill shifted the responsibility for monitoring, tracking, and incarcerating lower-level offenders to counties. Lower-level offenders included those convicted of non-serious, non-violent, non-sex crimes. Through the first two years of implementation, counties received more than \$2.0 billion to manage these offenders.⁷³

JBC staff would need to do more research to understand whether the policy shift affected crime rates.

What is the appropriate allocation of decision-making authority and funding responsibility?

The Departments’ proposal addresses this question, as do JBC staff’s points to consider. Both allocate more authority to the State, but differ with respect to the amount. Both represent a major departure from current practice. JBC staff offers no recommendations at this time. This discussion is laden with major policy issues that the JBC may not be best positioned to address.

⁷² Paul Golaszewski. “A Status Report: Reducing Prison Overcrowding in California.” Legislative Analyst’s Office, The California Legislature’s Nonpartisan Fiscal and Policy Advisor. August 5, 2011.

https://lao.ca.gov/reports/2011/crim/overcrowding_080511.aspx

⁷³ Lisa T. Quan, Sara Arbarbanel, Debbie Mukamal. “Reallocation of Responsibility: Changes to the Correctional System in California Post-Realignment.” Stanford Law School: Stanford Criminal Justice Center. January 2014.

<https://law.stanford.edu/wp-content/uploads/2015/04/CC-Bulletin-Jan-14-1.pdf>

Issue 3: Community corrections cost analysis

During the 2023 legislative session, the General Assembly passed Senate Bill 23-242 (Community Corrections Financial Audit). The bill required the Division of Criminal Justice (DCJ) to contract with a third-party vendor to complete a financial audit of community corrections programs and produce a report by July 1, 2025 at a cost \$500,000 General Fund. The DCJ submitted this report in June 2025. This issue brief summarizes the highlights from the report.

Summary

- **Expect supplemental request for a per-diem rate increase.** JBC staff expects the Department to submit a supplemental request to increase the per-diem rate by 3.3%, which is consistent with the Report’s recommendation. Staff estimates that this would cost about \$2.6 million General Fund.
 - The JBC could consider reinstating offender subsistence payments to partially or fully offset the cost of a rate increase. For decades, the Long Bill included an assumption that offenders would pay a daily subsistence fee of \$17.00. That went away in FY 2022-23. The JBC could reinstitute a lower subsistence fee to offset the per-diem increase and potentially add some guardrails around the practice.
- **Data reporting and tracking inconsistencies made it different to determine true costs.** The vendor was therefore unable to isolate the costs of individual community corrections programs with great certainty. The range of costs for residential programs was between \$77 and \$117 per day, as compared to current rate of \$70.39.
- **Most providers received sufficient state revenue but that may not be sustainable.** The vendor found that most programs “received sufficient state funding to support operations...” between 2019 and 2023. Some programs diversified and sought revenue from other sources. However, a divergence between the State’s per-diem rates and increasing costs “cast doubt on the future viability of community corrections programs.”
- **Four rural programs struggled.** “These struggles are due in part to a reduction in the average daily population [during the pandemic], which lowers funding for the programs, in addition to increased costs to operate the programs.”
- **County-run programs covered state funding deficits with local funds.** Higher pay for county staff was the primary factor driving deficits.
- **Eighty percent of costs for community corrections were fixed** and do not fluctuate significantly when the population at a program changes. This is similar to
- **The State may also want to consider making some type of need-based funding available to certain programs for capital expenditures.** The State does not provide direct funding for capital expenses. But it may want to consider modest support for the capital expenses that come with expanding capacity. The Community Corrections Coalition suggests loan guarantees or reduced interest capital investment funds.

Discussion

Origins of the audit

JBC staff recommended the audit because the State lacked an accurate, scalable, and sustainable approach to per-diem rates in this area. The historical approach to per-diem rates was to wait until things got bad enough, or people got loud enough, and have the JBC and its staff figure something out. Prior JBC staff initiated five targeted rate increases in the 2010s. The Department requested zero targeted rate increases, though it did regularly submit common policy increases. A similar dynamic played out with the rates for private prisons and local jails in the Department of Corrections.

Revenue sources identified in the audit

Most revenue comes from the State’s General Fund appropriations for community corrections. Historically, daily offender fees made up the second largest source of revenue. That changed during the FY 2022-23 budget process when a JBC member’s motion to eliminate the subsistence payment passed. The State backfilled the subsistence payment with a corresponding General Fund increase to the per-diem rate. Counties are the next largest source of revenue, mainly in the four counties that operate their own programs (Mesa, Denver, Larimer, Garfield).

EXHIBIT 5. OVERALL REVENUE SOURCES REPORTED BY COMMUNITY CORRECTIONS PROGRAMS

Revenue Category	2019	2020	2021	2022	2023
State CCC Revenue (Per diem, differentials, and facility payments)	\$ 55,988,764	\$ 54,607,770	\$ 48,198,929	\$ 59,004,217	\$ 73,323,700
Client Paid (Subsistence, Reimbursements, etc.)	\$ 12,207,818	\$ 10,956,200	\$ 10,230,562	\$ 8,017,198	\$ 1,943,496
Other Non-CCC Programs	\$ 2,831,851	\$ 2,544,909	\$ 3,778,597	\$ 4,520,167	\$ 3,358,240
County	\$ 763,668	\$ 2,106,163	\$ 1,628,823	\$ 650,832	\$ 1,622,680
Federal	\$ -	\$ 21,587	\$ 1,359,289	\$ -	\$ 1,233,586
Miscellaneous	\$ 476,309	\$ 295,357	\$ 951,594	\$ 1,128,012	\$ 373,121
Total	\$ 72,268,410	\$ 70,531,986	\$ 66,147,794	\$ 73,320,426	\$ 81,854,823

Source: Financial statements, profit and loss reports, general ledger reports, and other data collected from each provider.

Most providers earned enough revenue but sustainability questions remain

Per the report,

“Despite being told by several nonprofit and for-profit providers that the business model for community corrections in Colorado was unsustainable, we found that in general most of the nonprofits and for-

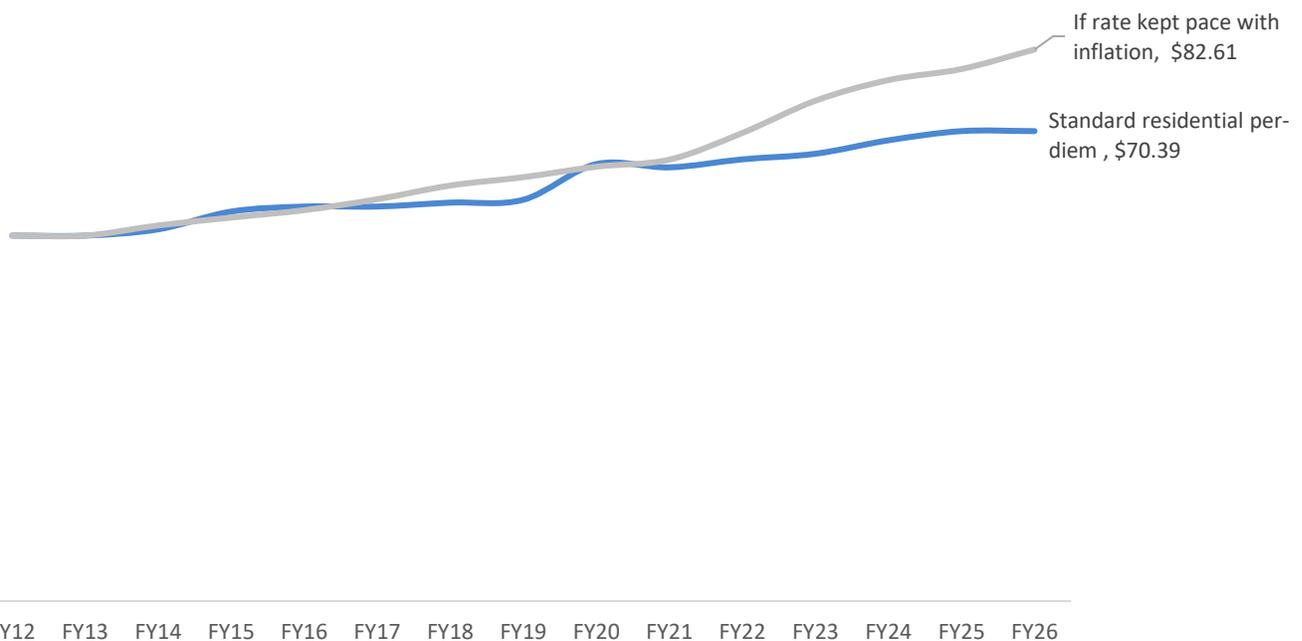
profit programs collected more revenue than they spent on operating the programs over fiscal years 2019 to 2023 when considering other funding sources.”⁷⁴

However, it is fair to question the sustainability of the State’s current funding model. The report found that the per-diem rate increased by 16% over a five-year period but costs rose by 42% over that same time period.

“Many providers echoed this concern and expressed worry that their finances will not be sustainable in the long run. Some programs believe they will not be able to continue operations if Colorado does not change the business model. One provider expressed concern that without a change in the model, the only providers that would be left are the local governments and the larger for-profit providers. Many indicated that the uncertainty about per diem rates and number of referrals makes it difficult to plan and budget their programs. Moreover, these concerns are compounded by the uncertainty of the client population posing a significant budgeting constraint on programs as providers cannot accurately estimate revenues as part of their program budgets.

While these conditions have not yet led to widespread revenue shortfalls for direct operating expenses among many for-profit and nonprofit programs, there is a significant risk that these trends may continue and will negatively impact the programs. Specifically, if inflation continues to rise without a corresponding increase in average daily population to bring in more revenue to the program, per diem rates may not be sufficient for programs to continue operations.”⁷⁵

The standard residential base rate kept pace with inflation for many years after the Great Recession. This changed in FY 2021-22 and FY 2022-23 when inflation increased significantly.



⁷⁴ Page 11.

⁷⁵ Page 25.

Rural programs struggled

Four smaller or rural programs—mostly one program providers—struggled in recent years and relied heavily on one-time funding to support operations. Part of this is the relationship between the facility’s size and the per-diem rate. These providers simply cannot provide enough of the service to achieve economies of scale that make the per-diem rate more viable. Another part is that costs for rural providers are slightly higher than urban providers.

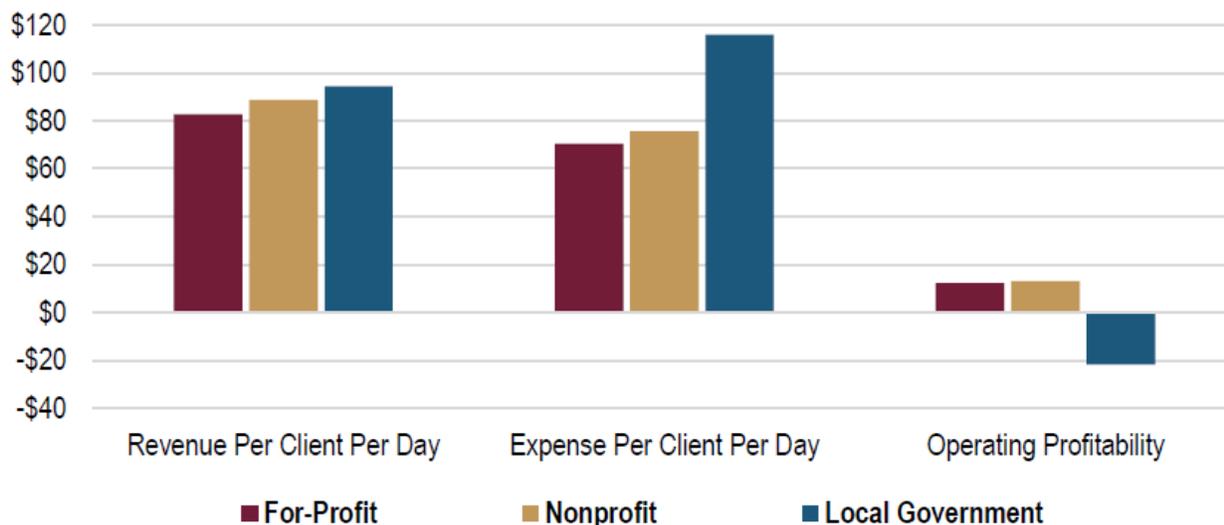
The report noted that the State may need to consider trade-offs that come with operating more expensive smaller facilities.

“As part of its future analysis, the State should weigh the need and benefit to keeping those more costly programs open to serve Colorado clients that may not be able to be served in other locations and programs. As such, the State may want to consider an augmentation based on size or demonstrated need the program may be facing—rather than an across-the-board per diem rate increase—if the State establishes the importance of maintaining smaller programs.”⁷⁶

Local funds supplemented county run programs

Programs operated by local governments relied heavily on county general funds to supplement the funding received from the State. Operating costs for county-run programs were higher because staff compensation was higher. They have also invested in new facilities in some cases. The report notes that, “these county funds are not guaranteed and there are uncertainties with general fund availability. Additionally, one local government explained that their county expects them to start becoming more self-sufficient in the future.”⁷⁷

EXHIBIT 6. REVENUE AND EXPENSES BY TYPE OF PROVIDER PER CLIENT PER DAY



Source: Financial statements, profit and loss reports, general ledger reports and other data provided by each provider; CDPS Community Corrections Annual Reports; and ADP and expenditure data provided by CDPS.

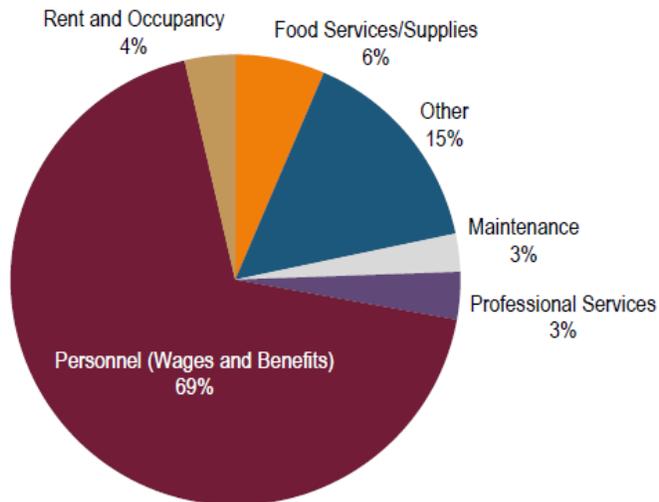
⁷⁶ Page 33

⁷⁷ Page 14

Fixed costs make up most of providers' expenses

Per the report, “Across the various community corrections programs, the primary operating cost categories are personnel costs, food service, building maintenance, rent, insurance, and utilities, all of which are relatively fixed costs to keep a program ready to accept clients up to the program capacity.”⁷⁸

EXHIBIT 7. OPERATING COST CATEGORIES AND PERCENTAGES FOR NONPROFIT AND FOR-PROFIT PROGRAMS IN 2023



Source: Financial statements, profit and loss reports, and other financial data submitted by community corrections providers.

The report explains that more than about 80% of provider expenses are fixed and frames that reality as a potential problem.

“...our review of expenses found that across the community corrections programs, approximately 80 percent of costs were fixed and not tied to the number of clients served while just 20 percent were variable based on the number of individuals in the program. This is concerning given the funding model for community corrections in Colorado. Because community corrections programs are funded based on the average daily population, the revenue is inherently tied to the number of clients which is variable. The high amount of fixed costs means that if the average daily population falls (as it did during the COVID-19 pandemic), revenue will fall by significantly more than costs will fall. Our analysis shows that programs struggled financially when the population fell.”⁷⁹

Staff notes that the fixed cost concept applies to private prisons, local jails, and DOC prison beds too. Annual changes in funding for DOC prison beds appear cheaper than all other bed types even though DOC prison beds are the most expensive. That is because the DOC base budget accounts for most of the costs of one prison bed, while the budget process accounts for the marginal cost of one prison bed (though imperfectly). The based budget for other bed types—private prison, local jails, community corrections—does not reflect fixed costs. So when each bed type goes up or down, the change in funded accounts for the full cost of a bed, not the marginal cost.

⁷⁸ Page 15.

⁷⁹ Page 18.

Considering capital costs

The recent and immediate focus has been on fully using existing community corrections capacity. But it is important to consider ways to retain and create more capacity. The report explains,

“...the State may also want to consider making some type of need-based funding available to certain programs for capital expenditures. For example, if a community corrections program demonstrates to the State that the program had valid and necessary capital costs at amounts significantly larger than reimbursed in the prior year impacting its funding to support current operations, the State might consider a supplemental payment in the upcoming year to keep the program in operation. Some programs identified large capital improvement costs as a concern because they do not have budget flexibility with the per diem to afford needed improvements. The State could consider making such additional funding available for programs on an application basis for help in paying needed capital improvement costs. As with possible funding to consider for smaller or rural programs, this augmentation should be contingent upon the program having a demonstrated need.”

The Colorado Community Corrections Coalition suggested that the State consider loan guarantees or low-interest capital investment funds. Staff notes that the State currently supports water projects through low-interest loans from the Severance Tax Perpetual Base Fund, though that fund is large enough to generate significant amounts of interest. JBC staff agrees that it may be prudent for the State to provide a modest amount of funding for capital projects in community corrections. Another option is to provide state grants with a local match, prioritized in the districts with the largest numbers of referrals and the most need for more capacity. But staff does not recommend capital funding at this time.

FY 2025-26 Executive Order Budget Adjustments- Not applicable

Footnotes and Requests for Information

Update on Long Bill Footnotes

The General Assembly includes footnotes in the Long Bill to:

1. set forth purposes, conditions, or limitations;
2. explain assumptions; or
3. express legislative intent.

This section discusses a subset of the footnotes relevant to the divisions covered in the briefing. For a full list of footnotes, see the end of each departmental section of the [2026 Long Bill](https://leg.colorado.gov/bills/sb25-206) (<https://leg.colorado.gov/bills/sb25-206>).

99 Department of Public Safety, Division of Criminal Justice, Community Corrections, Community Corrections Placements -- This appropriation assumes the daily rates and average daily populations listed in the following table. It is the General Assembly's intent that the daily rates shown in the table be the default rates and that the Division adjust these rates on an as-needed basis. The appropriation assumes that offenders will not be charged a daily subsistence fee. The base rate for standard nonresidential services assumes a weighted average of the rates for four different levels of service. This appropriation also assumes that the residential base per-diem rate in the table included in this footnote will be increased by 1.0 percent for programs meeting recidivism performance targets and 1.0 percent for programs meeting program completion performance targets.

Rate type	Rate	Average Daily Placements	Appropriation
Residential base rate	\$70.39	959	\$24,649,496
Base rate plus 1.0% incentive	\$71.09	783	\$20,317,167
Base rate plus 2.0% incentive	\$71.80	875	\$22,931,125
Specialized Differentials			
Intensive Residential Treatment	\$63.61	206	\$4,782,836
Residential Dual Diagnosis Treatment	\$63.61	90	\$2,089,589
Sex Offender	\$34.68	116	\$1,468,351
Standard Non-residential	\$9.94	792	\$2,873,455
Outpatient Therapeutic Community	\$27.67	25	\$252,489
Total			\$79,364,508

Comment: This footnote has been in the Long Bill for at least a decade, or close to it. It expresses the General Assembly's assumptions in the appropriation, including the number of placements and the per-diem rates for those placements. Performance-based incentive rates were added to the Long Bill in FY 2022-23.

100 Department of Public Safety, Division of Criminal Justice, Community Corrections, Correctional Treatment Cash Fund Residential Placements -- This appropriation includes funding for condition-of-probation placements at rates corresponding to those in footnote 99.

Comment: This footnote makes it clear that all Intensive Residential Treatment (IRT) Beds receive the same reimbursement from the Division of Criminal Justice. Statute requires that condition of probation placements be funded with “funds from correctional treatment cash fund, as well as local funding, public or private grants, or offender fees.”⁸⁰ In response to a JBC staff inquiry, the Office of Legislative Legal Services says that this statute does not appear to authorize the use of General Fund for condition of probation beds. It only authorizes the use of the funds identified in the statute. The General Assembly may want to add language that is more explicit about whether General Fund should be used for this purpose.

Update on Requests for Information

The Joint Budget Committee may submit requests for information (RFIs) to departments. The Joint Budget Committee must prioritize the requests per Section 2-3-203 (3), C.R.S.

This section discusses a subset of the RFIs relevant to the divisions covered in the briefing. For a full list of RFIs, see the [letters requesting information](https://leg.colorado.gov/sites/default/files/rfi_fy_2025-26.pdf) (https://leg.colorado.gov/sites/default/files/rfi_fy_2025-26.pdf).

Requests Affecting Multiple Departments

- 1 Department of Corrections; Department of Human Services; Judicial Department; Department of Public Safety; and Department of Transportation – State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from: the Alcohol and Drug Driving Safety Program Fund, the Law Enforcement Assistance Fund, the Offender Identification Fund, the Persistent Drunk Driver Cash Fund, and the Sex Offender Surcharge Fund, among other programs.

Comment: The Department provided this information, which is extremely useful for analyzing trends in the community corrections population. The data point to an increase in community corrections caseload in the current fiscal year.

- 2 Department of Corrections, Department of Public Safety – By November 1, 2025, it is requested that the Departments of Corrections and Public Safety provide the JBC with feedback on JBC staff’s options to increase the proportion of DOC inmates in community corrections and the intensive supervision program (see pages 36-38 of the JBC staff figure setting document: https://leg.colorado.gov/sites/default/files/fy2025-26_corfig_0.pdf). It is requested that this feedback include technical issues (e.g. statutory, technological, or data challenges/requirements), estimated impact on the DOC prison population and community corrections population, and policy considerations. The Departments are also requested to provide alternative solutions to increase the proportion of DOC inmates in community corrections and intensive supervision if they conclude that alternative solutions are necessary or better.

⁸⁰ Section 18-1.3-301 (4)(b), C.R.S.

Comment: The Department provided this information, which was the subject of Issue Brief 2. The full text has been attached to the end of this document.

Department of Public Safety Requests

- 1 Department of Public Safety, Division of Criminal Justice, Community Corrections, Community Corrections Placements – The Department is requested to provide a report with fiscal year-to-date community corrections placements on November 1, 2025 and again on February 15, 2026

Comment: The Department provided this information, which is extremely useful for analyzing trends in the community corrections population. The data point to an increase in community corrections caseload in the current fiscal year.

- 2 Department of Public Safety, Division of Criminal Justice, Community Corrections – On or before November 1, 2025, the Department is requested to report performance measures and performance-related incentive payments for all community corrections boards and programs. The Department is also requested to show the contracted per-diem reimbursement rate for each provider.

Comment: The Department provided this information. The data show that eight providers are earning 3% more than the base residential per-diem rate due to meeting three different performance standards. Three providers are not meeting any of the three performance standards and consequently earning 1.0% less in their standard residential per-diem.

- 3 Department of Public Safety, Division of Criminal Justice, Community Corrections –The Department is requested to report the allocation and expenditure of the appropriation for Community Corrections Placements. On August 1, the Department is to report on the allocation of the appropriation. This report should include:
 - a. A summary of all contracted and subcontracted amounts for FY 2025-26. This summary should include the dollar amount allocated by board and provider, the number of beds, and the per-diem rate for FY 2025-26. This should include an explanation for all instances where the per-diem rate differs from the default rate shown in the related Long Bill footnote.
 - b. The dollar amount allocated, the number of beds, and the per-diem rate for FY 2024-25, along with actual data (e.g. what actually happened) for each figure. For example, 200 beds were allocated and 175 beds were filled; \$2.0 million was allocated and \$1.75 million was spent.
 - c. The dollar amount allocated, the number of beds, and the per-diem rate for FY 2023-24, along with actuals for each figure.
 - d. All FY 2025-26 contracts uploaded to Google Drive and a link to that Google Drive.

Comment: The Department provided this information, which is too extensive to summarize here. Staff expects that it will be useful during the figure setting process.

- 4 Department of Public Safety, Division of Criminal Justice, Community Corrections – The Department is requested to explore the merit, costs, and potential cost savings of a centralized system for community corrections referrals. On November 1, 2025, the Department is requested to provide a report that:
 - a. explains how the current system works for all referral types and the benefits and drawbacks of the current system;

- b. describe the principles and characteristics of a potential centralized system, including the primary objective(s) of the system;
- c. estimate the cost of the building such a system, with as much detail as is reasonable and feasible; and
- d. estimate any cost savings or cost avoidance that such a system may produce.

Comment: The Department provided this information. Staff summarizes parts C and D here. Regarding costs, the response estimates that it would cost about \$600,000 to implement at the DCJ and DOC, which would help the Departments manage and track transition referrals from the DOC. Other potential costs could not be estimated at this time. For example, it would take quite a bit of time and money to transition manual processes at each Judicial District to an integrated digital information system. That means it would take longer and cost more to develop such a system for diversion referrals from the courts.

Regarding cost savings/avoidance, the responses says the following.

“A centralized system offers potential for cost savings and avoidance, even if not immediately quantifiable. While difficult to estimate in advance due to a current lack of data, long-term tracking may reveal savings from more efficient placement of transition clients in community corrections beds. Additionally, the centralized system will significantly reduce the need for email communication and manual referral tracking, freeing up staff resources at referral agencies, boards, and programs. This will include the ability for the centralized system to track acceptance rates at boards and providers across the state and alleviate the burden from boards and programs. These efficiencies will allow resources to be better directed towards improving client services, rather than administrative tasks. Another added benefit, though not a direct cost savings, is the increased security of offender referral records and criminal justice information.”

The response also notes a legislative consideration.

“To ensure consistency in referrals and full utilization of the centralized referrals system, the General Assembly should consider statutory changes to C.R.S 17-27-108 and any other statutes deemed pertinent. The benefits of a centralized referral system will only be realized if all referrals are in fact funneled through the Division of Criminal Justice.”

Department Annual Performance Report

Departments must publish an **Annual Performance Report**⁸¹ for the *previous state fiscal year* by November 1 of each year. This report summarizes the Department's performance plan and most recent performance evaluation. In addition, departments develop and submit a **Performance Plan**⁸² for the *current fiscal year* to the Joint Budget Committee and the relevant Joint Committee of Reference by July 1 of each year.

Per statute⁸³, the Joint Budget Committee must consider performance plans submitted by departments and may prioritize budget requests intended to enhance productivity, improve efficiency, reduce costs, and eliminate waste. To find the performance plans, search the Office of State Planning and Budgeting website and select the [performance plan](http://www.colorado.gov/pacific/performancemanagement/department-performance-plans) (www.colorado.gov/pacific/performancemanagement/department-performance-plans).

⁸¹ Section 2-7-205, C.R.S.

⁸² Section 2-7-204 (3)(a), C.R.S.

⁸³ Section 2-7-204 (6), C.R.S.

Appendix A: Numbers Pages

Appendix A details the actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. Appendix A organizes this information by line item and fund source.

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
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(4) Division of Criminal Justice

(A) Administration

DCJ Administrative Services	<u>6,367,055</u>	<u>6,589,095</u>	<u>7,608,098</u>	<u>7,902,408</u> *
FTE	74.9	76.1	62.4	62.4
General Fund	5,261,168	5,679,091	5,976,400	5,976,011
Cash Funds	626,235	78,591	889,975	1,157,513
Reappropriated Funds	479,652	831,413	607,061	634,222
Federal Funds	0	0	134,662	134,662
 Multidisciplinary Crime Prevention and Crisis Intervention Grant Program	<u>14,577,388</u>	<u>4,590,676</u>	<u>4,992,055</u>	<u>4,992,055</u>
FTE	0.0	2.5	0.0	0.0
General Fund	7,500,000	0	0	0
Cash Funds	7,077,388	4,590,676	4,992,055	4,992,055
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
 Law Enforcement Workforce Recruitment, Retention, and Tuition Grant Program	<u>6,198,923</u>	<u>1,668,607</u>	<u>3,593,030</u>	<u>3,593,030</u>
FTE	0.0	0.7	0.0	0.0
General Fund	3,750,000	0	0	0
Cash Funds	2,448,923	1,668,607	3,593,030	3,593,030
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
SMART Policing Grant Program	<u>4,099,115</u>	<u>1,877,902</u>	<u>7,031,919</u>	<u>7,031,919</u>	
FTE	0.0	0.7	0.0	0.0	
General Fund	3,750,000	0	0	0	
Cash Funds	349,115	1,877,902	7,031,919	7,031,919	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Appropriation to the Jail Standards Advisory Committee					
Cash Fund	<u>0</u>	<u>305,000</u>	<u>610,000</u>	<u>640,500</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	305,000	305,000	320,250	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	305,000	320,250	
Federal Funds	0	0	0	0	
First Responder Employer Health Benefit Trusts	<u>0</u>	<u>200,000</u>	<u>250,000</u>	<u>350,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	200,000	250,000	350,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	<u>863,046</u>	<u>938,692</u>	<u>700,386</u>	<u>684,703</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	96,135	118,470	128,182	90,643	
Reappropriated Funds	0	0	0	0	
Federal Funds	766,911	820,222	572,204	594,060	
SUBTOTAL - (A) Administration	32,105,527	16,169,972	24,785,488	40,194,615	62.2%
FTE	<u>74.9</u>	<u>80.0</u>	<u>62.4</u>	<u>66.4</u>	<u>6.4%</u>
General Fund	20,261,168	6,184,091	6,531,400	6,646,261	1.8%
Cash Funds	10,597,796	8,334,246	16,635,161	31,865,160	91.6%
Reappropriated Funds	479,652	831,413	912,061	954,472	4.7%
Federal Funds	766,911	820,222	706,866	728,722	3.1%

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
(B) Victims Assistance					
Federal Victims Assistance and Compensation Grants	<u>27,707,312</u>	<u>33,025,814</u>	<u>25,344,672</u>	<u>25,347,789</u>	
FTE	0.0	0.9	8.6	8.6	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	27,707,312	33,025,814	25,344,672	25,347,789	
State Victims Assistance and Law Enforcement Program	<u>0</u>	<u>999,305</u>	<u>1,500,000</u>	<u>1,500,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	999,305	1,500,000	1,500,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Child Abuse Investigation	<u>1,594,753</u>	<u>1,597,639</u>	<u>1,597,693</u>	<u>1,597,693</u>	
FTE	0.0	0.0	0.3	0.3	
General Fund	1,300,000	1,300,000	1,300,000	1,300,000	
Cash Funds	294,753	297,639	297,693	297,693	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Colorado Crime Victim Services - Proposition KK	<u>0</u>	<u>0</u>	<u>30,000,000</u>	<u>30,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	30,000,000	30,000,000	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Colorado Crime Victim Services - Prior General Fund					
Appropriations	<u>0</u>	<u>3,964,680</u>	<u>7,566,671</u>	<u>7,566,671</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	3,964,680	7,566,671	7,566,671	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Appropriation to the Colorado Crime Victim Services					
Fund	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	2,000,000	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Sexual Assault Victim Emergency Payment Program					
	<u>192,933</u>	<u>167,155</u>	<u>167,933</u>	<u>167,933</u>	
FTE	0.0	0.0	0.2	0.2	
General Fund	192,933	167,155	167,933	167,933	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Statewide Victim Information and Notification System (VINE)	<u>773,876</u>	<u>453,638</u>	<u>992,800</u>	<u>992,800</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	773,876	453,638	492,800	492,800	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	500,000	500,000	
SUBTOTAL - (B) Victims Assistance	30,268,874	42,208,231	67,169,769	67,172,886	NaN
<i>FTE</i>	<u>0.0</u>	<u>0.9</u>	<u>9.1</u>	<u>9.1</u>	<u>0.0%</u>
General Fund	2,266,809	3,920,793	1,960,733	1,960,733	0.0%
Cash Funds	294,753	5,261,624	39,364,364	39,364,364	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	27,707,312	33,025,814	25,844,672	25,847,789	0.0%

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
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(C) Juvenile Justice and Delinquency Prevention

Juvenile Justice Disbursements	<u>0</u>	<u>716,855</u>	<u>800,000</u>	<u>800,000</u>	
FTE	0.0	0.2	1.2	1.2	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	716,855	800,000	800,000	
Juvenile Diversion Programs	<u>0</u>	<u>3,543,783</u>	<u>3,561,677</u>	<u>3,462,238</u> *	
FTE	0.0	2.3	3.0	3.0	
General Fund	0	3,131,336	3,161,677	3,062,238	
Cash Funds	0	412,447	400,000	400,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
HB22-1003 Youth Delinquency Prevention & Intervention					
Grants	<u>2,094,427</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.3	0.0	0.0	0.0	
General Fund	2,094,427	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Deflection and Community Investment Grant Program	<u>0</u>	<u>0</u>	<u>2,708,316</u>	<u>2,708,316</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	2,708,316	2,708,316	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Deflection and Community Investment Assistance and Evaluation	<u>0</u>	<u>0</u>	<u>350,000</u>	<u>350,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	350,000	350,000	
SUBTOTAL - (C) Juvenile Justice and Delinquency Prevention	2,094,427	4,260,638	7,419,993	7,320,554	(1.3%)
FTE	<u>0.3</u>	<u>2.5</u>	<u>4.2</u>	<u>4.2</u>	<u>(0.0%)</u>
General Fund	2,094,427	3,131,336	6,219,993	6,120,554	(1.6%)
Cash Funds	0	412,447	400,000	400,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	716,855	800,000	800,000	0.0%
(D) Community Corrections					
Community Corrections Placements	<u>0</u>	<u>75,746,801</u>	<u>79,364,508</u>	<u>79,364,508</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	75,746,801	79,364,508	79,364,508	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Correctional Treatment Cash Fund Residential Placements	<u>0</u>	<u>2,759,027</u>	<u>3,888,613</u>	<u>3,888,613</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	2,759,027	3,888,613	3,888,613	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Services for Substance Abuse and Co-occurring Disorders	<u>0</u>	<u>2,356,192</u>	<u>2,776,237</u>	<u>2,776,237</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	2,356,192	2,776,237	2,776,237	
Federal Funds	0	0	0	0	
Community Corrections Facility Payments	<u>0</u>	<u>4,339,937</u>	<u>2,923,297</u>	<u>2,923,297</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	4,339,937	2,923,297	2,923,297	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Community Corrections Boards Administration	<u>0</u>	<u>2,768,555</u>	<u>2,769,066</u>	<u>2,769,066</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	2,768,555	2,769,066	2,769,066	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Specialized Offender Services	<u>0</u>	<u>187,007</u>	<u>214,483</u>	<u>214,483</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	187,007	214,483	214,483	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Offender Assessment Training	<u>0</u>	<u>5,764</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	5,764	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
SUBTOTAL - (D) Community Corrections	0	88,163,283	91,936,204	91,936,204	0.0%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	0	83,048,064	85,271,354	85,271,354	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	5,115,219	6,664,850	6,664,850	0.0%
Federal Funds	0	0	0	0	0.0%

(E) CrimeControl and System Improvement

State and Local Crime Control and System Improvement

Grants	0	5,103,829	3,000,000	3,000,000	
<i>FTE</i>	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	5,103,829	3,000,000	3,000,000	
 Sex Offender Surcharge Fund Program	 (-80,001)	 330,656	 453,137	 334,803	 *
<i>FTE</i>	0.0	1.9	2.4	2.4	
General Fund	(20,001)	85,710	89,918	69,345	
Cash Funds	(60,000)	244,946	363,219	265,458	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
 Sex Offender Supervision	 (-119,999)	 580,852	 607,907	 619,128	
<i>FTE</i>	0.0	5.4	5.2	5.2	
General Fund	(119,999)	580,852	607,907	619,128	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Treatment Provider Criminal Background Checks	<u>0</u>	<u>37,574</u>	<u>49,606</u>	<u>49,606</u>	
FTE	0.0	0.3	0.6	0.6	
General Fund	0	0	0	0	
Cash Funds	0	37,574	49,606	49,606	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Federal Grants	<u>0</u>	<u>7,440,977</u>	<u>5,008,909</u>	<u>5,008,909</u>	
FTE	0.0	0.0	10.5	10.5	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	7,440,977	5,008,909	5,008,909	
Criminal Justice Training Fund	<u>0</u>	<u>234,346</u>	<u>240,000</u>	<u>240,000</u>	
FTE	0.0	0.0	0.5	0.5	
General Fund	0	0	0	0	
Cash Funds	0	234,346	240,000	240,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Methamphetamine Abuse Task Force Fund	<u>0</u>	<u>2,352</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	2,352	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
SUBTOTAL - (E) Crime Control and System Improvement	(200,000)	13,730,586	9,359,559	9,252,446	(1.1%)
<i>FTE</i>	<u>0.0</u>	<u>7.6</u>	<u>19.2</u>	<u>19.2</u>	<u>0.0%</u>
General Fund	(140,000)	666,562	697,825	688,473	(1.3%)
Cash Funds	(60,000)	519,218	652,825	555,064	(15.0%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	12,544,806	8,008,909	8,008,909	0.0%
TOTAL - (4) Division of Criminal Justice	64,268,828	164,532,710	200,671,013	215,876,705	7.6%
<i>FTE</i>	<u>75.2</u>	<u>91.0</u>	<u>94.9</u>	<u>98.9</u>	<u>4.2%</u>
General Fund	24,482,404	96,950,846	100,681,305	100,687,375	0.0%
Cash Funds	10,832,549	14,527,535	57,052,350	72,184,588	26.5%
Reappropriated Funds	479,652	5,946,632	7,576,911	7,619,322	0.6%
Federal Funds	28,474,223	47,107,697	35,360,447	35,385,420	0.1%

Appendix B: Full response to RFI 2 Options to increase DOC community placements

This appendix includes the Department's full response to the following legislative request for information.

Department of Corrections, Department of Public Safety – By November 1, 2025, it is requested that the Departments of Corrections and Public Safety provide the JBC with feedback on JBC staff's options to increase the proportion of DOC inmates in community corrections and the intensive supervision program (see pages 36-38 of the JBC staff figure setting document:https://leg.colorado.gov/sites/default/files/fy2025-26_corfig_0.pdf). It is requested that this feedback include technical issues (e.g. statutory, technological, or data challenges/requirements), estimated impact on the DOC prison population and community corrections population, and policy considerations. The Departments are also requested to provide alternative solutions to increase the proportion of DOC inmates in community corrections and intensive supervision if they conclude that alternative solutions are necessary or better.



DATE: 10/22/2025

TO: Joint Budget Committee

FROM: Colorado Department of Corrections and the Division of Criminal Justice

JBC RFI Requests Affecting Multiple Agencies #2

This letter is in response to a request for information by the Joint Budget Committee (JBC) during the 2025 legislative session regarding steps to increase community corrections placements. This response is the result of collaboration from the Colorado Department of Corrections and the Colorado Department of Public Safety, Division of Criminal Justice.

The Departments were asked by JBC staff to review multiple items that would increase the utilization of community corrections beds, including:

- Exploring the possibility of expansion of community corrections referral and acceptance time frames to mirror level I placement criteria of 36 months to Parole Eligibility Date (PED) for non-violent, low-risk offenders, and a mandatory acceptance by community corrections boards and providers.
- Reviewing transitions from community corrections to ISP-I when an offender completes recommended community corrections programming.
- Create a discretionary referral window for violent crime types: Between 16 and 6 months.
- Allow inmate to refuse placement after referral, rather than before referral (Addressed by SB25-209)

Changes to Referral Timelines

JBC asked the Departments to explore expanded time frames for referral from a DOC facility to community corrections as well as referral from a community corrections program into the Intensive Supervision Program (ISP-I). The existing criteria for both of these referral types are different for violent and non-violent offenders, but do not otherwise vary across inmate categories like security level. The JBC Staff Figure Setting Document proposed potential changes to the time frames for referral eligibility determined by security prison classification. Security level classification determines the appropriate custody level and facility to house an individual to address the safety and security of the offender, staff, and general public, taking into account behavior, escape history/risk, severity of current and previous crimes, and program needs. While security level designations are critical to determining safe and



appropriate housing within the prison system, they are not intended to assess an inmate's readiness for placement in a community corrections or ISP-I setting. A validated risk assessment is a more accurate indicator of the risk of recidivism for community safety. The departments currently use the Colorado Actuarial Risk Assessment Scale (CARAS) to determine risk to recidivate once released. This tool accounts for factors that are more relevant to readiness for community corrections or ISP-I settings that are not included in the security level classification assessment, including: age at first arrest/charge, most serious crime classification, age at assessment, number of prior escapes, substance abuse needs level, gang membership, prior cases, MSC property crime, criminal attitudes, COPD count (two years), revocations for technical violations (five years), and custody level.

Security level classification determines the appropriate custody level and facility to house an individual to address the safety and security of the offender, staff, and general public, taking into account behavior, escape history/risk, severity of current and previous crimes, and program needs. Risk assessment, by contrast, is an instrument meant to predict the possibility of reoffending. The former classification instrument is used to determine housing placement while incarcerated, while the Colorado Actuarial Risk Assessment Scale (CARAS) is used to determine risk to recidivate once released.

The departments recommend extended referral time frames based on a validated risk assessment to ensure that timelines and referral decisions are rooted in evidence-based principles for recidivism reduction. The current referral timelines and the proposed new times, first for non-violent offenders and then for violent offenders, are listed below. Our current timeline for non-violent offenders is outlined below:

Current Community Referral criteria/timeframes for offenders per CRS18-1.3-301:

NON-VIOLENT

- Referral at 19 months to PED (Parole Eligibility Date)
- Movement at 16 months to PED
- No Class I COPD (Code of Penal Discipline) violations for a year
- No detainers
- Program Compliant
- Meets criteria outlined in 550-01F for a community corrections referral (please reference supplemental document 1)

Current ISP-I Referral criteria/timeframes for offenders per CRS 17-27.5-102:

NON-VIOLENT

- Placement 180 days to PED



- No Class I COPDs for 18 months,
- No Class II COPDs for 12 months
- No Status placement for 2 years
- ISP requires an approved prospective residence plan within the geographical boundaries of the Community Corrections Board

Below are the Departments' proposed new criteria, broken out by risk assessment. It is recommended to extend time frames based on the current assessed risk of the offender. This risk would be assessed with the Colorado Actuarial Risk Assessment Scale. The CARAS was the preferred assessment given that the CARAS was utilized in C.R.S. 17-1-119.7 Prison Population Management Measures.

NEW Community Referral criteria/timeframes for offenders: Very Low or Low Risk - Non-Violent

- Referral at 31 months to PED
- Movement at 28 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in AR 550-01 for a community corrections referral (please reference supplemental document 1)

NEW ISP-I criteria/timeframes for offenders: Very Low or Low Risk - Non-Violent

- ISP-I Referral and movement 18 months to PED
- ISP has no Class I for 18 months, no Class II for 12 months
- ISP has no Status placement for 2 years
- ISP requires an approved prospective residence plan within the geographical boundaries of the Community Corrections Board

NEW Community Referral criteria/timeframes for offenders: Moderate Risk - Non-Violent

- Community Referral at 25 months to PED
- Movement at 22 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in AR 550-01 for a community corrections referral (please reference supplemental document 1)

NEW ISP-I criteria/timeframes for offenders: Moderate Risk - Non-Violent

- ISP-I Referral and movement 12 months to PED



- No Class I for 18 months
- No Class II for 12 months
- No Status placement for 2 years
- ISP requires an approved prospective residence plan within the geographical boundaries of the Community Corrections Board

NEW Community Referral criteria/timeframes for offenders: High or Very High Risk - Non-Violent

- Referral at 19 months to PED
- Movement at 16 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in 550-01F for a community corrections referral (please reference supplemental document 1)

NEW ISP-I criteria/timeframes for offenders: High or Very High Risk - Non-Violent

- ISP-I Referral and movement at 6 months to PED
- No Class I for 18 months
- No Class II for 12
- No Status placement for 2 years
- ISP requires an approved prospective residence plan within the geographical boundaries of the Community Corrections Board

In order to avoid pre-parole stagnation (a situation in which a community corrections client completes their required programming long before their PED allows them to exit the program), non-violent ISP-I referral dates would have to be moved out from 6 months to PED to 12 months for moderate risk and 18 months for low risk. This change would avoid creating backlogs in community corrections program acceptance of new transition clients.

Table 1: Eligible Offenders - Current vs Expanded Time Frames (Non-Violent)

CARAS Risk Level	Current TimeFrame 19 Month to PED	New Proposed Time Frame 31* & 25** months to PED	Difference
Very Low / Low Risk 31 months to PED*	210	357	147
Moderate Risk 25 months to PED**	165	201	36

*Changing the timeframe for Low Risk would make approximately 147 more offenders eligible for referral on an ongoing basis.



****Changing the timeframe for Moderate Risk would make approximately 36 more offenders eligible for referral on an ongoing basis.**

Please note that the timeframe for High Risk would remain unchanged, so there would be no additional eligible referrals for this group.

Current Community Referral criteria/timeframes for VIOLENT offenders CRS 18-1.3-301

- Referral at 9 months to PED
- Movement at 6 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in [550-01](#) for a community corrections referral (please reference supplemental document 1)

Proposed Criteria for Violent Offenders

- Community Referral at 12 months to PED
- Movement at 9 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in AR [550-01](#) for a community corrections referral (please reference supplemental document 1)

Table 2: Eligible Offenders - Current vs Expanded Time Frames (Violent)

Risk Level	Current Time Frame (9mo for referral/6mo for placement)	New Proposed Time Frame *** (12mo for referral/9mo for placement)	Difference
All	740	984	244

*****Changing the timeframe for Violent offenders would make approximately 244 more offenders eligible for referral on an ongoing basis.**

Referrals from the DOC to community corrections are initially driven by statute, C.R.S 18-1.3-301(2), and further clarified in Administrative Regulations (A.R.). Changes to both statute and A.R. would be needed to enact the proposed changes. As indicated by Tables 1 and 2, a review of available data on referrals demonstrated that the proposed changes would consistently increase the total number of referrals. RFI#2 requires the departments to identify any impacts or policy considerations for the proposed changes. Therefore, it should be noted that victims, as well as other



community groups, may raise concerns about offenders having access to the community sooner before their PED.



Mandatory or Auto-Acceptance Criteria

In addition to changing the timelines and criteria for referrals for non-violent offenders with Level 1 minimum security classification, the JBC Figure Setting document proposed mandatory acceptance of the referrals for this population at 36 months prior to PED. The Departments propose that the General Assembly consider the adoption of mandatory acceptance (otherwise referred to as auto-acceptance) criteria for the same eligible referral conditions identified above.

Community Referral Criteria - Low-Very Low Risk (Non-Violent)

- Referral at 31 months to PED
- Movement at 28 months to PED
- No Class I COPD for a year
- No detainers
- Program Compliant
- Meets criteria outlined in AR 550-01 for a community corrections referral (please reference supplemental document)

Currently, statutes give both community corrections boards and providers the authority to accept and reject referrals to community corrections, which limits both departments' ability to predict movements and capacity needs within our systems and creates system inefficiencies. In Fiscal Year 2024-2025, the DOC sent a total of 5,347 referrals to community corrections boards and providers, with 2,121 of those referrals being accepted, representing an acceptance rate of 40%. While the Division of Criminal Justice (DCJ) recognizes that the local-state partnership is the foundation for the success of community corrections in Colorado, acceptance decisions impact the ability to maximize the utilization of available capacity.

Over the last several years, the DCJ has worked with community corrections boards and providers on identifying ways to try to improve system efficiencies and increase the number of DOC transition placements within community corrections programs. These efforts have started to demonstrate progress as witnessed through increased acceptance rates and more community corrections boards establishing auto-acceptance criteria (an increase from 6 boards in fall 2024 to 8 as of October 2025). However, the establishment of auto-acceptance criteria by individual community corrections boards will not alone successfully address concerns around system inefficiencies, and increasing the number of DOC transition clients within community corrections will require a combination of changes to maximize the potential of these efforts. Due to public safety concerns and requirements within the Victim Rights Act, established auto-acceptance referral criteria are often very limiting and represent cases already highly likely to be accepted into community corrections. Referrals for inmates who have committed crimes subject to the Victim Rights Act



could be excluded from any potential auto-acceptance criteria; these referrals can be challenging to get approved for placement.

The departments see value in establishing auto-acceptance criteria for the following reasons:

- Increased ability to project movements and capacity for at least a portion of referrals.
- Increased transparency for the offender in their acceptance into community corrections.
- Decreased workload for community corrections boards, making it more efficient for them to process referrals quickly.

Auto-acceptance will be most successful in increasing system efficiencies and maximizing capacity if it is applied to the first eligible referral. Ultimately the objective is to accomplish increased system efficiency with a focused requirement balancing the need to expedite the move of inmates into community corrections with specific community public safety needs. The solution should maintain local control over referrals for individuals indicated to be at a higher risk to reoffend by validated assessments.

The DCJ has received a great deal of feedback from various system partners that has varied from completely opposed to the establishment of auto-acceptance to a willingness to try to find criteria that most parties can support. It should be noted that some communities have expressed significant concern about infringement on the ability to accept and reject referrals at the local level and their ability to maintain community safety. There is a risk that some communities may choose to no longer operate community corrections programs within their jurisdictions if their ability to accept and deny referrals is limited through mandated auto-acceptance. If any community chose to cease hosting community corrections programs, the decreased capacity available in the community corrections system will limit community corrections' ability to offer inmates the benefits of a community corrections placement and further limit options for state prison caseload management. Applying auto-acceptance to a select group of transition referrals ensures that local control over the highest-risk referrals remains intact. Establishing auto-acceptance criteria would require statutory changes in several areas, including but not limited to C.R.S 18-1.3-301, C.R.S. 17-27-103, and C.R.S 17-27-104. To ensure individuals are placed in programs that can meet their individual needs, at this time the DCJ would recommend that programs maintain some ability to deny a referral.



ISP-I

The JBC also requested that the Departments review the transition from Community Corrections to ISP-I (Intensive Supervision-Inmate Programs). The department supports the JBC recommendations. We believe this initiative will significantly increase community placements for DOC inmates, particularly within our Community Corrections and ISP-I programs.

While the Departments support this idea, the criteria for ISP-I are outlined in Section 17-27.5-102, C.R.S., and will require a statutory change.

The Departments have identified several positive opportunities by adopting changes to support expanded acceptance into community programs. These include:

- **Facilitating Movement of Low-Risk Offenders:** This initiative will enable low-risk offenders who do not require targeted programming and who tend to be more stable in the community to move through programs more efficiently. This, in turn, will create more opportunities for higher-risk offenders to participate in essential programming.
- **Increase in Community Corrections Applicants:** We anticipate an increase in potentially high-quality community corrections applicants, with an estimated 175 additional candidates from the non-violent population and six additional candidates from the violent population.
- **Increase community corrections placement by establishing auto-acceptance criteria for low risk non-violent community corrections referrals.**
- **Expanded Utilization of ISP-I:** The expanded community corrections and ISP-I referral dates will enable greater utilization of ISP-I. House Bill 18-1251 has unintentionally contributed to a decline in ISP-I referrals from Community Corrections. The current process states: "If an offender completes a community corrections program, the board shall schedule a parole release hearing and, if the decision is to deny parole, the majority of the full board is required to deny parole at that hearing." Although offenders are eligible for ISP-I placement upon completing the matrix, the short referral window often means most offenders are already parole-eligible. Extending these referral dates will allow offenders to transition from Community Corrections to ISP-I before being paroled, providing additional avenues for release and increased supervision, thus prioritizing public safety.

During the past legislative session, SB 25-209 was passed and is currently being implemented within the Department of Corrections. SB 25-209 states that all offenders who are eligible for their initial community referral, as outlined in Administrative Regulation 550-01F (included as supplemental 1), can no longer waive



their community referral. An offender may only refuse placement in a community corrections program after being accepted.

The department has an optimistic outlook that SB25-209, although it is still in its early stages of rollout, will yield additional placements.

Conclusion

The Department anticipates facing some significant challenges. The primary concern will be potential pushback from victims, victim rights groups, District Attorneys, and community members. It is important to note that all the changes mentioned above require amendments to the following statutes:

- 18-1.3-301: Outlines referral timelines and criteria for Community Corrections Referrals.
- 17-27-103: Outlines establishment of Community Corrections boards and duties.
- 17-27-104: Outlines that Community Corrections may operate programs as necessary.
- 17-27.5-102: Outlines timeframes and criteria for ISP-I referrals.



Offender Eligibility Grid for Community Corrections Referrals

RESIDENTIAL COMMUNITY CORRECTIONS PLACEMENT EXCLUSION CRITERIA

Offenders with felony warrant/detainer/pending charges
 Offenders with ICE detainer/notification
 Offenders with misdemeanor detainer for consecutive jail sentence
 Convicted of COPD Class I in previous 12 months
 Signed refusal to participate in DOC recommended programs
 Currently designated as Management Control Comprehensive
 Current and signed Community Correction Placement Refusal
 Offenders currently in DOC (from another state) under the ICC compact.
 Offenders sentenced pursuant to the “Colorado Sex Offender Lifetime Supervision Act of 1998”, who have NOT
 successfully progressed in the treatment required by section 16-11.7-105.
 *Refer to AR 250-01, *Intensive Supervision Program Referral and Placement Process* for placement exclusion
 criteria.

Initial Referral Violent Offender (18-1.3-406)	Referral Time Frame (18-1.3-301)	Specific Eligibility Criteria	Placement time frames
Violent Offenders	9 months prior to PED		6 months prior to PED
Violent Offenders with concurrent jail sentences	After serving jail time AND 9 months prior to PED		6 months prior to PED
Violent Offenders with concurrent probation/community corrections sentences	9 months prior to PED		6 months prior to PED
Initial Referral Non-Violent Offender	Referral Time Frame (18-1.3-301)	Specific Eligibility Criteria	Placement time frames
Non-violent Offenders	19 months prior to PED		16 months prior to PED
Non-violent Offenders with concurrent jail sentences	After serving jail time AND 19 months prior to PED		16 months prior to PED
Non-violent Offenders with concurrent probation/community corrections sentences.	19 months prior to PED		16 months prior to PED
Re-referrals	Referral Time Frame (18-1.3-301)	Specific Eligibility Criteria	Placement time frames
Inmate re-referral	6-12 months following closing/denial of previous referral, based upon CCB/center recommendation; Upon parole board recommendation.	Moderate to High risk offenders need to show progress with 2 or more goals and objectives in CTAP. Low Risk offenders need to show progress with 1 or more goals and objectives in CTAP.	Upon acceptance



		At least 180 days to MRD/SDD.	
Violent offenders serving sentence for a class 1 or 2 felony, excluding escape, and whose parole hearing has been deferred at least 36 months	6 months prior to next parole board hearing	<p>Re-referrals only.</p> <p>Moderate to High risk offenders need to show progress with 2 or more goals and objectives in CTAP.</p> <p>Low Risk offenders need to show progress with 1 or more goals and objectives in CTAP.</p> <p>At least 180 days to MRD/SDD.</p>	Not earlier than 6 months prior to parole hearing date
Regressed community inmate	Completion of minimum of 3 months in DOC facility	<p>Moderate to high risk offenders need to show progress with 2 or more goals and objectives in CTAP.</p> <p>Low Risk offenders need to show progress with 1 or more goals and objectives in CTAP.</p> <p>At least 180 days to MRD/SDD.</p>	Upon acceptance
Returned parolee (technical or new crime)	Completion of 6 months in a DOC facility	<p>Moderate to high risk offenders need to show progress with 2 or more goals and objectives in CTAP.</p> <p>Low Risk offenders need to show progress with 1 or more goals and objectives in CTAP.</p> <p>At least 180 days to MRD/SDD.</p>	Upon acceptance



Appendix C: Letter from the Community Corrections Coalition concerning transition placements

This appendix includes the Coalition's recommendations related to transition placements and acceptance rates.



COMMUNITY CORRECTIONS ACCEPTANCE RATES TRANSITION REFERRAL WORKING GROUP

Community Corrections stakeholders in Colorado have long embraced a collaborative approach to complex challenges encountered within the criminal justice system. The topic of acceptance rates, particularly for transition referrals (individuals referred by the Department of Corrections) has previously and is currently an area of focus for members of the Colorado Community Corrections Coalition (CCCC). **Ultimately, the CCCC believes a shared goal is to maximize utilization of available community corrections beds for appropriate individuals.** It should be acknowledged that the decrease in transition placements in recent years has also been impacted by variables other than acceptance rates. This includes:

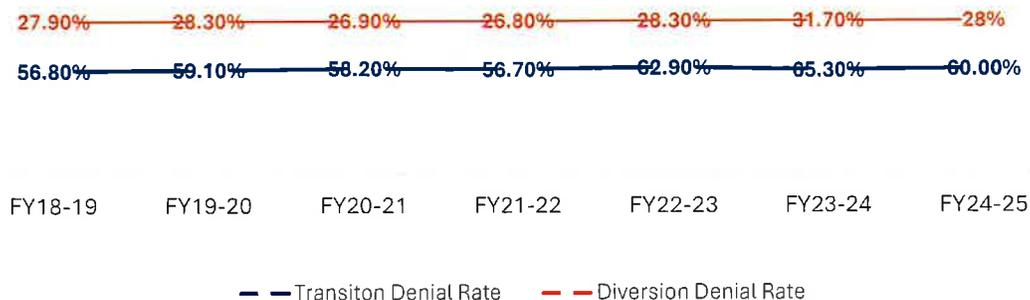
- Macro systemic impacts such as the global COVID 19 pandemic, criminal justice reform, and structural challenges rooted within Colorado sentencing laws that contribute to the complexity of the issue.
- Localized impacts including the City and County of Denver’s decision to move away from relying on private vendors to deliver community corrections services. This decision has reduced Denver and statewide capacity by several hundred beds, a significant portion historically would be individuals transitioning from DOC.

Despite these challenges, there is shared interest and commitment to develop solutions.

Offenders will not be placed in community corrections unless both community corrections boards and providers accept the referral. Transition referrals are consistently denied at a much higher rates than diversion referrals directly from the courts. Denials over the past couple years were split roughly evenly between boards and providers. It should be noted that a referral from the Department of Corrections is **not a recommendation** for placement into community corrections, as DOC is required according to statutory timeframes to refer individuals to community corrections.

It also should be acknowledged that the transition referral acceptance rate increased 5% in FY24-25 representing approximately 192 additional referrals being accepted.

COMMUNITY CORRECTIONS REFERRAL DENIAL RATES



The CCCC formed a working group in the Fall of 2024 to explore solutions aimed at identifying opportunities to increase the number of transition referrals accepted and thereby, increase placements into a community corrections program.

Who participated in the working group:

Representatives of the Division of Criminal Justice**

Representatives of the Colorado Department of Corrections**

Representatives of the Colorado Association of Community Corrections Boards**

Representatives of the Colorado Community Corrections Coalition

Representative of the Governor's Community Corrections Advisory Council **

**** While representatives of these departments/organizations participated in the discussion, the recommendations and positions within this document may not reflect the official position of any respective agency/organization other than the Colorado Community Corrections Coalition.**

Below are recommendations supported by CCCC members following the efforts of the working group. The recommendations highlighted in red font did either did not have majority consensus to support and/or are likely to encounter significant opposition amongst broader stakeholders.

Recommendations

- 1. The General Assembly should explore a legislative solution that would establish mandatory statewide acceptance by all community corrections boards that are applicable for a limited group of transition referrals.** *This process would:*
 - *Eliminate cc board approval for certain referrals thereby creating efficiencies and consistency across the State.*
 - *Retain program review to ensure that needs of offender could be met at specific program.*
 - *Apply to only "primary" referral destination. "Primary" is the offender's first choice for community corrections placement. This typically is selected due to an area ties/family or supportive connections or treatment need.*

Suggested Criteria for auto acceptance :

An offender shall be accepted within 18 months of their mandatory release date (MRD); unless

- Exclude offenders who have a Class I Code of Penal Discipline (COPD) convictions in the past (12 months)
- Exclude offenders with an active sentence which qualifies under the Victim Rights Amendment (VRA)
- Exclude all offenders with an active sex offenses sentence (* further discussion on policy/position statement, statutory congruence)
- Exclude offenders that were returned to DOC for a failure in community corrections/parole within the past 90 days (*this would apply to recent direct sentence failures sentenced to DOC within the same period*).

Auto Acceptance criteria could be expanded to create a larger eligible population by increasing the time from MRD or inclusion of VRA crimes, however this likely would create additional opposition from local decision makers and crime victims.

Summary of overarching concerns:

- *Loss of local control over the decision-making process for individuals reentering the community.*
- *A disconnect from the core principle that Community Corrections is about community—each county has different needs, public safety priorities, and available resources.*
- *Reduced alignment with each program’s supervision capabilities and support infrastructure.*
- *Undermining the purpose of local Boards, many of which include members with extensive experience in the criminal justice system and who are specifically appointed to bring informed, community-based perspectives to these decisions.*
- *Challenges to the structured decision-making tools required by **HB18-1251**, which jurisdictions have invested time and resources in developing to thoughtfully evaluate DOC referrals.*

Alternative recommendation (is not needed if legislative recommendation above is pursued)

- *The General Assembly should statutorily require the Division of Criminal Justice to include in the contracts with local community corrections boards a provision that each board develop and implement automatic acceptance criteria for transition referrals that would eliminate the need for review of referrals meeting the criteria. Community Corrections Boards and Programs should be encouraged to adopt at a minimum, but not limited accepting any offender within 18 months of their mandatory release date ; unless the offender has a Class I COPD convictions in the past (12 months), an active sentence which qualifies under the VRA, or was returned to DOC for a failure in community corrections/parole within the past 90 days including a direct sentence failure and admission to DOC.*

The **alternative recommendation** would be less controversial for community corrections boards and some local governments who likely will oppose mandatory statewide acceptance criteria.

2. **To increase transition referrals, the General Assembly should consider authorizing the DOC Executive director the authority to develop structured criteria in consultation with community corrections stakeholders to extend the community corrections referral discretionary eligibility window for non-violent offenders up to 36 months prior to PED for offenders progressing in programming and displaying appropriate institutional behavior.**

Discussion: Under current law, offenders convicted of non-violent offenses can be placed no sooner than 16 months from their parole eligibility date (PED), and offenders convicted of a crime of violence can be placed no sooner than 6 months prior to their PED. While there is broad support to consider extending the timeframes for community corrections eligibility, there was no support to simply extend criteria based upon DOC custody level. The group articulated the criteria for custody level/facility classification have distinct objectives from managing offenders in a controlled environment versus determining appropriateness for community placement. The consensus is that earlier timeframes for referrals to community corrections would more appropriately focus on other factors such as risk/need, completion of certain programs in DOC, or work assignments. This would require further exploration and discussion given that not all programs are offered at every DOC facility and which programs would be the basis for generating a referral.

The working group generally supported a discretionary referral within extended timeframes, however stated further discussion is needed with the Department of Corrections and stakeholders to establish a structured processes for this timeframe. The group did not support broad case manager discretion

The working group voiced concerns regarding potential conflict of Prop 128 requiring offenders convicted of certain violent crimes to serve at least 85% of their sentence prior to becoming eligible for parole or early release. The working group expressed concern that this would be met with significant opposition.

- 3. Each Community Corrections Board should locally develop further automatic acceptance criteria for their jurisdiction that eliminates the need for formal review of discretionary referrals to increase the certainty of acceptance and provide an incentive for offenders who are motivated and engaged in programming and appropriate behavior while incarcerated. Boards should consider inclusion criteria impacting offender populations that traditionally have been denied at higher rates and those recommended for transition through community corrections by the Parole Board.**
- 4. The State of Colorado should fully continue to support direct sentence (diversion) placements as key part of the strategy to maximize community corrections utilization and manage DOC capacity. Diversion placements are felony offenders who are directly sentenced to community in lieu of a prison sentence, thereby directly reducing prison admissions. The General Assembly should require the Division of Criminal Justice to explore and report on the efficacy of any additional measures to divert individuals into community corrections programs; particularly those with short prison sentences.**
- 5. Individuals convicted of sexual offenses pose a risk to public safety if treatment needs and supervision are not adequately addressed. Community Corrections provides structured and supervised environments for offenders to access offense specific treatment. The Division of Criminal Justice, Sex Offender Management Board, and the Department of Corrections in consultation with each Community Corrections Board and Programs shall provide annual education and annually review identifying the limitations or barriers preventing local communities from accepting and placing this specialized population in community corrections.**
- 6. Community Corrections Boards should establish and implement metrics and expectations for congruency to their locally developed structured decision making (SDM) tools required by HB18-1251. These performance metrics should be reported to the Division of Criminal Justice on an annual basis.**
- 7. The Division of Criminal Justice should conduct an analysis to determine if acceptance rates correlate to successful completion of community corrections and/or recidivism for transition clients. A hypothesis is jurisdictions with lower acceptance rates have higher successful completions and lower recidivism. Any analysis should include a risk informed strategy; it is widely understood that lower/moderate risk client outcomes will be more favorable than high/very high risk individuals.**

8. **The General Assembly should require the Division of Criminal Justice develop in collaboration with the Department of Corrections and community corrections providers a standardized decision making tool for transition referrals applicable to all community corrections programs. The criteria should be focused on the ability for the program or jurisdiction to be able to serve and safely manage the needs of the offender.**

Discussion: Community Corrections Board are often scrutinized for their acceptance rates; however, community corrections providers deny approximately one half of the transition referrals that are rejected. This effort would potentially improve consistency and transparency in the provider review process.

9. **The Division of Criminal Justice and the Department of Corrections should continue enhancing ongoing education and training for community corrections programs and boards specifically addressing the benefits of transitional placements in the community corrections systems.**
10. **The Department of Corrections in partnership with community corrections stakeholders should revise the “offender letter” form to ensure the information is helpful for community corrections board members and program staff that review referrals. This form provides board and programs with the perspective of the incarcerated individual.**
11. **The Department of Corrections should continue to support in-reach and communications from community programs and boards to the incarcerated population. This effort in part can continue the dialogue to facilitate a better understanding of the opportunities that community corrections may provide and dispel inaccurate information.**
12. **The Division of Criminal Justice and Department of Corrections should continue efforts with stakeholders to develop improved data reporting for transition acceptance rates. This recommendation includes exploring the feasibility of creating a referral system located within the Division of Criminal Justice to improve data collection efforts and overall referral information and processing.**

Discussion: The development and relocation of a centralized referral system managed by the Division of Criminal Justice could alleviate repeating concerns addressing qualitative and consistent information contained in the referral as well as providing the mechanism to collect and analyze referral data through one system across all judicial districts and programs.

13. **The Division of Criminal Justice and Department of Corrections should continue efforts with stakeholders to improve the information available to community corrections boards and programs contained in transition referrals.**

14. The General Assembly should consider legislation that would trigger temporary placement strategies when the DOC prison vacancy rate falls below 3%.

*Each community corrections provider shall at least quarterly report to the Division of Criminal Justice and to the local community corrections board, the number of vacant community corrections beds it has available to fill related to the program's funded capacity. If the DOC prison bed vacancy rate is below 3%; and a community corrections program's reported capacity is less 95%, the Executive Director of the Department of Corrections may coordinate directly with the community corrections program to admit **without community corrections board approval** any offender previously recommended to transition through community corrections by the Parole Board until the program census is at 95% of their funded capacity. All offenders placed shall be reported to the Division of Criminal Justice and local community corrections board.*

15. The Division of Criminal Justice should establish a performance based contracting measure for community corrections programs acceptance rates.

Discussion: Community Corrections Board are often scrutinized for their acceptance rates; however, community corrections providers deny approximately one half of the transition referrals that are rejected.

16. The General Assembly should develop a metric for boards and programs that establish a minimum requirement for transition referral acceptance rates or utilization targets.

Discussion: The metrics potentially could be used to incentivize boards through administrative funding and programs through performance-based contracting to meet this established acceptance rate. Repeated failure to meet the metric could result in reduced funding.

***Jurisdictions operating above 95% of funded capacity would be exempt since acceptance rates would not change ability to place additional clients.*

17. The Division of Criminal Justice should conduct an analysis of the length of stay in community corrections programs for transition offenders to determine if more individuals could be served by reducing the length of stay in residential community corrections. This analysis should include validation of the progression matrix tool. The progression matrix tool was implemented to ensure an individualized approach to community corrections placements recognizing that behavior change requires a long-term effort, however, the matrix itself has not been validated to ensure it is meeting the intended goal. Any review should include a review of programmatic dosage requirements and whether recent correctional interventions or interventions received in a non-residential setting should be considered when constructing a program level system.

Discussion: Community Corrections programs utilize a standardized progression matrix (case plan and level system) to progress individuals through the program. Transition clients completing the matrix are generally expected to be paroled by the Parole Board. Modification of this system could jeopardize outcomes; however shortening length of stay allows for increasing

the number of individuals served within current capacity. The DOC ISP-I program could be part of the progression.

The Colorado Community Corrections Coalition respectfully offers these ideas as thought partners and practitioners committed to improvements within the community corrections system. The CCCC wishes to restate our interest and ongoing commitment to provide options to increase transitional acceptance rates, thereby maximizing appropriate placements into community corrections programs. The CCCC fully recognizes efforts must also balance community safety interests, support effective re-entry options, and honor the framework of local decision making. It is the intent that this document and recommendations aim to influence and advance any respective future discussions and efforts that the Division of Criminal Justice, Department of Corrections, and General Assembly will be engaged in to maximize community corrections placements.

Respectfully,



Mark Wester, Chair

Colorado Community Corrections Coalition



Tim Hand, Vice Chair

Colorado Community Corrections Coalition

Appendix D: Brief history of community corrections and local control

Offenders will not be placed in community corrections unless both community corrections boards and providers accept the referral.⁸⁴ This applies to all placement types: transition, diversion, parole, and ISP-I. This element of local control has been around a long time. But it has not always looked the same.

Community corrections was originally conceived in the 1970s. Its “designed purpose” was “protecting society against the hardened criminal while reintegrating the offender not needing maximum security into the community through rehabilitative, educational, treatment, and vocational programs.” This concept emphasized a “community approach” by “locating of the offender within his community” and utilizing community resources.⁸⁵

Local control was exercised through the right to approve community corrections facilities, programs, and contracts for services drawn up by the then Department of Institutions (now Department of Corrections). But it does not appear that local governing authorities had the authority to accept or reject individual placements. For example, the authorizing statute says, “Any unit of local government...may establish, maintain, and operating such community corrections facilities...for the custody, care and treatment and rehabilitation of offenders in the custody of the department who are deemed by the department to have the potential for rehabilitation and who are assigned by the department to the community correctional facility.”⁸⁶

This changed in 1993, when most of the current statutes for community corrections were adopted. This includes the statutes that give local boards and providers the authority to “to accept or reject any offender referred for placement...” In 2002, the courts confirmed that a community corrections sentence can be revoked for any reason or for no reason at all.⁸⁷

The intent of local control is to increase local support for community corrections programs. The DCJ explained in January 2010,

“According to the [National Institute of Corrections, or NIC], local support in Colorado and elsewhere has largely been created through the participation of local elected officials and prominent citizens in the offender screening process. As these citizens become more connected to community corrections, they are more inclined to encourage or permit favorable zoning and physical expansion, and they are more willing to support the placement of difficult offenders.

The NIC has also pointed out that, although relatively few clients in community corrections reoffend during placement, it is much more likely that the decision to accept such offenders into community placement will be supported by local elected officials and citizens when they had a role in that decision. The NIC believes that the withdrawal of decision-making authority from local boards would prompt

⁸⁴ Section 17-27-103 (5)(a), C.R.S. provides the boards with rejection authority. For programs, it is Section 17-27-104 (3), C.R.S.

⁸⁵ S.B. 74-055 (An act concerning the state correctional system). Session Laws 1974, Chapter 77, page 321.

⁸⁶ Session Laws 1974, Chapter 77, page 324.

⁸⁷ *People v. Rodriguez* 55 P.3d 173 (Colorado App. 2002)

much more vocal criticism of the state at those times when community corrections clients commit new crimes.

In many jurisdictions, local officials and citizens actually direct local resources toward the support of local felon reentry, a stance they would be much less likely to take if they were not so invested in community corrections. In some cases, these local resources have provided dramatically enriched treatment opportunities for offenders, with a corresponding further reduction in recidivism rates.”⁸⁸

In that same document, however, the DCJ observed that increasing bed capacity is difficult due to zoning issues.

“The creation of beds in community corrections is challenging, in part as the result of zoning issues and in part due to capital costs.

For example, additional community corrections capacity would be desirable in Adams County. The last provider to add new beds in Adams County required three years to complete the project, most of which was devoted to zoning hearings and a lawsuit that unsuccessfully sought to prevent construction of the facility.

Some jurisdictions have lessened the impact of zoning issues by creating new capacity on public property adjacent to correctional facilities. Weld County will soon open a new, county-owned facility that was more acceptable to local residents because it is part of the government complex, across the street from a sheriff's training facility and near the county jail. The Department has encouraged the development of this facility, and has recommended that other jurisdictions adopt the same model, which has proven to be especially effective in the Larimer and Mesa Counties.”

⁸⁸ Department of Public Safety, FY 2010-11 Joint Budget Committee Hearing, January 6, 2010. https://leg.colorado.gov/sites/default/files/pubsafhrg2_4.pdf. Pages 10-11.

Appendix E: Community corrections cost analysis

This appendix provides the cost analysis pursuant to S.B. 23-242 (Community Corrections Financial Audit). The bill required the Division of Criminal Justice (DCJ) to contract with a third-party vendor to complete a financial audit of community corrections programs and produce a report by July 1, 2025 at a cost \$500,000 General Fund. The DCJ submitted this report in June 2025.



COLORADO

Division of Criminal Justice

Department of Public Safety
Division of Criminal Justice
700 Kipling Street, Suite 1000
Lakewood, CO 80215

Memorandum

TO: The Honorable Jeff Bridges, Chair, Joint Budget Committee

CC: Rep. Shannon Bird, Vice Chair, Joint Budget Committee
Sen. Judy Amabile, Joint Budget Committee
Sen. Barbara Kirkmeyer, Joint Budget Committee
Rep. Shannon Bird, Vice Chair, Joint Budget Committee
Rep. Emily Sirota, Joint Budget Committee
Rep. Rick Taggart, Joint Budget Committee
Justin Brakke, Joint Budget Committee, Senior Legislative Analyst
Pete Stein, Office of State Performance and Budgeting, Budget Analyst
Stan Hilkey, Colorado Department of Public Safety (CDPS) Executive Director
Dr. Matthew Lunn, Division of Criminal Justice (DCJ) Division Director
Teresa Anderle, CDPS Budget Director
Joel Malecka, CDPS Legislative Liaison

FROM: Katie Ruske, Manager, Office of Community Corrections

RE: Community Corrections Programs: Cost Evaluation and Future Cost Model

DATE: June 3, 2025

The Division of Criminal Justice's Office of Community Corrections remains firmly committed to advancing a more effective and efficient community corrections system across Colorado. Through ongoing evaluation and innovation, the Office works to improve outcomes for individuals under supervision while ensuring public safety and fiscal responsibility. The Office also has developed strong collaborative relationships with other relevant state agencies, and the local community corrections boards and programs to implement needed changes. The attached report authored by Sjorberg & Evashenk Consulting (SEC), Community Corrections Programs: Cost Evaluation and Future Cost Model, is an important piece of our shared commitment by analyzing the true costs of delivering evidence-informed services and presenting a forward-looking model to support sustainable, efficient operations that promote long-term success for clients and safety for communities.

During the 2023 legislative session, the General Assembly passed Senate Bill 23 - 242 requiring the Division of Criminal Justice (DCJ) to contract with a third party vendor to complete a financial audit of community corrections programs and produce a report by July 1, 2025. After



an initial inability to identify a vendor willing to complete the audit for the available money, the DCJ was able to consult with the Office of the State Auditor to make adjustments to both the scope of the project and the budget. The Joint Budget Committee was supportive of the adjustments needed and provided additional funding. These adjustments led to the successful procurement of SEC as the selected vendor to complete a cost evaluation of community corrections. The statement of work also required the vendor to make recommendations for future cost modeling.

All community corrections providers participated in the cost evaluation and cooperated with the requests of SEC. SEC's report demonstrates the complexities and variety of factors that impact the cost of operating community corrections in Colorado, including the factors that impact costs for specific programs. The report highlights many of the factors that impact cost, as well as explores variable versus fixed costs. The recommendations provided by SEC present opportunities for the DCJ and the Colorado State Legislature to improve practices in data collection related to financial information that will provide a future framework to inform per diem rates that provides sustainability to community corrections providers and ensures the continued availability of needed bed space.

The DCJ is invested in utilizing the report and its recommendations to make updates to contracts and requirements for data reporting. In addition, the DCJ will partner with the Department and Governor's Office to consider potential future changes to the per diem rate in accordance with the overall state budget, capacity needs, and other pertinent considerations. We appreciate the opportunity that was provided by the General Assembly in the commissioning of this report.



Colorado Department of Public Safety, Division of Criminal Justice

Community Corrections Programs: Cost Evaluation and Future Cost Model

May 2025



Table of Contents

Executive Summary.....	1
Introduction and Background.....	2
Chapter 1: Revenues were Sufficient to Cover Costs Over the Last Five Years for Most Programs.....	9
Chapter 2: Rising Costs and Decreasing Referrals Raise Concerns about the Viability of Some Community Corrections Programs.....	15
Chapter 3: Future Modeling Would Benefit From a Phased-Approach with Better Financial Data and Analysis for Rate Setting	26
Chapter 4: Suggested Roadmap for Implementation of Rate Setting Model and Related Recommendations.....	35
Appendix A. Scope and Methodology.....	37
Appendix B. Templates for Model.....	39

PURPOSE

The Division of Criminal Justice, Office of Community Corrections, within the Colorado Department of Public Safety (CDPS), engaged Sjoberg Evashenk Consulting to assist with an independent third-party cost evaluation. During the 2023 legislative session, Senate Bill 23-242 Community Corrections Financial Audit was signed into law concerning financial audits of community corrections programs within the State of Colorado. As part of the project, Sjoberg Evashenk Consulting was hired to primarily analyze the actual cost of operating both standard and specialized community corrections programs, and to recommend a model for appropriate reimbursement rates.

BACKGROUND

Community corrections provides a sentencing or placement alternative in lieu of prison incarceration for felony offenders or for those transitioning back to the community. In Colorado, the program operates through a state and local partnership of specific programs that provide both residential and non-residential services in a community-based setting.

Among its many responsibilities, CDPS sets the standards for community corrections programs and distributes funding by contracting with local community corrections boards, who in turn establish contracts with and provide oversight for community corrections programs serving their judicial district.

The programs are operated by local governments, nonprofit organizations, and for-profit entities. Each program receives most of its funding from the State through per diem reimbursement for each day that an individual receives services at the program.

KEY HIGHLIGHTS

- Most programs operated by nonprofit and for-profit providers had sufficient combined revenue—state per diem and other payments and from other revenue sources. However, four smaller or rural programs—mostly one-program providers—struggled in recent years and relied heavily on one-time funding to support operations. The programs operated by larger providers that have multiple programs in Colorado or nationally appeared to have sufficient revenue to cover operating costs.
- Programs operated by local governments relied heavily on county general funds to supplement the funding received from the State.
- While most programs were able to support operations using available funding in recent years, recent trends raise concerns about the future viability of community corrections in Colorado. Specifically:
 - ✓ Eighty percent of costs for community corrections were fixed and do not fluctuate significantly when the population at a program changes.
 - ✓ Referrals and program population decreased significantly during the COVID-19 pandemic. While they have increased by 2024, referrals remain lower and many programs are still seeing lower clients per day.
- While the per diem reimbursement rates and facility payments have increased over the years, at 4% per year from 2019 through 2023, the residential per diem rate has increased at a much lower pace than costs. For example, the cost of employment, which at approximately 70% is the highest cost for all programs, has increased at 12% per client per year. The combination of these trends raises concerns about the future viability of these programs.
- Most programs do not track and report financial data in a manner that allows identifying true costs of each program—revenues and costs for all programs provided were generally treated as one program and not separately tracked, which limits the ability to determine true costs of programs and rate setting.

KEY RECOMMENDATIONS

We recommend a phased approach for capturing better data for decision-making, conducting (and replicating) needed cost analysis, and considering unique factors when setting reimbursement rates. Specifically:

- Near-Term: Colorado should adjust fiscal year 2025-2026 rates based on using an inflationary factor as we prescribe in the report and require specific financial reporting of distinct, consistent, and prescribed cost categories, and data to establish the foundation and structure for modeling and future rate setting and other funding.
- Longer-Term: Colorado should track and analyze changes in costs year over year by program, type of service provided, and in a prescribed manner, and conduct cost analysis for rate setting and supplemental as-needed funding adjustments to support programs if needed.

Introduction and Background

The Division of Criminal Justice, Office of Community Corrections, within the Colorado Department of Public Safety (CDPS), engaged Sjoberg Evashenk Consulting to assist with an independent third-party cost evaluation. During the 2023 legislative session, Senate Bill 23-242 Community Corrections Financial Audit was signed into law concerning financial audits of community corrections programs within the State of Colorado. As part of the project, Sjoberg Evashenk Consulting was hired to primarily analyze the actual cost of operating both standard and specialized community corrections programs, and to recommend a model for appropriate reimbursement rates.

Program Overview: State and Local Partnership Service Delivery Model

Community corrections programs serve as an alternative to prison or as a transition for individuals in prison to reenter society. The programs offer intermediate level supervision that is less restrictive than prison but more structured than probation and parole. In Colorado, the community corrections program operates through a state and local partnership of specific facilities/programs that provide both residential and non-residential services to convicted adults and offer an alternative to traditional incarceration with supervision and services in a community-based setting.

Individuals receiving services in either a residential or nonresidential setting within the programs are either:

- In prison and recommended to community corrections by the Colorado Department of Corrections to transition back to society;
- Sentenced to community corrections by the State's District courts to divert them away from prison; or
- Referred from the State Board of Parole or the local parole offices as a condition of the client's period of parole.

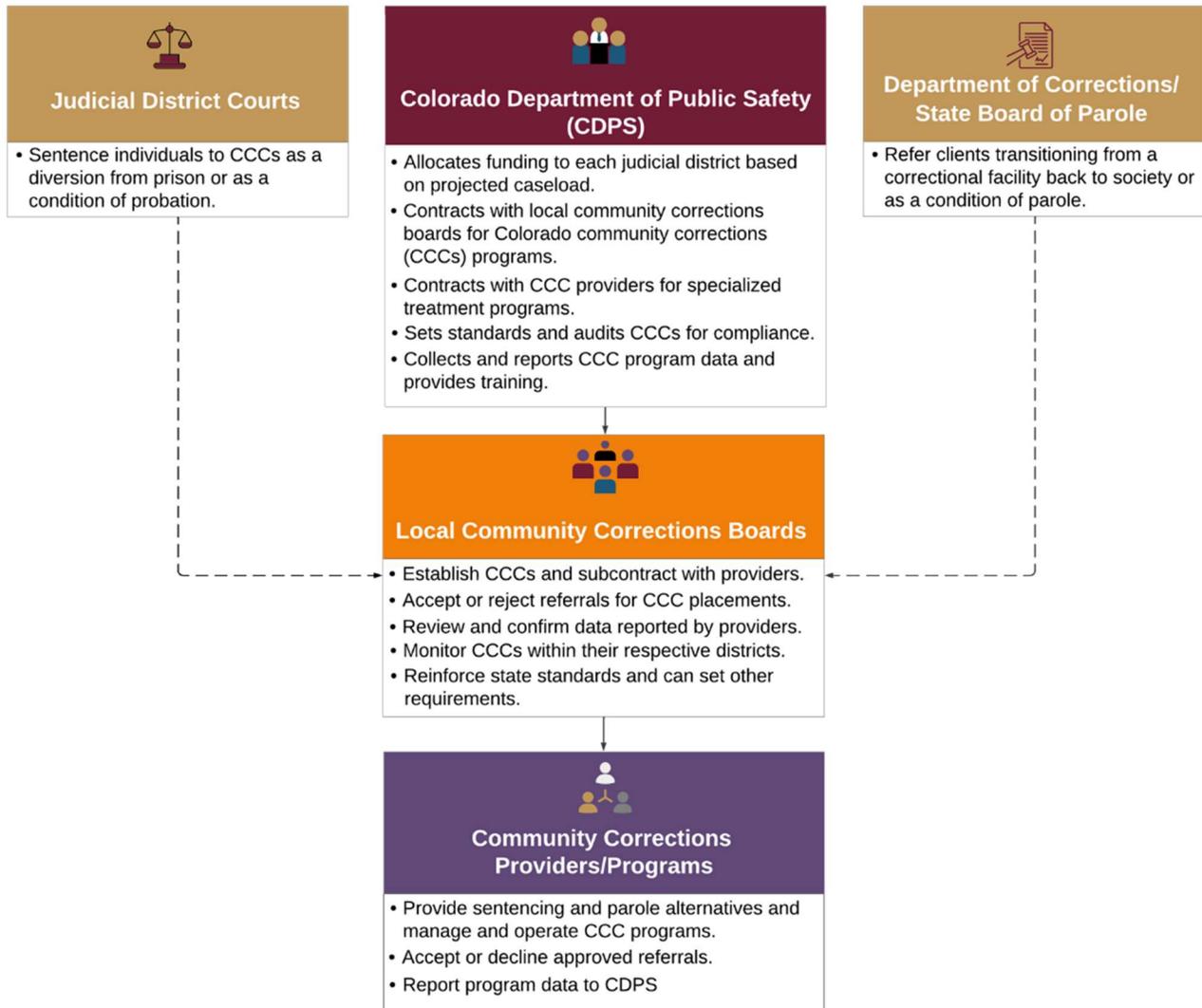
Statute requires the creation of a community corrections board in each judicial district that has a facility/program. Colorado has twenty-two (22) judicial districts¹ with their own local community corrections boards although not all have a community corrections program in their district. Local community corrections board and programs review individuals referred (referrals) for final acceptance and placement. Some county governments operate their own community corrections facilities while other local community corrections boards contract with private entities to operate the programs.

Program Oversight and Delivery

Several state, local, and private entities have distinct roles and responsibilities as part of community corrections programs as shown in Exhibit 1 and described in the sections that follow.

¹ Effective January 7, 2025, a twenty-third judicial district was created per HB20-1026.

EXHIBIT 1. GOVERNANCE STRUCTURE FOR COMMUNITY CORRECTIONS



Source: Joint Budget Committee Staff Budget Briefing Documents FY 2020 – 2026; CDPC Community Corrections Annual Reports FY 2019 – 2023; C.R.S. 17-27-103, 17-27-104, 17-27-108; Legislative Council Staff Issue Brief Number 19-03; Various Local Community Corrections Boards' Websites.

Role of CDPS

The Office of Community Corrections within the Division of Criminal Justice in CDPS oversees and manages the State's community corrections system. They develop and enforce professional standards for managing and operating community corrections programs and periodically audit programs to ensure compliance. The office also collects and reports data about each program. Further, CDPS allocates state funding support for community corrections programs which provide residential and non-residential supervision and treatment for program participants throughout Colorado. CDPS allocates funds to all twenty-two judicial districts in Colorado through contracts with local community corrections boards (local boards) based on the participant per diem rate set by the General Assembly. These local boards then subcontract with a network of providers for services in their communities. In some cases, CDPS contracts directly with certain providers for specialized supervision and treatment services. Additionally, CDPS tracks

monthly payments to boards and programs and manages a vast array of information related to clients in the community corrections programs.

Role of Judicial Districts, Department of Corrections, and Local Community Corrections Boards

Each of Colorado’s twenty-two judicial districts have their own local boards—although not all have a community corrections program in their district. In those instances, the local board can request placement of individuals within their jurisdiction into another local board’s program. Currently, six judicial districts do not have a community corrections program in their district.

Within the community corrections system, judicial districts, the Department of Corrections or State Board of (Parole Board), and local boards have distinct roles. For instance, a judge of a district court in the judicial district has sentencing authority and can refer an individual to a community corrections program in lieu of (or as a diversion to) prison incarceration for felony offenders. Further, the Department of Corrections or the Parole Board can refer individuals who are in prison into a community corrections program to transition back to society. A local board oversees each community corrections program in their jurisdiction and, once it receives a referral, has the authority to screen and accept or reject any offenders referred to programs in their communities. Offenders who are not approved for placement in the program by the local board return to the referring agency: either the sentencing judge for an alternative placement or remain under the supervision of the Department of Corrections.

Locally elected officials from the governing body typically appoint the local community correction board members, and individual boards can vary by size, membership, philosophy, and degree of program control. Local boards may institute guidelines in the operation of the programs, enforce the guidelines, and monitor program compliance with state and local standards. Many local boards provide an array of critical services designed to assist the program to better serve the needs of the offenders.

Role of Providers

To administer the community corrections programs, the State relies on a network of public providers, private organizations, and nonprofit providers. As of October 2024, there were 11 service providers operating 25 community corrections programs throughout the State. This includes:

- Three nonprofit providers operate 7 programs
- Four private for-profit providers operate 13 programs
- Four public (local government) providers operate 5 programs

These providers serve the State by:

- Offering a sentencing option for criminal behavior short of prison,
- Delivering an intermediate level of supervision less than prison but more than probation or parole,
- Providing rehabilitative services to offenders to reduce the risk of reoffending.

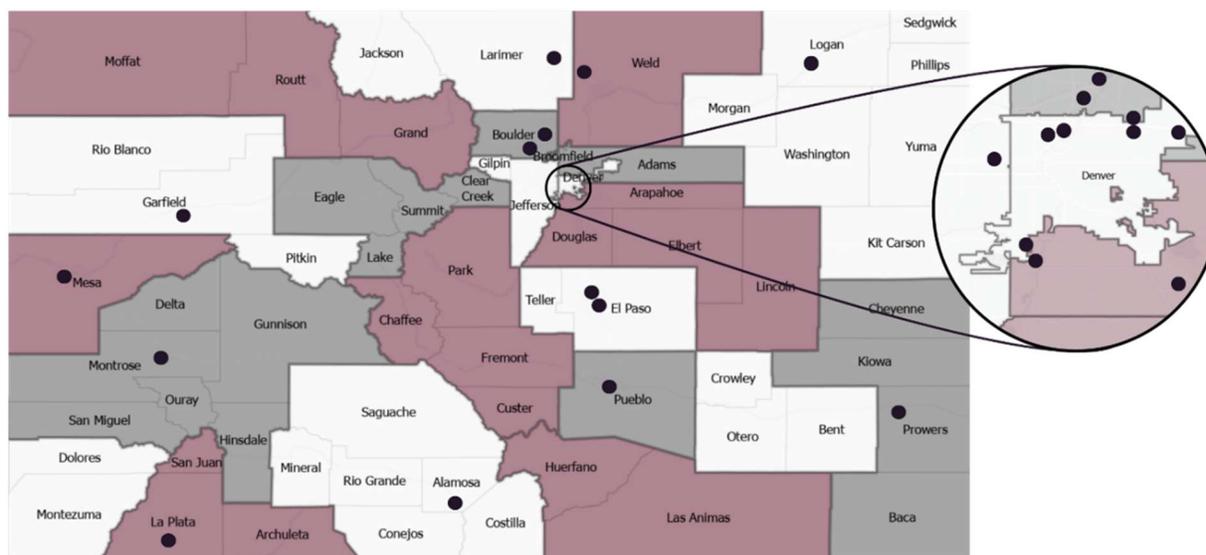
All providers of community corrections perform similar levels of supervision and treatment practices according to the Colorado Community Corrections Standards² and are required to comply with such

² [Colorado Community Corrections Standards](#)

standards. In addition, some providers operate specific specialized programs targeted toward specific needs with services to address substance use, mental health disorders, or sex offender treatment. Both CDPS and local boards regulate and monitor community corrections programs and perform periodic audits of the programs to ensure compliance with state and local standards.

Exhibit 2 shows the 22 judicial district boundaries³ overlaid on a Colorado county map and the location of the 25 Colorado community corrections (CCC) programs within those judicial districts as of October 2024. To facilitate identification of the borders of each judicial district, we use three different shades to distinguish the judicial districts and counties they encompass.

EXHIBIT 2. COLORADO JUDICIAL DISTRICTS AND COMMUNITY CORRECTIONS PROGRAMS MAP



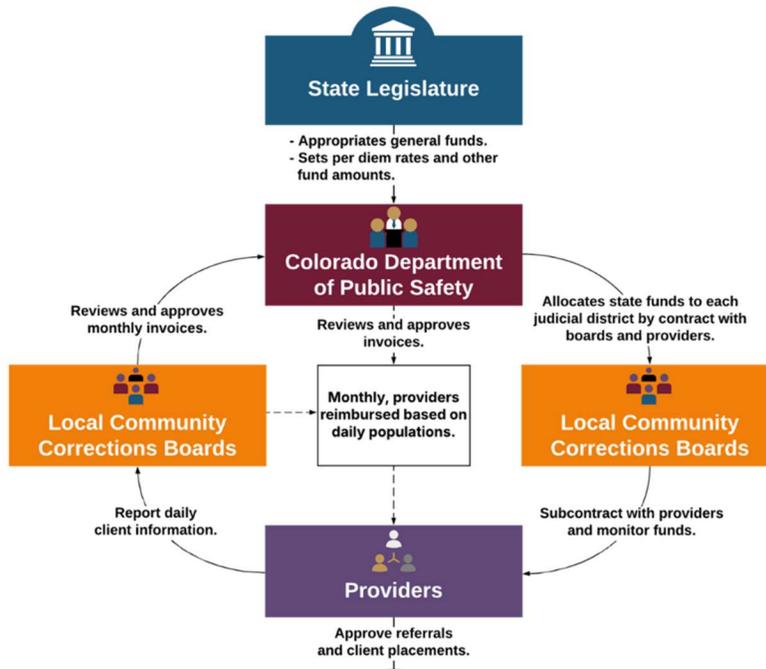
Source: CDPS website of interactive CCC and Judicial Districts Maps.

Program Funding Structure

Providers are reimbursed based on the numbers of offenders placed in the community corrections programs (placements and caseload), the type of services they provide, and the per diem rate set by the General Assembly each year as part of the Long Bill intended to cover the costs per day for each individual in the programs. CDPS's Office of Community Corrections allocates these per diem state funds through contracts with local boards in each of the twenty-two judicial districts as shown in Exhibit 3. Subsequently, each local board subcontracts with program providers to provide services in their communities—although, in some cases, CDPS contracts directly with certain providers for specialized supervision and treatment services. In addition, providers may use other state, federal, and local funds to augment state general and cash funds.

³ Effective January 7, 2025, a twenty-third judicial district was created per HB20-1026.

EXHIBIT 3. FUNDING STRUCTURE FOR COMMUNITY CORRECTIONS



Source: Joint Budget Committee Staff Budget Briefing Documents FY 2020 – 2026; CDPC Community Corrections Annual Reports FY 2019 – 2023; C.R.S. 17-27-103, 17-27-104, 17-27-108; Legislative Council Staff Issue Brief No. 19-03.

Because state funding is largely based on a participant per diem model, the funding available to a provider for services is dependent on the number of referrals from the different parties of the criminal justice system, number of placements in the program (daily population), and the willingness of local boards and providers to accept referred offenders into their community and facilities, and may even include the willingness of an offender to participate in the programs. Although providers can use other state, federal, and local funds to augment funding, the largest source of income for the facilities is from the fixed per diem rates paid based on the number of beds filled. Thus, if a provider’s program is filled at capacity, there is a steady stream of funding to cover the cost of services; conversely, if the provider’s program has vacancies, funding may be insufficient to cover program expenses.

As shown in Exhibit 4 and described in the bullets that follow, the State provides a variety of daily per diem rates and other fixed-amount payments to providers of community corrections programs to cover costs of providing services.

EXHIBIT 4. FISCAL YEAR 2024-25 FUNDING APPROPRIATION FOR COMMUNITY CORRECTIONS PROGRAM

Funding Type	Rate	Average Daily Placements	Appropriation	Percentage of Appropriation
Residential Base Rate	\$70.39	884	\$22,712,037	
Base rate plus 1.0% incentive	\$71.09	783	20,317,167	
Base rate plus 2.0% incentive	\$71.80	875	<u>22,931,125</u>	
Total Residential Base With Incentive			65,960,329	72%
Specialized Differentials				
• Intensive Residential Treatment	\$63.61	182	4,225,612	
• Residential Dual Diagnosis Treatment	\$63.61	90	2,089,589	
• Sex Offender	\$34.68	116	<u>1,468,351</u>	
Total Incremental Specialized Program Differentials			7,783,552	9%
Non-residential Base Rate				
• Standard Non-residential	\$10.14	792	2,931,271	
• Outpatient Therapeutic Community	\$28.22	25	<u>257,508</u>	
Total Non-Residential			3,188,779	3%
Other Appropriations—Non-Rate Type				
Funds For Clients For Treatment	N/A			
• Correctional Treatment Cash Fund Residential Placements	These are not funded through per diem rates		3,888,613	
• Specialized Offender Services			289,483	
• Services for Substance Abuse and Co-occurring Disorders			<u>2,776,237</u>	
Total Other—Non-Rate Type			6,954,333	8%
Community Corrections Facility Payments	N/A		4,616,157	5%
Oversight Funding for Community Corrections Board and Training	These are not funded through per diem rates		2,779,573	3%
TOTAL			\$91,282,723	100%

Source: Fiscal Year 2024-25 Long Bill.

These rates are described below:

- **Residential Base Per Diem**—As set in the Long Bill, this rate is for “standard” services at the residential program. This base rate can be adjusted by 1 or 2 percent if the program is performing at a level specified under CDPS’ Office of Community Correction’s new performance-based contracting created to encourage programs to enhance performance and provide quality services.
- **Specialized Differentials**—These rates are added to the residential base per diem rate if a program has a contract with CDPS to provide more extensive specialized therapy for certain individuals. In fiscal year 2024, 16 of the programs provide at least one specialized program in their facility such as 90-day intensive residential substance abuse treatment, residential dual diagnosis mental illness and substance abuse treatment, and sex offender treatment.
- **Non-residential Base Per Diem**—This rate is for individuals who do not reside in the program facility but receive services from the program.

- **Outpatient Therapeutic Community**—Like the non-residential rate, this outpatient rate is for individuals that do not reside in the facility but receive therapeutic community services.
- **Other Treatment Funding**—There are two other funds available to assist clients with costs associated with treatment—the Correctional Treatment Fund provides funding for justice-involved clients with substance abuse and/or co-occurring behavioral health and the Specialized Offender Services Fund that helps diversion clients that need other services but are not in a specialized program.
- **Facility Payment**—This payment was developed by the General Assembly. The purpose was to increase funding to mitigate staff turnover and distribute workloads more efficiently among case management staff—though it evolved over time and, during the COVID-19 pandemic, all providers received an additional facility payment.
- **Oversight**—The State appropriates funding to local boards for administration and to CDPS for training.

Further, providers receive funding from other non-state sources to help with program costs including county funding such as grants or transfers from the general fund, federal funding including Paycheck Protection Program (PPP) loans during COVID-19, and other miscellaneous income such as an insurance settlement for one provider. For the programs we reviewed over fiscal years 2019 through 2023, this “supplemental” funding comprised a relatively small portion of all reported revenues as shown in Exhibit 5. Thus, most of the providers’ reported revenue derives from the State’s reimbursement rates provided by its general fund.

EXHIBIT 5. OVERALL REVENUE SOURCES REPORTED BY COMMUNITY CORRECTIONS PROGRAMS

Revenue Category	2019	2020	2021	2022	2023
State CCC Revenue (Per diem, differentials, and facility payments)	\$ 55,988,764	\$ 54,607,770	\$ 48,198,929	\$ 59,004,217	\$ 73,323,700
Client Paid (Subsistence, Reimbursements, etc.)	\$ 12,207,818	\$ 10,956,200	\$ 10,230,562	\$ 8,017,198	\$ 1,943,496
Other Non-CCC Programs	\$ 2,831,851	\$ 2,544,909	\$ 3,778,597	\$ 4,520,167	\$ 3,358,240
County	\$ 763,668	\$ 2,106,163	\$ 1,628,823	\$ 650,832	\$ 1,622,680
Federal	\$ -	\$ 21,587	\$ 1,359,289	\$ -	\$ 1,233,586
Miscellaneous	\$ 476,309	\$ 295,357	\$ 951,594	\$ 1,128,012	\$ 373,121
Total	\$ 72,268,410	\$ 70,531,986	\$ 66,147,794	\$ 73,320,426	\$ 81,854,823

Source: Financial statements, profit and loss reports, general ledger reports, and other data collected from each provider.

Chapter 1: Revenues were Sufficient to Cover Costs Over the Last Five Years for Most Programs

As part of our engagement, we analyzed the cost of providing services and what was driving those costs, as well as determined operating profitability of each provider's program for the four-year period between July 2018 and June 2023—fiscal years 2019 through 2023. Overall, we determined that most programs, other than public providers' programs, received sufficient state funding to support operations, but that several providers have struggled in recent years. These struggles are due in part to a reduction in the average daily population, which lowers funding for the programs, in addition to increased costs to operate the programs.

Distinct Provider Financial Structures Pose Challenges to Comparing Data Across Entities

While all providers must operate in accordance with state and local laws, regulations, standards, and requirements, variances with how providers manage and operate the programs depend on the type of provider entity and its business structure, making it challenging to compare and contrast the entities against each other.

For example, a large private organization that operates programs in various states may utilize a corporate headquarters to provide additional funding sources and provide administrative support across its multiple programs. Conversely, a nonprofit provider or a small private organization managing and operating in just one or a few locations may more heavily rely on state funding to cover its cost. Public entities (local governments) can be like larger private organizations whereby they can leverage available county staff for administrative support and may have local general funds accessible to offset program costs in addition to state funding as some of these counties have made a commitment to fund the programs as needed and if general funds are available to ensure success.

Additionally, although our financial analysis refers to a fiscal year generally focused on the State's fiscal year from July through June, each entity can set their own fiscal year—a 12-month period used for financial reporting and budgeting—adding additional challenges to our comparisons. For example, one nonprofit provider captures financial data following the same fiscal year period as the State of Colorado from July 1st through June 30th. Three of the for-profit providers and all public providers used the January 1st through December 31st calendar year as their fiscal year for budgeted and reported financial data, with the remaining for-profit provider using a November 1st through October 30th fiscal year. Thus, although the data provided for our analysis may cover different months in the fiscal year, all financial information did cover a 12-month period and thus, we compared costs and revenue regardless of the providers' fiscal year as we compared financial information covering a 12-month period for all.

Revenues for Community Corrections Programs Appear Sufficient for the Majority of Programs, Although Financial Data Provided Did Not Always Discretely Separate Costs by Type of Program

Although the state per diem as supplemented by additional funding from other sources appeared sufficient to cover the costs of most of the nonprofit and for-profit programs we reviewed, many providers raised concerns about the long-term viability of operating community corrections programs.

In reviewing the revenue available and costs to operate for each of the programs, we found that most programs operated by a for-profit or nonprofit provider had a positive variance indicating that revenue was sufficient to cover costs in most years over the five-year period we reviewed.⁴ The majority of the revenue used to fund the programs was from the state (per diem reimbursements, facility payments, differentials) and a smaller portion was from other supplemental funding sources.

Programs operated by a public entity typically had a negative variance as they spent considerably more than the state and other funding received—a decision made by some local government policymakers as we discuss starting on page 14. While most for-profits and nonprofit programs were generally *able* to operate with the revenue received in those years from the state and/or additional funding, three smaller or rural programs did not receive sufficient per diem income or other income to sustain operations, and another used one-time funding to cover operating expenses for several years.

If the State wishes to ensure that those programs remain in operation, it may need to find additional funding or use a different funding mechanism to support those smaller or rural programs that are struggling. When reviewing the operating profitability at the provider level by entity type, we found that both for-profit and nonprofit providers, many had higher operating revenues than expenses over the periods reviewed except for two providers. Of the providers that had higher revenues than expenses, except for one, all providers that performed profitably operated multiple programs in Colorado. Although a provider only operated one program, that program had multiple facilities, and they typically had a high average daily population (ADP)—near or higher than 200 ADP. These results show that, with some exceptions, the for-profit and nonprofit providers generally had sufficient funding to cover their operations with operating profitability nearing or well over a million dollars over the five-year period ranging between \$4 million and \$15 million. For the local governments, all had operating deficits in almost all years but their county general funds were able to support the programs in those years and cover the operating deficits.

Program Financial Performance FY 2021-2023

- Two nonprofit programs did not have sufficient revenue to cover costs in two years, while five had sufficient revenue all years.
- One for-profit program did not have sufficient revenue to cover costs all three years, while eleven programs had sufficient revenue almost all years.
- All five programs operated by local government providers did not have sufficient revenue to cover costs.

⁴ The costs we analyzed to calculate the operating profitability did not include depreciation, which several programs such as the local governments provided to us with their financial data.

Nonetheless, our analysis emphasized that the local government providers spent much more than was reimbursed by the State in operating their programs than most for-profit and nonprofit providers—with caveat. Importantly, the majority of the providers' financial data did not discretely capture revenue and expenses associated solely with the Colorado community corrections programs in many cases. Rather, many of these programs took in non-state revenue and received state funding for specialized programs to support operating the programs offered at their facilities and costs for all programs were not tracked separately limiting the ability to determine true program costs.

In fact, all of the programs had non-state revenue included in at least one of the five years, with the majority having non-state revenue in most years. In some cases, this additional revenue was relatively small but in other cases it was substantial and helped support their community corrections programs. For example, multiple programs had applied for and received PPP loans—a COVID-19 relief program offered by the federal government—that were eventually forgiven.

Other providers applied for county or other grants for some of their programs. Further, for all programs operated by the public providers, the local government general fund offset any shortage.

However, some of the revenue was associated with programs that were entirely separate from community corrections. For example, one program's facility had about half of its beds dedicated to a county work release program. The revenues associated with those separate programs are included above and so are the expenses. The reason why the expenses were included is that the providers do not track costs by program whether it is a specialized program offered through the State or a program paid for through another entity. Thus, the costs associated with the various types of community corrections programs—residential versus non-residential versus specialized programs (see page 27 and 28)—and those of non-community corrections programs are tracked together as one program, making it impossible to determine the amounts solely associated with specific types of community corrections programs. In total, 18 programs had non-community corrections programs and related revenues and expenses included with the information they provided to us. The results we provide show the operating profitability of these facilities, but some portion of both the revenue and expenses for many programs is not attributable to Colorado community corrections programs. Some of these non-community corrections amounts were quite small for some programs while others had larger amounts, but in all cases the state-funded community corrections portion of the program was the largest. We discuss these limitations in more detail in Chapter 3 of this report.

Examples of Non-State Revenue

- Federal PPP loans
- County grants
- County general funds
- Work release program
- Pre-trial detention program
- Insurance settlement
- Sale of a building

Four Programs Operated by For-Profit and Nonprofit Providers Struggled to Cover Expenses

Despite being told by several nonprofit and for-profit providers that the business model for community corrections in Colorado was unsustainable, we found that in general most of the nonprofits and for-profit programs collected more revenue than they spent on operating the programs over fiscal years 2019 to 2023 when considering other funding sources. However, despite the per diem funding and facility payments from the State, three programs did not collect enough revenue to cover the costs of operating the programs

over the five-year period we reviewed—two programs operated by nonprofit providers and one program operated by a for-profit provider—and another covered expenses with an influx of additional one-time funding. Specifically, one program spent more on operations than it collected in revenue each year from 2021 through 2023, indicating that revenue from the per diems, facility payment or other state funds were insufficient to support their operations. Similarly, for two other programs, the providers spent more on operations than they collected in state revenue in two out of the five years, including fiscal year 2021 and 2023.

For one program, expenses between 2019 and 2022 were relatively flat which is similar to trends for the other two programs as shown below, and it was operating at a deficit in recent years. Given those factors, the solvency of the program was affected by fluctuating average daily population upon which state per diem reimbursement rates are based that had not recovered from pre-pandemic levels as of fiscal year 2023. As a single-program provider that serves a small number of clients each year, this program does not benefit from economies of scale and relies solely on state reimbursement to cover costs. In 2021, the program received \$150,000 in one-time COVID-19 pandemic relief funding as well as an additional COVID-19 facility payment from the State. More recently, the program received a \$150,000 grant from the county to support operations. However, with past program activity in 2019 collecting just enough revenue to break even on operational costs, it could indicate that their struggles may have begun before the COVID-19 pandemic. Staff indicated that without additional funding beyond the current per diem, they will not be able to sustain operations as they have not been successful in their search for grants, donations, and other sources of funding.

Similarly, a second community corrections program appears to have incurred operating losses for several recent years and may have relied on other funding to support its operations such as an over \$500,000 one-time COVID-19 relief loan forgiveness in 2021, it received to cover all its programs and facilities including some not dedicated to state programs. This provider operates multiple programs including a non-state program and other types of community corrections programs and combines financial information from all its operations together. To separate out activities from the consolidated data, we used its fiscal year 2022 audited financial statements of community corrections programs to estimate program activity for the other years under review based on number of beds available. This program showed significant operating losses from 2021 through 2023, since COVID-19. The issue appeared to start with the declining population during the pandemic because the program had sufficient revenue in fiscal years 2019 and 2020. Additionally, the provider reported to us that it closed one facility during the COVID-19 pandemic.

A third program that experienced losses was a rural program. The program was close to break even in 2019 and 2022, but operating costs exceeded revenue by a large margin in 2021 and a smaller margin in 2023. These more recent struggles are likely due to ADP, which have not reached pre-COVID levels and indicate that the rates may not be sufficient for the program to support itself if ADP continues to be at a lower level. Unlike the two programs we discussed previously, the program is operated by a provider that has several community corrections programs in various places in Colorado. This provider covered its additional costs through economies of scale and was offset by reserves likely generated from other programs that it operated with sufficient funds.

The fourth and final program experiencing funding shortages also relied on one-time revenue to help cover its expenses and supplement its per diem revenue to support operations. Initially, financial data reported by the program appeared to indicate sufficient revenue to cover operating expenses over the fiscal years 2019 to 2023 timeframe. However, upon further review, the program appeared to struggle over the years but had sufficient funding due to several one-time funding streams over several years. Specifically, it received significant amounts of federal COVID-19 relief funds both in 2021 and in 2023. It also received smaller, but still substantial, other one-time revenues in 2021 and 2022. Without those additional sources of income, the program's expenses would have been higher than its revenue without one-time funds and it would have had an operating loss in 2022. While 2023 shows the program was profitable, that was again mostly due to the one-time federal revenues.

The Four Struggling Programs Tended to Be Smaller or Rural and Operated by Colorado Providers, While Other Programs Were Operated by Large Providers with Multiple Programs

In analyzing characteristics of the programs that appear to be facing challenges in covering expenses, we identified several similarities between them. For instance, three of the four programs' providers only operated a single residential program. One of these three was large, but two programs operated smaller facilities in 2023 and did not offer specialized services. The fourth program was operated by a provider with other programs in Colorado and was located in a rural area. Further, all four programs experienced a significant drop in ADP with fiscal year 2024 still showing under the ADP they experience prior to COVID-19 and, thus, their state revenue was low in comparison to its costs. As we discuss more fully in Chapter 2, the majority of costs incurred by the programs are fixed and do not decrease with a drop in ADP unlike the per diem revenue.

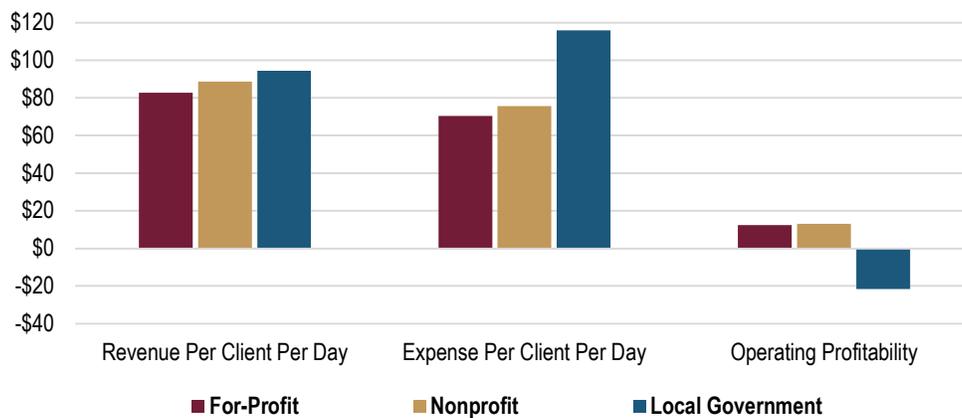
While those four programs struggled to sustain operations within the State's per diem, the 16 other for-profit and nonprofit programs we reviewed reported higher revenues than expenses over the same period between fiscal years 2019 and 2023. Even though some of the programs had one or more years where they had lower revenues than expenses, in most cases that was only one year out of the five. Further, none of those other programs that had lower revenue than expenses in one or more years appeared to be reliant on significant one-time revenues.

Further, the providers operating multiple programs had sufficient levels of funding to cover the cost of their community corrections programs. Two of these providers only operate in Colorado but have four and five separate programs allowing them to benefit from economies of scale and centralized administrative services to minimize costs. The other two providers are large multibillion dollar national for-profit prison companies realizing the same cost efficiencies. They each operate throughout the country with centralized administrative services reported at the corporate level rather than at the individual community corrections program level; thus, reducing program expenses. Additionally, these providers also offered specialized services that pay receive a differential making the per diem for clients in those programs higher than the base per diem rates for residential programs. Although these programs reported more operating revenues than the direct operating expenses, their operating profitability fell during the COVID-19 pandemic. Profitability did start to rise again in 2023 but was not near the amounts of operating profitability generated before COVID-19 in fiscal years 2019 and 2020.

Local Government Spends Significantly More than State Revenue Received and More Than For-Profit and Nonprofit Providers Spend

All local government programs spent significantly more than were reimbursed by the state. Further, when analyzing total revenue and expenses per client for each type of provider across programs, the amounts per client were similar for nonprofit and for-profit providers but higher for local governments as Exhibit 6 shows. Because some local governments made policy decisions to invest in these programs and may have earmarked additional local funding specifically for their community corrections programs to offset costs, the public providers spend much more on their programs including incurring costs for building new facilities for the programs. Additionally, higher local government costs appear largely driven by significantly higher personnel costs reportedly \$40 more per day per client than for-profit and nonprofit providers. Annualized, these local government costs were nearly \$118,000 per employee per year compared with just \$46,000-\$50,000 per employee per year for the nonprofit and for-profit providers. However, these county funds are not guaranteed and there are uncertainties with general fund availability. Additionally, one local government explained that their county expects them to start becoming more self-sufficient in the future.

EXHIBIT 6. REVENUE AND EXPENSES BY TYPE OF PROVIDER PER CLIENT PER DAY



Source: Financial statements, profit and loss reports, general ledger reports and other data provided by each provider; CDPS Community Corrections Annual Reports; and ADP and expenditure data provided by CDPS.

Further, the local governments used significant amounts of general funds to augment the funding received from the State. For example, one program used its local general fund dollars to support approximately half of their yearly program expenses. Similarly, another program offset its operating deficit of over \$3 million using its general fund in one year. The use of general funds allows the counties to fund larger capital expenditures that other programs struggle to afford. However, it is important to note that the State's per diem rates are not sufficient to cover the costs of these programs and while the county general funds have been able to cover the shortages, local governments may not be able to rely on local government general funds to continue covering the gap in funding as costs continue to rise and funds at the local level may become scarce.

Chapter 2: Rising Costs and Decreasing Referrals Raise Concerns about the Viability of Some Community Corrections Programs

As has been experienced throughout the country since the COVID-19 pandemic, costs have been rising due to many factors including inflation, supply chain disruptions, and a tight labor market. Operational areas hit hardest with sharp cost increases include labor, housing, utilities, and food—all of which directly and substantially impact costs for the community corrections programs. Rising costs in recent years, compounded by declining referrals, may put the future viability for some of these programs in jeopardy.

Program Cost Categories and Drivers: Certain Factors Impact and Can Lead to Increased Costs

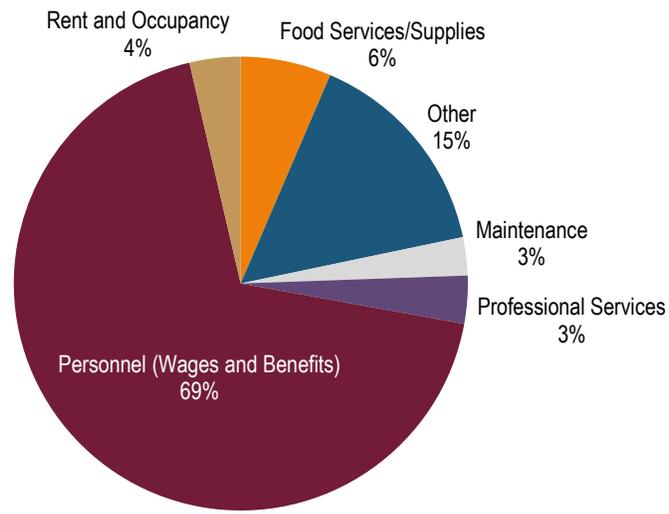
Across the various community corrections programs, the primary operating cost categories are personnel costs, food service, building maintenance, rent, insurance, and utilities, all of which are relatively fixed costs to keep a program ready to accept clients up to the program capacity. In addition to factors affecting and driving costs in those categories, other factors can also impact costs such as the following:

- Location of the program (urban or rural)
- Capacity of the program
- Number of and types of programs offered
- Building/facility ownership—rent versus own
- Number and type of staff
- Type of provider

The largest cost category for programs is wages and benefits (personnel costs), which account for approximately 60 to 75 percent of total costs across every program in Colorado. These costs include salaries for correctional officers, case managers, and counselors who are responsible for daily operation and assisting with reintegration into the community. The next largest cost category is rent which is incurred when the facility is leased. Alternatively, providers that own their facility may not pay rent, but do incur capital expenditures or other costs related to owning the facility. Operating maintenance, utility, and insurance costs were also key program costs. Additionally, some community corrections programs provide specialized services such as Residential Dual Diagnosis Treatment (RDDT), Intensive Residential Treatment (IRT), and Sex Offender Supervision and Treatment (SOSTP). Facilities offering these programs face higher costs due to the need for highly trained professionals, additional supervision, and other required program components.

Because the local government providers incurred much higher expenses as discussed in the first chapter, we compared the costs of the nonprofits and for-profits. Exhibit 7 shows the breakout of costs and the percentages of those costs amongst the various cost categories for those programs.

EXHIBIT 7. OPERATING COST CATEGORIES AND PERCENTAGES FOR NONPROFIT AND FOR-PROFIT PROGRAMS IN 2023



Source: Financial statements, profit and loss reports, and other financial data submitted by community corrections providers.

Labor Market Pressures Drive Up Personnel Costs, Significantly Impacting Programs

Generally, wages and benefits are considered a variable cost depending on the number of staff employed; however, for our analysis, we classified wages as a fixed cost since programs must remain staffed up to a certain level to serve fluctuating client referrals. In fact, our analysis of financial information showed that neither personnel costs nor number of staff decreased when the number of clients at facilities decreased.

Personnel costs are a point of concern for programs, particularly those operated by non-governmental providers. For example, several programs raised concerns about remaining competitive with salaries, mentioning that staff retention has been a challenge due to salaries and salary level limitations. One provider explained that it also struggled with staff retention because of its proximity to state-government run prisons, which offer higher wages—a point corroborated by our analysis showing nonprofit and for-profit programs offer lower salaries than prisons or salaries offered at publicly operated programs.

Many of the community corrections providers offer lower wages compared to the wages offered at state and local prisons in Colorado. For example, one program provider advertised positions for corrections officers \$16.75 to \$20.00 per hour while a county detention center in the same county offered \$26.40 to \$31.07 an hour for a similar position. Moreover, the provider indicated that it has faced difficulties in hiring licensed clinicians and specialized staff, particularly in rural locations.

In contrast, local government-operated programs offer competitive salaries and benefits as county workers and pay more in personnel costs. For example, a local government provider received additional funding from its county commissioners to ensure competitive wages for therapists and security staff at its community corrections program. This disparity in wages raises concerns about the future viability of the programs operated by non-governmental providers and their ability to offer market-competitive salaries, retain good staff, improve client outcomes, and collect sufficient revenue to offset the additional personnel costs.

Food Service Costs Are Impacted by Client Volume and the Type of Food Program

Similarly, food costs are highly variable, rising as the number of clients served daily meals at facilities rises. Yet, these costs are also driven by the type and availability of food service providers, and the cost of rising food prices; thus, the costs vary between programs. For example, county governments often provide food service through their county jails, whereas most nonprofit and for-profit providers contract with third-party food service vendors or have a kitchen in their programs. The location of programs also impacts the availability of food service providers that can spike costs, with one county indicating that they only have one food service provider available in their rural location. Two other programs have kitchens in their facilities rather than a vendor that provides each meal.

In recent years, food costs have risen significantly. For example, one program's costs rose by over 30 percent from \$60,000 in 2019 to \$80,000 in 2023 despite ADP falling by over 25 percent. Further, the Colorado Department of Corrections identified a 27.9 percent increase in the cost per meal in a less than one-year period between June 2021 and May 2022.⁵ These results are consistent with other examples we found.

Building Maintenance Costs and Utilities are Mostly Driven by Age and Size of Facilities

For-profit and nonprofit providers face building maintenance challenges more acutely than local government providers which have central facility staff, as the non-government providers are responsible for their own upkeep and repairs. Additionally, some facilities operate in older buildings that require frequent maintenance. For example, one program operated by a nonprofit provider had building repairs and maintenance costs jump over 560 percent from \$30,000 in 2022 to \$200,000 in 2023. Nonprofit programs receive limited funding from external sources, and available funds are often prioritized for staff retention over infrastructure improvements—likely leading to larger and more costly repairs down the road. To mitigate the financial burden of building maintenance, one provider has suggested the creation of a grant fund allowing programs to request financial assistance for large capital improvement projects.

Further, the cost of utilities – electricity, gas, waste, phone/internet service—are all costs that continue to be incurred regardless of the number of clients in a facility. The utilities and related costs are driven by the size, age, and location of the facility rather than by the number of clients in the facility.

Rent and Insurance Costs Continue to Increase without Offsetting Per Diem Revenues

Rent is a fixed cost that must be paid regardless of fluctuations in facility population. If budgeted per diem revenues are not received, payments can create financial strain, limiting funds available for other critical services. For example, a program's financial data for one facility showed that they paid over \$90,000 in rent in both 2021 and 2022, despite a decline in average daily population of about 25%. Another program provider faced similar results with one of their leased facilities for which they paid roughly \$130,000 for rent in 2020 and also in 2021, despite average daily population falling that year. Rent is less of a financial concern for local governments and for-profit providers as they typically own their facilities.

⁵ Joint Budget Committee Staff Budget Briefing fiscal year 2023-24, Department of Corrections

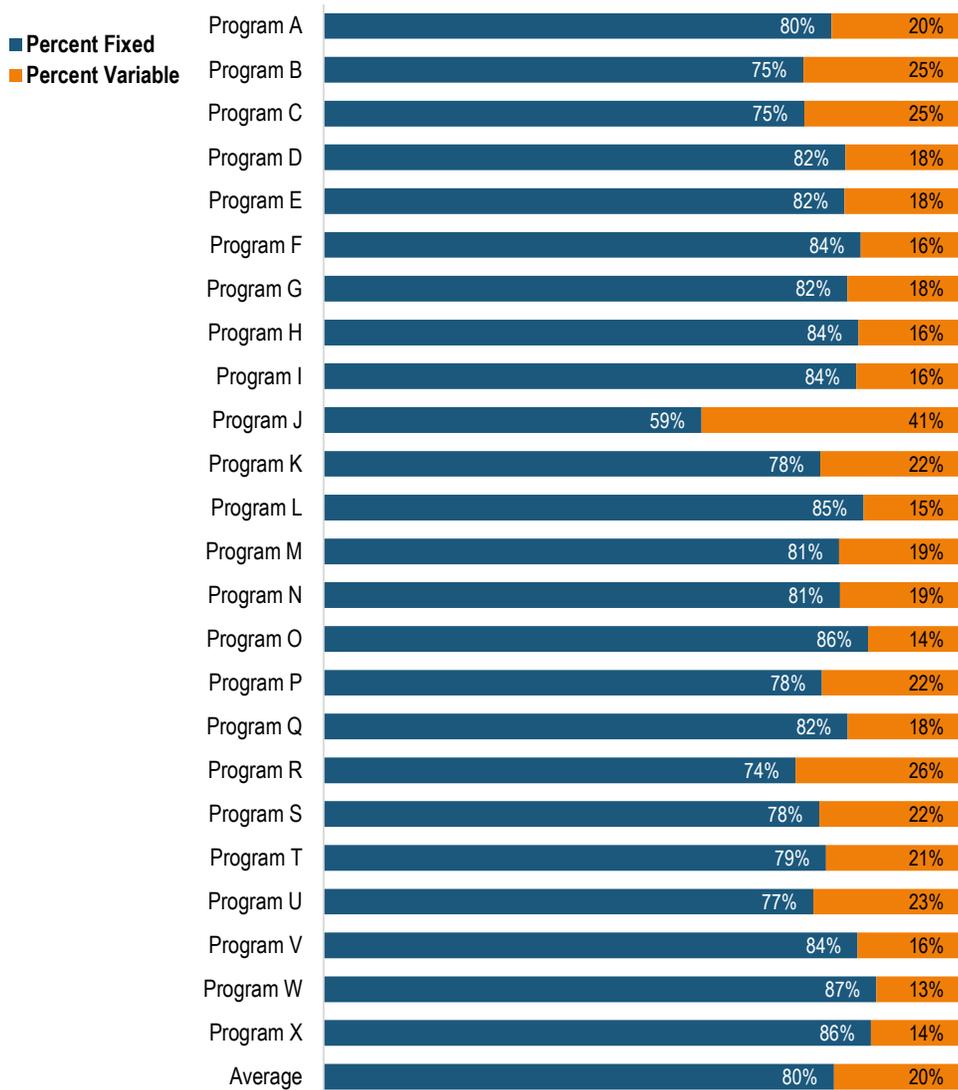
Liability insurance is another rising operating cost due to inflation, risk, and market pressure. One of the programs explained that insurance providers are often reluctant to insure their facilities due to perceived risks, leading their current insurance provider to increase rates. Similarly, another nonprofit provider has struggled with rising insurance expenses, which peaked at approximately \$500,000 in 2022. Both facilities are considered high risk, contributing to higher insurance premiums. When we reviewed the cost of insurance across programs, we found that insurance costs had risen significantly from 2019 to 2023 by approximately 50 percent for all programs.

Most Program Operating Costs are Fixed, Independent of Client Volume and Fluctuating Revenue

Of the costs we describe above, all except food service are fixed costs that do not significantly decrease when the population at community corrections programs falls. In fact, our review of expenses found that across the community corrections programs, approximately 80 percent of costs were fixed and not tied to the number of clients served while just 20 percent were variable based on the number of individuals in the program. This is concerning given the funding model for community corrections in Colorado. Because community corrections programs are funded based on the average daily population, the revenue is inherently tied to the number of clients which is variable. The high amount of fixed costs means that if the average daily population falls (as it did during the COVID-19 pandemic), revenue will fall by significantly more than costs will fall. Our analysis shows that programs struggled financially when the population fell.

These overall trends held true for the individual programs with only minor variations. Exhibit 8 shows the fixed and variable costs at each of the community corrections programs. Other than one program which had just 59 percent fixed costs due to high professional services costs which are variable, the programs fell between around 75 and 85 percent fixed costs.

EXHIBIT 8. FIXED COSTS MADE UP NEARLY 80 PERCENT OF COSTS FOR THE PROGRAMS



Source: Financial statements, profit and loss reports, and other financial data submitted by each provider.

Other Factors Impact Costs to Operate Community Corrections Programs

Much like costs in nearly every industry, costs at Colorado’s community corrections facilities have also risen in recent years. In addition to general inflation and market factors, community corrections programs costs are directly impacted by the location of a program, whether a provider owns or leases the facility, the size of the program, the types of specialized programs offered, and the physical capacity of or number of individuals served by the program.

Operating Expenses for Rural Locations were Slightly More Costly than Urban Locations

As shown in Exhibit 9, daily costs were slightly higher for rural community corrections programs at \$86 per client than those in urban locations at \$83 per client basis in fiscal year 2023. Although several categories

influence the cost differential between program locations including, the costs for personnel, food services, travel, rent and occupancy, and utilities, rent and occupancy costs (of over \$1 per client per day difference) were the primary driver affecting the approximately daily \$1.50 per client difference between urban and rural areas. In other categories, costs for food services were slightly higher in rural facilities, with utilities being slightly higher in rural facilities as well. These figures contrast with 2019 when rural programs costs were \$14 higher per client per day than urban programs. Although costs have increased for both urban and rural programs since 2019, costs for rural programs, as of 2023, were slightly more than costs for urban programs.

EXHIBIT 9. RURAL PROGRAMS’ COSTS ARE SLIGHTLY HIGHER PER DAY IN 2023

Location of Program	Total Expenses	Personnel Costs	Food Services	Travel and Transportation	Rent and Occupancy	Utilities
Rural	\$86.18	\$51.44	\$5.82	\$ 0.96	\$ 5.16	\$2.54
Urban	\$83.37	\$52.12	\$5.55	\$0.55	\$ 3.92	\$2.35
Total All CCCs	\$84.04	\$51.96	\$5.61	\$0.65	\$4.22	\$2.39

Source: Financial statements, profit and loss information and other data provided by CCC programs; rural/urban definitions from the Colorado Office of Economic Development and International Trade.

Providers Leasing Facilities Incurred Higher Costs than Those That Owned Buildings

When analyzing the costs associated with owning and leasing buildings such as rent, utilities, maintenance, and capital expenditures, programs in leased facilities incurred higher costs in certain categories to operate in it than those in provider-owned facilities. To compare costs across providers, we used the size of the facility (square footage) and number of clients served or ADP as shown in Exhibit 10. Results revealed that on a cost per square footage, leasing a facility costs 50 percent more than owning a facility. While this information is valuable, the more directly relevant factor for per diem rate calculations is the average daily population (calculated as cost per client) which also showed that leasing is more expensive. As shown in the exhibit, the cost per client was 31 percent higher for programs that leased buildings than those programs that owned the buildings. However, as some providers mentioned, owning buildings is also costly because of the required capital expenses which can be unexpected and significantly expensive. There could be significant needed capital expenditures that were not incurred during the five-year period we reviewed. Thus, it is possible that major capital expenses will be needed in the coming years which would have an impact on the comparisons. For example, one provider spent nearly \$2 million when it made capital improvements and renovated a facility.

EXHIBIT 10. LEASING BUILDINGS APPEARS MORE EXPENSIVE THAN OWNING IN 2023

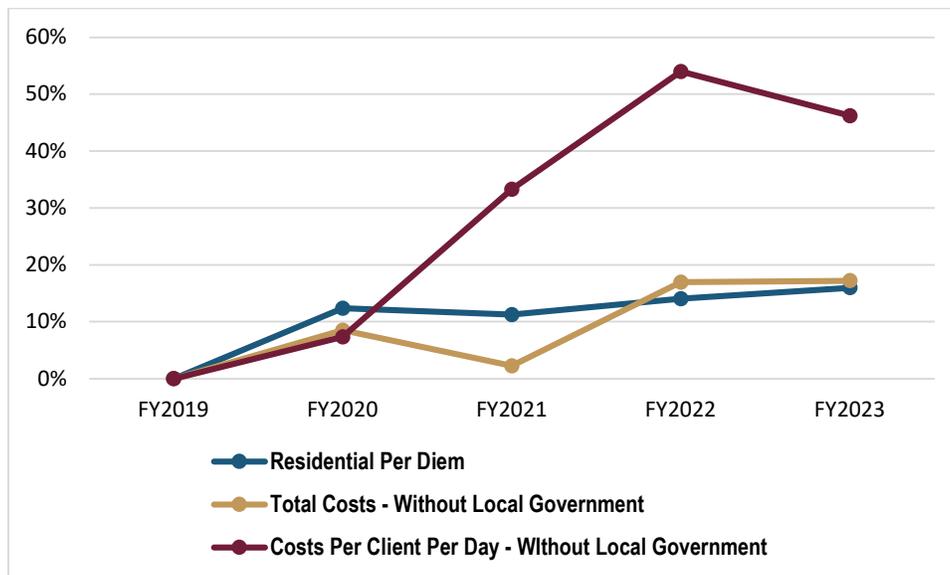
Building Ownership	Cost Per Square Foot	Cost Per Client
Lease	\$ 17	\$ 3,739
Own	\$ 11	\$ 2,852
Difference Between Owning and Leasing	\$6 per Square Foot (50%)	\$887 per Client (31%)

Source: FY2023 data provided by providers.

State Reimbursement Rates Have Not Kept Pace with Cost Inflation, Affecting Future Program Viability

Although we found that most of the private and nonprofit providers have generally been able to cover operating expenses with the revenues, the future outlook given the increasing costs is noteworthy. Another concern about the future of community corrections programs is that the level of the per diem rate increases has not kept pace with inflation. Our analysis shows that, in recent years, per diem increases have not kept up with increasing costs. Cost increases in 2022 far outpaced the increases in Colorado’s per diem rate, with inflation rising by 8 percent and the cost of employment rising by 5 percent while the per diem rose by just 2 percent. Further, when we compare the actual costs at the community corrections programs to the change in the per diem, we found that costs outpaced the per diem. This is particularly true for the costs per client per day, with those costs rising much faster than the per diem as shown in Exhibit 11.

EXHIBIT 11. COMPARISON OF INCREASES IN RATES TO COSTS



Source: Long Bills and financial statements, profit and loss reports, and other financial data provided by community corrections providers.

Note: The residential per diem above excludes the \$17 increase to the per diem from fiscal year 2023 that replaced \$17 in rent that clients previously paid to programs.

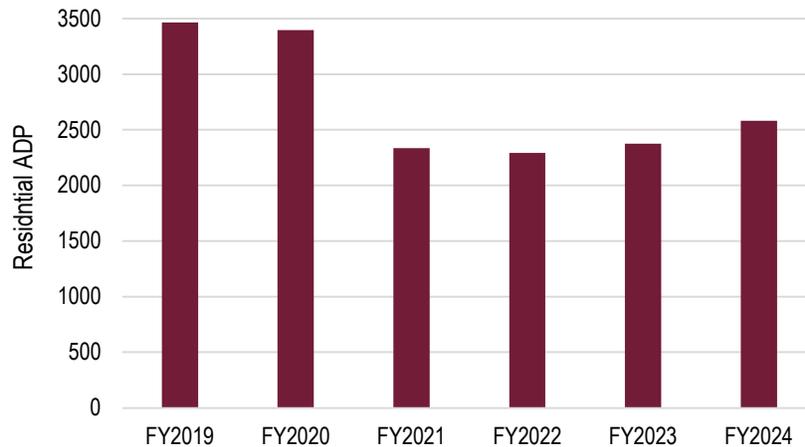
Declining Client Referrals and Related Revenue Decreases Impacts Program Viability

Like its impact nationally and internationally, the COVID-19 pandemic brought about many changes to community corrections programs. Not only did providers incur additional expenses due to social distancing and sanitization required protocols, but also some providers experienced outbreaks in their facilities in 2020 and 2021, forcing them to relocate affected individuals outside of the program. Expenses rose during the outbreaks and the months that followed for sanitizing or managing the outbreaks, and the number of clients participating in each program—or referred to each program—declined.

Average Daily Population in Residential Facilities Substantially Dropped Between 2019 and 2024

As shown in Exhibit 12, average daily population (ADP) overall dropped from nearly 3,500 participants in 2019 to approximately 2,500 by 2024. Because the State’s per diem rate is provided based on daily attendance, corresponding revenue declined for the programs. This created funding shortages to cover costs and several facilities closed during those years. Although ADP has gradually increased since the sharp decline between 2020 and 2021, it remains nearly 30 percent lower in fiscal year 2024 than in fiscal year 2019 across all residential facilities.

EXHIBIT 12. TOTAL RESIDENTIAL ADP HAS NOT RECOVERED TO PRE-PANDEMIC LEVELS



Source: ADP data from CDPS.

Many Individual Programs Have Not Rebounded to Pre-COVID ADP

Although many individual programs’ population levels by fiscal year 2024 had rebounded in ADP and are within 90 to 100 percent of pre-COVID levels with a few surpassing the fiscal year 2019 average daily population numbers, many programs have not and some have significantly less average daily population as highlighted in light red in Exhibit 13. Some of the programs opened during the five-year period, shaded in grey, and thus the percentage change is not calculated, as indicated with N/A, while 11 programs are between 60% and 88% of the ADP numbers they had in 2019. Thus, those programs are receiving less state funding although incurring continued operating expenses.

EXHIBIT 13. AVERAGE DAILY POPULATION HAS NOT REACHED PRE-COVID ADP FOR SOME PROGRAMS

CCC Program	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	2024 Percent of 2019 ADP
Program A	108.3	112.4	81.4	86.8	80.1	84.6	78%
Program B	3.5	32.7	31.2	30.6	36.9	34.9	N/A
Program C	63.6	67.5	61.1	65.5	69.7	61.4	97%
Program D	98.4	90	99.8	94.9	101.3	97.9	99%
Program E	96.5	92.6	70.5	78.8	73.3	93.1	96%
Program F	119.1	111.7	84.4	71.5	87	71.8	60%
Program G	95	97.8	72.2	54.2	66.4	67.6	71%
Program H	140.4	125.5	71	74.3	56.3	91.6	65%
Program I	38.4	46	26.9	34.3	27.1	30.5	79%
Program J					31.1	54.6	N/A
Program K					11.6	45.3	N/A
Program L	319.1	287.9	269.9	259.4	235.9	277.3	87%
Program M	36.7	30.1	21.3	26.6	38.5	39.3	107%
Program N	109.9	139.8	74.2	58.5	104.5	124.7	113%
Program O	202.7	237.1	171.8	169.5	170.8	206.5	102%
Program P	81	73.5	52.5	57.8	71.7	69.5	86%
Program Q			47.5	115.3	119.9	137.3	N/A
Program R		14.7	31.1	25.1	30.7	38.7	N/A
Program S	170.7	176.2	146.2	153	150.7	160.9	94%
Program T	192.4	184.4	113	129.9	150.5	168.6	88%
Program U	119.5	113.3	78.7	61.6	89	90.6	76%
Program V	261.5	341.5	236.7	243.4	252.3	248.3	95%
Program W	178.3	197.9	113.1	148	144.1	153.6	86%
Program X	55.4	47.5	40.3	48.9	43.7	41.5	75%

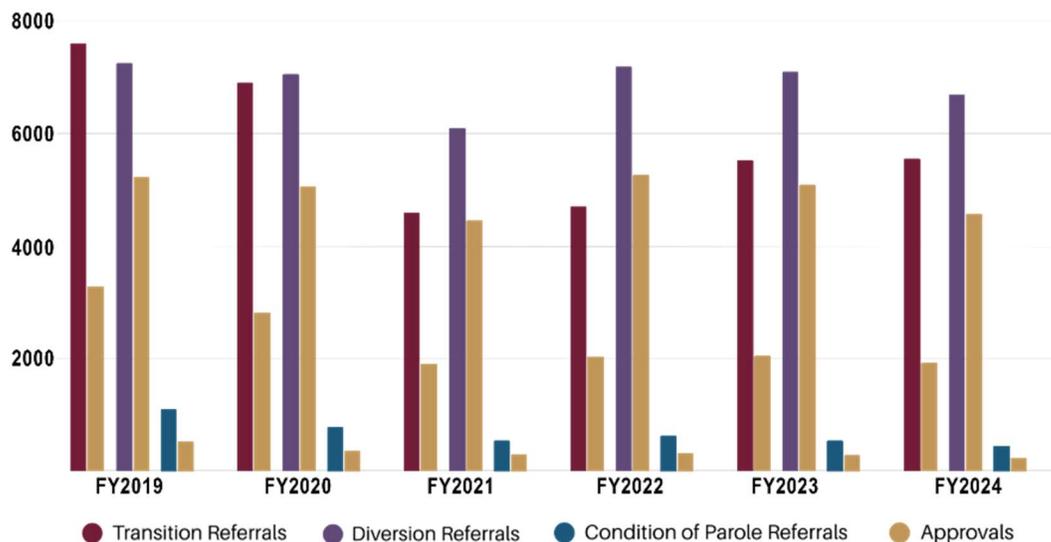
Source: Auditor generated from ADP information provided by CDPS from the Community Corrections Information and Billing system.

For example, the average daily population of one provider was approximately 55 in 2019 and, after some fluctuation, dropped to 41 by 2024. Similarly, another provider’s 2024 average population is still 40 counts lower than its 2019 population. Further, while some programs operated by for-profit providers have higher ADP counts, some are well below the ADP in 2019. As the exhibit shows, some programs were only at 60-65 percent of the ADP prior to the COVID-19 pandemic. Because the funding model is nearly entirely focused on the daily population, these lower numbers mean that the community corrections programs receive less funding.

Lack of Recovery in ADP Stems From Changes in Referrals and Denials

One reason for the decline in ADP and the lack of recovery stems from the changes in referrals and denials from fiscal year 2019 to fiscal year 2024. As shown in Exhibit 14, the number of diversion referrals generally recovered by fiscal year 2024, but the condition of parole and transition referrals experienced a large drop off without returning to prior levels. Anecdotally, some providers explained that the local boards have denied more transition referrals recently. One provider indicated that referrals at its facilities are dropping due to low acceptance rates by the local boards and that these boards apply inconsistent criteria for approval. Another provider also raised concerns about the declining number of referrals in 2024 coming from the prison system into the community corrections programs after initially recovering post-COVID.

EXHIBIT 14. REFERRAL AND ACCEPTANCE DATA

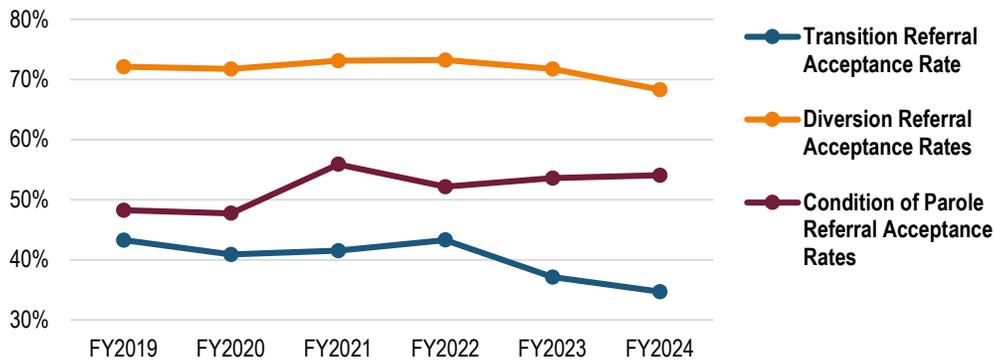


Source: CDPS Colorado Community Corrections Annual Reports for each fiscal year.

Interestingly, acceptance rates for diversion and condition of parole clients have stayed steady or even increased in some instances over the recent years; but acceptance rates for transition clients have declined by 8 percent from 43 to 35 percent.⁶ As Exhibit 15 shows, local community corrections boards' and facilities' acceptance rates for these transition clients fell between 2019 and 2024, leading to fewer of these clients being placed in the community corrections programs. This trend of denials is particularly concerning as this population is the second largest client group for the programs after diversion clients and the number of referrals also dropped, leading to significantly less transition clients in community corrections.

⁶ Transition clients are inmates at Department of Corrections facilities that transition to community corrections programs before fully completing the required conditions to be released.

EXHIBIT 15. TRANSITION REFERRAL ACCEPTANCES HAVE DECLINED BETWEEN 2019 AND 2024



Source: CDPS Colorado Community Corrections Annual Reports for each fiscal year.

The Potential Continuation of These Trends Raises Concerns Regarding the Future of Some Community Corrections Programs

Rising costs and declining average daily population are significant concerns about the future viability of community corrections programs. The impact of this issue is best demonstrated by comparing the rate of increase in daily costs per client to the increase in residential base rates—in fact, this analysis reveals that the residential rate modestly increased by 16 percent over the five year period from fiscal year 2019 to 2023, while the daily costs per client per day substantially increased by 42 percent over that same period as Exhibit 11 shows. This divergence underscores a concerning trend that, if it continues, casts doubt on the future viability of community corrections programs.

Many providers echoed this concern and expressed worry that their finances will not be sustainable in the long run. Some programs believe they will not be able to continue operations if Colorado does not change the business model. One provider expressed concern that without a change in the model, the only providers that would be left are the local governments and the larger for-profit providers. Many indicated that the uncertainty about per diem rates and number of referrals makes it difficult to plan and budget their programs. Moreover, these concerns are compounded by the uncertainty of the client population posing a significant budgeting constraint on programs as providers cannot accurately estimate revenues as part of their program budgets.

While these conditions have not yet led to widespread revenue shortfalls for direct operating expenses among many for-profit and nonprofit programs, there is a significant risk that these trends may continue and will negatively impact the programs. Specifically, if inflation continues to rise without a corresponding increase in average daily population to bring in more revenue to the program, per diem rates may not be sufficient for programs to continue operations. Further, because depreciation expenses are not included in the operating expenses, the issue may be larger than portrayed if the providers are not reserving funds for replacing assets.

Chapter 3: Future Modeling Would Benefit From a Phased-Approach with Better Financial Data and Analysis for Rate Setting

Because providers have different business structures—some nonprofit, some for-profit and some public entities—their business operations and financial reporting structures vary widely based on the type of entity and needs their stakeholders require. Thus, tracking and reporting on program revenues and costs varies across the programs. Additionally, the providers are currently required to submit an audited financial statement every three years, but there is no prescribed format or requirement that the statement be at a program specific level. Moreover, some providers submitted their required independent audit report to CDPS at a corporate level—combining program costs with other non-community corrections program services offered by the provider—making it even more difficult to distinguish true program costs and performance for rate-setting. To address these data limitations and implement a go-forward model, we make several recommendations in addition to calculating rate changes employing a phased approach before completely implementing future analysis and modeling of program costs under a weighted per diem rate calculation structure.

General Recommended Approach for Cost Analysis and Future Modeling

As discussed in the previous chapter, the size, location, type of program, and type of provider all impact the costs of operating community corrections program across the State—thus, each program has slightly different funding needs. Our research found that other states offer various approaches to funding their community correction programs, but there is no best practice or one-size-fits-all approach.

Given current data conditions, we recommend Colorado consider a two-phased approach to focus first on immediate needs that will establish a framework to deploy in the second phase focused on future cost analysis and modeling as follows:

- I. Phase I: Immediate Data Needs and Adjusted Rates
 - Change requirements to obtain needed cost data.
 - Adjust near-term per diem rates based on available data and considering inflationary factors for each cost category.
- II. Phase II: Long-Term Cost Analysis and Modeling
 - Conduct more thorough cost analysis with new cost data.
 - Apply unique and weighted inflation factors to cost categories to set future per diem rates.

In the sections that follow, we describe why this approach is needed and provide recommendations for implementation in addition to suggest near-term adjustments to per diem rates.

Current Reporting Requirements Do Not Ensure Program Providers Track and Report Data Showing Distinct Cost to Operate Programs

Our review highlighted that most providers do not track costs in a manner that gives oversight entities the ability to monitor and capture full and accurate costs of providing program service. Most providers captured the costs of different types of programs offered at the facility together as one program rather than isolating each specialized type of program including some programs that are not funded by Colorado—significantly limiting the State’s ability to assess whether basic per diem rates and differentials for specialized programs are sufficient to cover the cost of each program. Thus, there is an immediate need to change requirements and gather better cost data before fully employing a go-forward model for rate-setting.

Currently, there are no requirements for tracking costs and thus providers use financial reporting structures that best fit their business structure and meet their stakeholder needs. While this is important and needed for their business, without a standard reporting requirement for state-funded community corrections programs, it limits evaluating and comparing costs across programs and types of programs operated. As previously discussed, many of the providers did not record or track program costs separately from other provider activity at the facility, nor did they record or track different community corrections services separately for residential, nonresidential programs, and specialized programs. For example, in addition to its community corrections program, one program provider uses its facilities to house pretrial residents for the U.S. Probation Office and provide substance abuse monitoring for other non-resident clients. Yet, the costs for both programs were combined with the costs of that Community Corrections program. Similarly, another provider operated two separate programs at one facility that were not related to community corrections but included those costs with the financial information provided to us as did still another program, which had almost an equal number of clients in its state community corrections program and in a county work release program it operated. Like the others, this program combined the costs associated with the two separate programs, making it unclear exactly how much the community corrections program cost to operate. These examples show how the costs reported by providers are not solely related to community corrections, making it impractical to isolate community corrections program costs.

Similarly, we found that providers did not track costs for specialized programs separately although these programs are funded an additional per diem. While all providers of community corrections programs perform similar levels of core supervision and treatment practices to all residential clients according to state standards. In addition to the core standards, some providers have specific programs targeted toward the supervision and treatment of specialized offenders who have various levels of substance use disorders, mental health disorders, and for offenders convicted of a sexual offense. As discussed in the introduction, these specialty programs include: Intensive Residential Treatment (IRT) programs, Residential Dual Diagnosis Treatment (RDDT) programs, Therapeutic Community programs, and Sex Offender Supervision and Treatment Programs (SOSTP). While CDPS provides differentials that are added to the base per diem rate for IRT, RDDT and SOSTP programs that have an allocation contract to provide such services and pays per client per day in the program, most programs do not track the costs for those programs separately. All costs to operate the programs are tracked together. Similarly, programs did not generally track costs for nonresidential programs separately. They also often combined community corrections program costs with costs for unrelated programs that are not funded by Colorado. Without the data, calculating the true cost of specialized programs versus base program costs is limited. Of the community

corrections programs operating as of October 2024 in Colorado, 16 offered at least one specialized program to a certain number of individuals in their programs, yet only one program tracked the costs of providing those services separately. When asked, two attempted to provide us with an estimate of the costs to operate those programs using a cost allocation methodology. However, the lack of program-specific cost data from the providers is a significant limitation in conducting a thorough cost analysis for specialized services in community corrections.

Only one provider tracks its costs, those shown in Exhibit 16, and two prepared estimates for the incremental cost of the specialized program they offer. One of the providers that estimated its specialized program costs for IRT, calculated its true cost of service in fiscal year 2024 to be \$134, while the base per diem plus differential per diem amount in fiscal year 2024 was \$105. The single provider that tracked costs separately for each type of service provided reported to us that its fiscal year 2023 costs for providing IRT was much higher at \$237 as shown in the exhibit below and its costs for RDDT were lower than the per diem amount in fiscal year 2023.

EXHIBIT 16. SINGLE PROVIDER-LEVEL BREAKDOWN OF PROGRAM COSTS PER DAY FISCAL YEAR 2023

Program Costs Analysis	IRT	RDDT	SOSTP/Residential	Non-Residential
Average Daily Costs	\$5,813	\$1,580	\$20,470	\$1,586
Average Daily Participation	24.5	20.7	207.1	141.4
Average Daily Cost Per Client	\$237	\$76	\$99	\$11
Per Diem Differential plus Basic Per Diem (FY 2023)	\$100	\$100	\$100	\$9.65

Source: Auditor generated from revenue and expense information provided by the provider, CDPS average daily population reports, and FY 2023 Long Bill.

Similarly, all providers that operated nonresidential programs included those costs with the costs for residential programs. Although nonresidential programs have much lower reimbursement rates and lower costs, the lack of separately tracking costs limits the State’s ability to determine the true costs for nonresidential programs.

This distinction enables an assessment of how much each type of program costs to operate, ensuring that funding levels are appropriate to meet the unique needs of each type of program. This lack of detailed financial reporting presents a significant limitation to accurately assessing the true cost of specialized treatment programs, and further data collection or standardized reporting requirements would be necessary to address this gap. Thus, improved data collection with requirements that providers report costs in defined categories by program type and defining the program year to match the State’s fiscal year would help Colorado make more informed funding decisions regarding its community corrections program.

Changes to Audit Requirements Will Provide Discrete and Reliable Data

Additionally, data from providers is only self-reported information. While CDPS requires providers to submit an independent financial audit every three years, the audits submitted are generally not specific to community corrections programs—although CDPS reserves the right to request a segment audit or review if the community corrections program is operated as a unit of a larger entity. For example, the large national

for-profit organizations, each submitted their required financial audit for their respective companies' financial statements in 2022. Yet, their financial statements represent financial activity for the entire multibillion-dollar organization and not the activity and costs associated just with the Colorado community corrections programs, which only represents a small fraction of the company. In fact, for one provider, the Colorado community corrections programs are just five out of more than 60 facilities it operates and for another, the Colorado community corrections programs are just two out of more than 100 facilities it operates. Similarly, the financial information submitted by the county-run programs was county-wide annual comprehensive financial reports that do not distinguish community corrections finances. As a result, the financial information that providers submit to CDPS is not sufficient to determine the actual costs or profits directly associated with each of the community corrections programs.

Although CDPS conducts reviews and audits of programs related to program performance and security in accordance with national best practices, these reviews and audits are not focused on finances and do not assess whether the community corrections programs and providers appropriately spend the money provided by the State. Requiring providers to submit independently prepared and program-specific financial reports, prepared by a certified public accountant (CPA), by program year to match the State's fiscal year, would provide the State with some assurance regarding costs reported.

Consistent Cost Categories in Defined Chart of Accounts will Aid with Analysis

Further, because cost data and fiscal year is inconsistent between providers and programs as previously described, CDPS should require providers to track revenues and costs in certain defined categories by program year (that coincides with the State's fiscal year) and for each type of program and by program to ensure consistency and comparability in data across all community corrections programs. Specifically, CDPS should define specific revenue and cost categories (a chart of accounts) for all programs and require providers to report activity against those chart of account categories—using the categories defined and capturing costs for each type of program separately. At a minimum, those program-specific cost categories should include categories listed, in alphabetical order, in the bullets that follow. Additionally, as a supplement to this report, we provided the State with a set of tools and spreadsheet templates (with instructions for use) that capture the cost categories each provider should use to track and report financial data for each discrete program.

- Administrative Costs
- Capital Expenditures
- Client Services
- Facility and Office Supplies
- Food Service and Supplies
- Indirect Cost Allocation
- Insurance
- Maintenance
- Other
- Professional Services
- Rent and Occupancy
- Travel and Transportation Costs
- Urinalysis
- Utilities
- Wages and Benefits

Importantly, the financial data per program should be independently audited financial statements every third year and compiled by an independent CPA every year. This would provide assurance about the reliability and accuracy data provided and allow the State to track and identify the true costs needed for rate setting.

Although Unclear Data Limits the Ability to Determine Full Cost Analysis, Some Rate Adjustments Are Warranted in the Near-Term Using a Weighted Inflationary Factor

As discussed throughout this report, we found wide variation in how costs are tracked across the programs, including the mixing of other financial activity unrelated to state-funded program costs. Although there were significant limitations with current program data that affected how precisely we could isolate costs associated with individual community corrections programs, we performed certain steps to estimate costs for 2023 to arrive at a reasonable per diem reimbursement rate until better data is available.

Estimated Program Costs Varied Significantly Based on Cost Analysis Data Available

Even though we could not isolate the costs of individual community corrections programs with great certainty, we analyzed the data available to us to estimate a general range of costs. Specifically, to estimate operating costs per client per day for providing basic residential services, we further analyzed six programs offering only residential services using the following formula applied against 2023 data for each individual program:⁷

$$\text{Operating Cost Per Client} = \frac{\text{Program Operating Costs}}{\text{ADP} \times 365 \text{ Days in Year}}$$

The resulting calculations showed a range of costs for residential programs between \$77 and \$117 per client per day—more than 50 percent differences between the lowest cost and highest cost. Not only does the wide range of costs illustrate how programs have different needs for reimbursement, but also, we found that the size of the program and lingering effects from the COVID-19 pandemic impacted costs. For instance, one of the six programs had very low levels of ADP at less than 35 in fiscal year 2023, while two others had low ADP of between 36 and 60 ADP, and the final three had moderate ADP between 65 and 90. We found that the cost per client per day was higher, as one might expect, for smaller programs that had a smaller number of clients to allocate the fixed costs for running the facility and providing services—which they had to incur regardless of how many clients were in the program. In contrast, the larger programs seemed able to operate residential services at a much lower cost per bed per day being able to spread its cost across more clients and receive more overall revenue to cover fixed costs.

We also estimated costs per client per day for the programs that offered one or more specialized services. These results showed even larger variation between individual programs and providers, with costs ranging from \$61 to \$132 per client per day—with the highest cost program more than double the lowest cost program. Like programs that only offered residential and non-residential programs, costs varied for these other programs providing specialized treatments based on differences in ADP counts. The widespread

⁷ In 2023, six nonprofit or for-profit Community Corrections programs offered residential services without operating other specialized programs.

results in costs per day further emphasize the need to track costs uniformly by type of state-funded program, cost category and by community corrections program. Without the data, it is impossible to isolate the true costs of providing community corrections.

Some Daily Per Client Costs Rose at a Higher Rate Than Others

When analyzing available cost details of the community corrections programs, we found that providers experienced increases in certain cost categories at greater degrees than other cost categories. For example, looking at insurance costs, we found average annual growth of 23 percent per client per day—one program provider told us that insurance costs had increased due to prior claims and that it was becoming increasingly difficult to obtain insurance, and another provider said that their insurance costs increased by nearly 60% in one year. In other instances, our cost analysis revealed that both personnel and food costs increased at an average annual rate of 12 percent per client—higher than general inflationary indices. Other cost categories experienced less noteworthy growth or slight declines as was the case with urinalysis costs.

Slight Rate Adjustments are Recommended for Fiscal Year 2025/2026

Given that many for-profit and nonprofit programs have generally operated profitably and have covered costs with additional funding as previously discussed, and that public entities, covered shortfalls with county general fund money, we do not recommend a wholesale change to rates at this time. Rather, we recommend a slight adjustment to per diem rates using a weighted inflationary rate blending together market indices for fiscal year 2025-26 and a set-aside fund for programs with a justifiable need—until the State collects recommended consistent and comparable program specific financial information and can adjust rates based on true costs of providing services that consider inflationary changes to each of the cost categories. Our recommendations to increase the rates assume that the facility payments will continue to be provided as some programs, particularly small programs, rely on them to support operations. To calculate the adjusted rate to address some year-over-year changes in costs, we applied a weighted inflationary adjustment factor using both the Employment Cost Index (ECI) and the Consumer Price Index from the U.S. Bureau of Labor Statistics against current rates as shown in Exhibit 17. We discuss the weighted method later in this chapter.

EXHIBIT 17. PROPOSED RATE FOR 2025-26, ADJUSTED FOR INFLATION

Per Diem	2024-25 Rates	Inflationary Adjustment	2025-26 Proposed Rate
Residential Base Rate	\$ 70.39	3.3%	\$ 72.74
Specialized Differentials			
IRT	\$ 63.61	3.3%	\$ 65.74
RDDT	\$ 63.61	3.3%	\$ 65.74
SOSTP	\$ 34.68	3.3%	\$ 35.84
Other Rates			
Non-Residential	\$ 10.14	3.3%	\$ 10.48
Outpatient Therapeutic Community	\$ 28.22	3.3%	\$ 29.16

Source: Auditor generated using 2024-25 Long Bill, March 2025 CPI reports for Denver-Aurora-Lakewood Region and National from Bureau of Labor Statistics (BLS), and December 2024 ECI Mountain-Plains Region data from BLS.

Once Better Data is Available, the Rate Setting Model Methodology Should Consider Unique Inflationary Cost Factors in addition to Other Program Features

Having reliable program specific cost data will enable the State to conduct further analysis and determine whether existing rates are sufficient to cover provider costs to operate their programs—residential, non-residential and specialized programs. Analytical results will determine whether trends we identified with size and location heavily impacting costs remain valid and help inform changes needed for reimbursement rates—or even whether the existing single per diem policy appropriately acknowledges and reimburses the dissimilar costs of program operation across providers. Further, we recommend the State adjust its base per diem rate on a go-forward basis using a weighted cost method to reflect inflationary impacts using more than one industry index. In the future, there are additional reimbursement features for the State to consider related to struggling smaller or rural programs in addition to unmet capital needs.

Program Specific Data Will Allow for Targeted Analysis to Inform Rate Adjustments

Per diem rates should be adjusted when need is justified by demonstrated rising costs per actual supportable financial information as described and recommended earlier in this chapter. Once needed program specific data is available, CDPS can review revenue and cost information submitted for each community corrections program to determine if the financial information is reasonable based on factors such as staffing levels and size of program, is free of fluctuations or if fluctuations are justified, and is reliable if prepared and/or audited by independent CPA. This underlying data will give the State more consistent information to analyze program nuances and can have details needed to consider impacts of program size, location, and ownership type on revenues and costs. Appendix B provides an example template for this analysis and evaluation.

Analyzing the changes in costs by category against related inflationary indices will help inform adjustments to the model. For example, if costs for personnel were not increasing even though inflationary indexes showed employment costs increasing, that could be a possible indication that providers are not able to keep pace with prevailing wages. Colorado should consider these actual changes in addition to the changes in inflationary indexes when proposing new rates for community corrections programs. Specifically, the State should consider the consumer price index for individual cost categories using a weighted methodology for applying inflationary factors against cost categories as described in the next section.

Future Rates Should be Adjusted for Inflation using a Weighted Cost Methodology

With program costs having different cost drivers and market influences, we suggest using a model to adjust rates using a calculated inflationary factor that considers relative weight and increases in costs. To do this, the State must review changes in actual costs and apply the most current indices relevant to the type of cost in an individual cost category to adjust the rates to keep up with inflation. Additionally, because most program costs relate to personnel, those costs should also be adjusted by a Cost of Employment index as shown in Exhibit 18 where we provide an example employing this methodology based on 2023 program costs available and recent changes in inflation. We also provided CDPS with a more detailed template for using this weighted model that includes every cost category and applicable index.

EXHIBIT 18. DETAILED WEIGHTING CALCULATIONS FOR INFLATIONARY ADJUSTMENT

Cost Category	% of Costs ¹	Inflationary Index Used ²	Annual Rate	Weighted Inflationary Adjustment ³
Personnel (Wages and Benefits)	69%	Employment Cost Index - Mountain Region	3.6%	2.5%
Food Services/Supplies	6%	CPI Food - Denver	3.3%	0.2%
Indirect Cost Allocation	4%	Employment Cost Index - Mountain Region	3.6%	0.1%
Rent and Occupancy	4%	CPI Shelter - Denver	1.6%	0.1%
Professional Services	3%	CPI Services - Denver	2.3%	0.1%
Maintenance	3%	CPI Services - Denver	2.3%	0.1%
Client Services	2%	CPI Services - Denver	2.3%	0.1%
Utilities	2%	CPI Energy Services - National	4.2%	0.1%
Insurance	2%	CPI Services - Denver	2.3%	0.0%
Other (such as Urinalysis, Administrative Costs, Supplies)	9%	Various Specific to Each Category	N/A	0.13%
Weighted Inflationary Adjustment (Sum of Weighted Figures)				3.3%

Source: Auditor generated data from each provider and March 2025 CPI reports for Denver-Aurora-Lakewood Region and National from Bureau of Labor Statistics (BLS), and December 2024 ECI Mountain-Plains Region data from BLS.

Note 1: Cost data submitted by all programs for their 2023 fiscal year.

Note 2: Inflationary CPI index from March 2025; ECI index from December 2024.

Note 3: Weighted rate calculation multiplies “percent of costs” by “annual rate.”

Other States Employ Various Funding Approaches, and Some Do Not Rely on a One-Size Fits All Methodology

In general, our research revealed that other states use a variety of approaches to how they consider and fund their community corrections programs. For example, the State of Ohio provides grants to its community corrections facilities. There is no established formula for allocating the grant funds, rather that state uses certain criteria to set the amount of funding for each program as shown in Exhibit 19. These criteria include the size of the facility and the number of beds, whether the facility is in an urban or rural location, and demonstrated need or justification submitted by the program. Similarly, the State of Montana uses separate per diem rates for each individual facility—interestingly, with per diem rates generally higher for smaller facilities than rates for larger facilities.

EXHIBIT 19. OHIO BASES COMMUNITY CORRECTIONS FUNDING ON SEVERAL FACTORS



Source: Ohio State Audit report.

Additional Features Needing Funding Could Be Considered in Future Program Cost Analysis

Because other factors such as the size of the program and location contribute to operating costs, Colorado may want to consider additional funding for certain facilities to ensure program viability. For example, our results show that some of the larger for-profit organizations had operating profitability from their community corrections programs while other smaller or rural programs faced persistent operating deficits due to lower ADP or an inability to absorb increasing costs. As part of its future analysis, the State should weigh the need and benefit to keeping those more costly programs open to serve Colorado clients that may not be able to be served in other locations and programs. As such, the State may want to consider an augmentation based on size or demonstrated need the program may be facing—rather than an across-the-board per diem rate increase—if the State establishes the importance of maintaining smaller programs.

Also, the State may also want to consider making some type of need-based funding available to certain programs for capital expenditures. For example, if a community corrections program demonstrates to the State that the program had valid and necessary capital costs at amounts significantly larger than reimbursed in the prior year impacting its funding to support current operations, the State might consider a supplemental payment in the upcoming year to keep the program in operation. Some programs identified large capital improvement costs as a concern because they do not have budget flexibility with the per diem to afford needed improvements. The State could consider making such additional funding available for programs on an application basis for help in paying needed capital improvement costs. As with possible funding to consider for smaller or rural programs, this augmentation should be contingent upon the program having a demonstrated need.

Likewise, programs operated by local governments have invested significant resources into the programs with their county general funds often absorbing the cost of running programs at their facilities such as higher personnel costs due to negotiated salaries and benefits for county workers. While the counties have been able to absorb higher costs and new capital projects thus far, those counties may not be able to continue to do so in the future given competing county services needing scarce general fund revenues. Thus, the State may need to consider how those circumstances impact the sustainability of its network of

community corrections programs. As a supplement to this report, we provided the State with a methodology to use in calculating that adjustment factor in addition to templates for analyzing financial program data changes to per diem rates.

Chapter 4: Suggested Roadmap for Implementation of Rate Setting Model and Related Recommendations

As mentioned earlier, we suggest a phased approach for capturing better data for decision-making, conducting (and replicating) needed cost analysis, and considering unique factors when setting reimbursement rates. Below, we summarize the phased approach recommendations into a step-by-step roadmap for implementing our suggested rate setting model for at least three years. Additionally, we provided supplemental tools and spreadsheet templates to the State separate from this report to aid in replicating our analysis and reimbursing costs in the future.

Near-Term: Require Reporting of Distinct and Consistent Cost Data to Establish Foundation and Structure for Modeling

- Adjust fiscal year 2025-2026 rates based on SEC suggestions.
- Establish categories of costs and revenues (chart of accounts) that each provider should submit on an annual basis using SEC-provided tools and excel templates. See an example in Appendix B of the information that should be reported.
- Require each provider to track program costs using the established chart of accounts revenue and cost categories by program (residential, non-residential, and specialized).
- Create a reporting template for explanations of significant changes in reported revenue and costs. See an example of fields in reporting templates for providers to explain large year-over-year changes.
- Require providers to submit independently compiled program revenue and costs on an annual basis.
- Request that providers explain any large cost increases through narrative information in established reporting templates to help the State understand cost growth.
- Require providers to submit independent financial audits, every third year, that are specific to community corrections programs and provide information by type of specialized programs if offered.

Longer-Term Activities: Conduct Cost Analysis for Rate Setting Adjustments and Monitor Changes Needed

- Track and analyze program specific costs to assess changes year over year, by program and type of service provided, for individual programs as well as results across all programs on an annual basis to establish a base cost foundation, understand program spending, identify challenges, and assess funding needs using SEC-provided templates.
- Determine whether any global rate increases to the base funding are needed using results from annual cost analysis.
- Annually calculate an inflationary factor to apply against and for adjusting per diem rates based on changes in Cost of Employment and the Consumer Price Index (CPI) using the weighted methodology we show in Exhibit 18.

- Consider making supplemental funding available, on an as-needed basis, to support smaller or struggling programs based on the results of annual cost analysis.
- Contemplate making competitive funding available to providers to offset costs of capital projects for maintenance, repair, or new construction of program facilities based on formal application and evaluation criteria.
- Consider conducting program specific monitoring reviews on a periodic basis to ensure providers are appropriately reporting information.

Appendix A. Scope and Methodology

SEC was hired by the Colorado Department of Public Safety to conduct cost evaluation services on their behalf. Specifically, we were asked to analyze and review financial information of community corrections programs/providers and identify:

1. Cost of operating standard and specialized programs
2. Cost drivers impacting the programs
3. Funding available to cover operating costs of varying programs/providers
4. Model and instructions for replicating analysis in the future

To meet the goals and objectives of this engagement, SEC performed the following steps:

- Reviewed all pertinent laws, rules, and regulations.
- Met with CDPS staff to learn about policies, procedures, and issues, and obtained relevant information such as audit results for community corrections programs, average daily population, annual reports, funding for all programs, monitoring and reporting structures, and other pertinent policies and requirements.
- Obtained and reviewed contracts and allocation letters with each local community corrections board and program provider.
- Met with all providers of community corrections programs to gain an understanding of their operations, challenges, financial tracking systems, operations, and the financial health of programs.
- Developed data-gathering Excel forms to capture relevant data from each of the community corrections programs and identified relevant information about each provider to assess reasonableness of financial information, to understand cost drivers, and to determine factors impacting their program operations and fiscal health—creating a profile for each.
 - Such factors included average daily population, program capacity, program location and whether the provider owned or leased property, etc.
- Requested and reviewed detailed financial information for each program over a five-year period (fiscal years 2019-2023) to identify significant trends, fluctuations, and anomalies. Although the fiscal year is different for providers – for some the fiscal year runs from July 1 through June 30th of each year, while for others a calendar year (January 1st through December 31st) is the fiscal year and still for some October 1st through September 30th (which coincides with the federal fiscal year). Although fiscal years are different all fiscal years include a 12-month period and thus, we compared 12-month periods.
- Identified and analyzed all pertinent costs and determined cost drivers, fixed and variable costs.
- Reviewed all financial information and followed up with all providers to discuss and obtain additional information for anomalies, significant fluctuations in financial information over the five-year period, and the issues faced by providers.

- Determined revenue and cost categories and grouped each community corrections programs' financial information into those categories to allow for comparison amongst programs.
- Compiled data from all community corrections programs and analyzed the data to identify significant trends. Performed various cost analysis across all community corrections programs' financial data to understand trends, impacts of location (rural and urban), economies of scale, owned versus leased facilities, and other factors that appear to contribute to costs and/or sustainability.
- Identified cost drivers and, to the extent possible, determined fixed versus variable costs.
- Identified other sources of funding that providers used to support operations.
- Examined the performance-based contracting change to community corrections.
- Reviewed specialized program information and data available to determine whether direct costs associated with each of the specialized programs could be identified.
- Determined impact of the COVID-19 pandemic on community corrections programs in terms of changes in population, revenues, costs, and other financial impacts. Assessed the extent to which programs have recovered from the pandemic.
- Compared rates to cost trends at programs and inflation to determine whether rates have kept up with rising costs.
- Calculated a per diem rate and made recommendations for data gathering, modeling, and replicating this analysis.

We conducted this engagement with the same due diligence as we do for other cost evaluation services. We applied various rigorous analytical techniques, tests, and tools to data in performing our evaluation in order to develop sound, practical, and meaningful recommendations and results that address issues discovered.

Appendix B. Templates for Model

In Chapter 4 of this report, we state that we have provided supplemental tools and spreadsheet templates to the State separate from this report to aid in replicating our analysis and determining reimbursement rates in the future. In this appendix we provide images of some data collection tools to demonstrate the type of data needed to be captured for decision-making, conducting (and replicating) needed cost analysis, and considering unique factors when setting reimbursement rates.

Each program should submit relevant non-financial information along with the financial data each year that will help assess costs for community corrections and compare programs. The template below captures annual non-financial program data that allows a reviewer to assess the financial revenues and costs that each program should submit. For example, the number of beds allows for comparison of costs between different sized facilities and programs to determine if there are different needs. Similarly, identifying rural and urban programs allows for assessing the needs of those types of programs.

Name of CCC	
Provider Name	
Judicial Districts	
Category	CCC Profile
Type of Clients	
Number of beds (Capacity)	
Number of Employees	
No. individuals served (ADP)	
Types of Programs offered (specialized programs?)	
No. of individuals served by specialized program	
Size of Facility (sq. footage)	
Lease or own	
Rural or Urban	
Provider type (Public, Nonprofit, For-Profit)	
No. of facilities operated by provider	
Financial Audit Provided? Y/N	
Years provided	

The financial data collection template below should be used by each program using the categories listed to report revenues and costs each year. It breaks down the sources of revenue and costs by each program to ensure consistency amongst program financial reporting and facilitates comparisons and evaluation. The columns represent the different programs including specialized programs that are offered and requires separately reporting the financial information to allow CDPS to determine the costs for each program type.

	Basic Residential	IRT	RDDT	SOS	Non-Residential	Other	Total for CCC Program
Revenue							
State Funding							
Residential (Basic)							
Residential --IRT							
Residential -- RDDT							
Residential -- SOS							
PBC							
Facility Payment							
Other							
Federal							
Medicaid							
Grants							
Other							
Local Government							
General Fund							
Other							
Other Programs							
Costs							
Administrative							
Client Services							
Consultant/Professional Fees							
Food Services							
Insurance & Taxes							
Meals & Entertainment							
Other Services							
Personnel - Salaries & Wages							
Rent & Leases							
Repairs & Maintenance							
Capital Expenditures							
Supplies							
Travel							
Urinalysis							
Utilities							
Indirect Costs (G&A)							

As discussed in Chapter 3 and 4 of the report, the Cost Estimation Adjustment for Inflation Model can be used to estimate costs annually. We provide CDPS with tools for using the model and provide an example below. In this report, we recommended per diem rates for fiscal year 2025-26 based on the information program providers submitted to us. With new data collection tools, CDPS can use this model to estimate the costs in the subsequent year for each program to inform its decision making and recommendations for upcoming rates. Additionally, the output can be used to assess whether certain programs are likely to struggle to pay for costs based on per diem rates.

CCC Program	2024 Residential Costs	2024 ADP	2024 Costs Per Client Per Day	2024-25 Inflation Adjustment	2025-26 Estimated Costs Per Client Day
Program A					
Program B					
Program C					
Program D					
Program E					
Program F					
Program G					
Program H					
Program I					
Program J					
Program K					
Program L					
Program M					
Program N					
Program O					
Program P					
Program Q					
Program R					
Program S					
Program T					
Program U					
Program V					
Program W					
Program X					
Average	\$ -	0			

Below, we provide an image of part of the tools used to evaluate changes in cost categories. This tool is to be used to assess the year-over-year changes in costs at each program in each category. CPDS can compare these program cost changes to changes in inflation for each cost category to determine whether the programs are experiencing lower, higher, or similar changes in costs and assess reasonableness in costs reported by programs.

Change in Costs from 2023-2024

CCC Program	Personnel	Rent and Occupancy	Utilities	Maintenance	Facility and Office Supplies	Professional Services	Food Services/Supplies
Program A							
Program B							
Program C							
Program D							
Program E							
Program F							
Program G							
Program H							
Program I							
Program J							
Program K							
Program L							
Program M							
Program N							
Program O							
Program P							
Program Q							
Program R							
Program S							
Program T							
Program U							
Program V							
Program W							
Program X							
Total							

Note: We include a selection of categories in this image, but the full spreadsheet includes every cost category recommended.