

DRUG TREATMENT AND EDUCATION FUND

Report Detailing Fiscal Year 2005



Arizona Supreme Court
Administrative Office of the Courts
Adult Probation Services Division

Acknowledgments

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- The Arizona Department of Corrections

The Drug Treatment and Education Fund (DTEF) report that follows is the sole responsibility of the Administrative Office of the Courts and does not necessarily reflect the opinions of the offices or staff listed above.

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Introduction

In November of 1996, Arizona voters passed the Drug Medicalization, Prevention and Control Act. The centerpiece of the Act is the diversion of certain non-violent drug offenders from prison. The Act requires a court to sentence first and second time non-violent offenders who are convicted of personal possession or use of a controlled substance to probation and drug treatment. The Act created a Drug Treatment and Education Fund (DTEF), which receives revenue from a tax on liquors, to provide the education and treatment services required by the Act. The Act also mandates that the Administrative Office of the Courts (AOC) prepare a report "...that details the cost savings realized from the diversion of persons from prison to probation."

Public policies surrounding issues of substance use treatment and the criminal justice system continue to evolve. Therefore, it is to be expected that many questions from both critics and proponents of the Act will remain unanswered until more complete data is available. The best data available has been presented in this report.

Background

The Drug Medicalization, Prevention and Control Act passed in the November 1996 general election. It subsequently went into effect on December 6, 1996 as Arizona Revised Statutes (A.R.S.) § 13-901.01. Prior to the passing of the Drug Medicalization Act, a person convicted of possession or use of a controlled substance could receive a prison sentence. The passage of the Act changed this sentencing option by requiring the court to suspend the imposition or execution of a sentence for a person convicted for the first or second time of personal possession or use of a controlled substance. The Act also requires this group of drug offenders to be placed on probation with a condition that they participate in an appropriate drug treatment or drug education program in lieu of incarceration.

In the 2002 Arizona General Election, House Concurrent Resolution 2013, also known as Proposition 302, amended section 13-901.01 of the Arizona Revised Statutes relating to probation. The amendment expanded the current Act by enabling the Court to impose a term of incarceration. This may occur if the person convicted of personal possession or use of a controlled substance or drug paraphernalia refuses drug treatment or if the person rejects probation at the time of sentencing.

The Drug Medicalization, Prevention and Control Act also established the Drug Treatment and Education Fund (DTEF), through A.R.S. § 13-901.02. The DTEF receives revenues generated by luxury taxes on liquors and is administered by the Administrative Office of the Courts (AOC). Fifty percent of the money deposited into the fund is distributed to the fifteen Superior Court adult probation departments throughout Arizona to cover the costs of drug education and treatment programs, primarily for the mandatorily sentenced probationer. Once the mandatorily sentenced population has received required substance abuse treatment services, probation departments may utilize their remaining DTEF funds on other probationers (discretionary probationers) who evidence a need for substance use treatment. The remaining fifty percent of the DTEF is transferred to the Arizona Parents Commission on Drug Education and Prevention. These funds are utilized for education and prevention programs that involve parents. This report does not contain information regarding programs funded and administered by the Arizona Parents Commission.

Administrative Obligations

Pursuant to statute, the AOC developed a formula to allocate funds to the fifteen statewide adult probation departments. The allocation formula utilized in 2001 and in prior years included the following factors:

- Population over 18 at risk
- Total A.R.S. §13-901.01 cases
- Number receiving treatment
- Total arrests for drug possession or sale

Concerns regarding the “arrests for drug possession or sale” factor (derived from the Department of Public Safety Uniform Crime Report) were raised by a number of the Chief Adult Probation Officers, following the release of the Fiscal Year 2000 Report Card. The concern was that the “arrests for drug possession or sale” factor was not a realistic reflection of the drug possession arrests per county. Therefore, in fiscal year 2002 the arrest factor was removed from the allocation formula and the following factors were included:

- County’s active standard and intensive probation populations at the end of the fiscal year
- Total number of probationers the department served with DTEF funds in the previous fiscal year
- Three year Superior Court felony filing average

Each factor in the modified allocation formula was weighted equally to calculate a composite index necessary to determine the percentage of the fund to be allocated to each probation department. AOC staff and probation chiefs believed the above factors were more relevant for determining DTEF funding and more aligned with Arizona Code of Judicial Administration §6-205, which requires that the formula be based on a composite index used to predict likely probation caseloads. The modified allocation formula has been used consistently since fiscal year 2002. *Appendix B* displays the DTEF allocation schedule for fiscal year 2005.

Each probation department is required to submit a plan to the AOC detailing how it would use the allocated DTEF funds to comply with the statutory treatment requirements. The AOC continues to provide oversight of the DTEF by ensuring the legislation and policies related to A.R.S. § 13-901.01 and the DTEF are adhered to by the adult probation departments statewide. Additionally, the AOC assists in data collection for the purposes of this report and in the expansion of substance use treatment services for adult probationers.

Arizona Report Card

Data presented in this Report Card is based on the eighth year of services supported by the DTEF. A summary of statewide information by the total served and by fiscal year is provided in the body of this report, while more detailed information can be found in *Appendix A*. The information presented is organized by the following populations: total probationers served; mandatorily sentenced probationers; and discretionary probationers. Definitions of the report card elements are presented in *Appendix C*.

This report analyzes treatment information on two levels: the probationer level and the placement level. Probationer level only considers the last treatment that occurred during the fiscal year, while placement level refers to the number of actual placements into treatment programs the probationer received during the fiscal year. This was necessary as a probationer could have been involved in more than one treatment program over the course of the fiscal year. In other words, the treatment outcomes of the probationers were evaluated at the end of the fiscal year, whereas the placement outcomes were reviewed throughout the fiscal year.

Report Highlights

- ✧ A total of 8,575 probationers participated in substance use treatment funded by the DTEF during fiscal year 2005.
- ✧ As a result of this Act, the most realistic prison cost avoidance is estimated to be \$11,703,554 during fiscal year 2005.
- ✧ Of the 8,575 probationers, 6,560 were mandatorily sentenced to probation pursuant to the Act, while 2,015 discretionary probationers received substance use treatment funded by the DTEF.
- ✧ As of the end of fiscal year 2005, 7,158 of the 8,575 probationers ended treatment and of those, 56% complied with the treatment requirements.
- ✧ A total of \$3,113,494 was expended by adult probation departments throughout the state to provide treatment services to the 8,575 probationers during fiscal year 2005.
- ✧ The average substance abuse treatment cost per probationer who entered treatment during fiscal year 2005 was \$363.09.
- ✧ Standard outpatient treatment was the most frequently used treatment intervention (39%).

Total Served Summary for Fiscal Year 2005

A total of 8,575 probationers participated in DTEF funded substance abuse treatment or education programs during fiscal year 2005. As expected, Maricopa, the most populous county in Arizona, served 75% of the state's probationers. Of the 8,575 statewide probationers participating in DTEF funded treatment during fiscal year 2005, 6,560 (77%) were mandatorily sentenced probationers, while 2,015 (23%) were discretionary probationers who qualified for DTEF treatment services based upon their substance use.

Treatment interventions utilized by statewide probation departments depends on the availability of resources, location of resources, and management of each county's treatment dollars. The most frequently used treatment intervention was standard outpatient treatment (39%). Other interventions were utilized as follows:

▪ Assessment Only	23%
▪ Drug Education	11%
▪ Standard Outpatient	39%
▪ Intensive Outpatient	20%
▪ Lapse/Relapse	1%
▪ Short Term Residential	1%
▪ Long Term Residential	0%
▪ Motivational Enhancement ¹	5%
▪ Day Treatment	0%
▪ Treatment Unreported	0%

Treatment information analyzed at the *probationer level* (defined as the last treatment that occurred for the probationer during the fiscal year) revealed as of June 30, 2005, 804 of the 8,575 probationers served were still participating in treatment services and therefore, did not have treatment outcomes, while 613 probationers had an unreported outcome². Of the 7,158 that ended treatment:

- 56% completed a drug education or treatment program
- 44% were terminated from treatment

Treatment information analyzed at the *placement level* (defined as the total number of actual treatment placements during the fiscal year) revealed that, of the 9,372 treatment placements, 7,762 treatments ended and of those, 55% of the placements were completed, while 45% of the placements were terminated. Additionally, 897 placements were still open at the end of fiscal year 2005 and 713 placements were not sufficiently documented to determine outcome.

¹Maricopa County is the only county that identifies Motivational Enhancement and Lapse/Relapse treatment programs separately from other treatment modalities. Other counties indicate that these are components within certain treatment modalities.

²Probationers with an unreported outcome includes probationers whose outcome was undocumented or unknown at the time this report was compiled and probationers whose treatment funding source changed from DTEF to another funding source (e.g., county funds) during the course of their treatment. There is currently no requirement for counties to collect data on treatment services funded through sources other than DTEF.

Mandatorily Sentenced Probationers

The type of treatment interventions utilized by the probation departments for the 6,560 (77%) mandatorily sentenced probationers is detailed below:

▪ Assessment Only	29%
▪ Drug Education	11%
▪ Standard Outpatient	39%
▪ Intensive Outpatient	18%
▪ Lapse/Relapse	0%
▪ Short Term Residential	0%
▪ Long Term Residential	0%
▪ Motivational Enhancement	3%
▪ Day Treatment	0%
▪ Treatment Unreported	0%

Treatment information analyzed at the *probationer level* revealed that 244 of the total 6,560 mandatorily sentenced probationers were still participating in treatment at the end of fiscal year 2005 and therefore, did not have treatment outcomes. Additionally, 484 probationers had unreported treatment outcomes. Of the 5,832 mandatorily sentenced probationers that ended treatment:

- 57% completed a drug education or treatment program
- 43% were terminated from treatment

Treatment information analyzed at the *placement level* revealed the probationer complied with the treatment program in 56% of the placements and was terminated in 44% of the placements.

First Conviction

Of the mandatorily sentenced probationers, 4,494 (69%) were sentenced for their first possession or use of controlled substances or drug paraphernalia conviction. At the end of fiscal year 2005, a total of 183 were still participating in treatment and 306 had an unreported treatment outcome. Of the 4,005 first conviction, mandatorily sentenced probationers who ended treatment:

- 60% completed a drug education or treatment program
- 40% were terminated from treatment

Second Conviction

Of the mandatorily sentenced probationers, 2,066 (31%) were convicted a second time of possession or use of controlled substances or drug paraphernalia. By the end of fiscal year 2005, a total of 61 probationers were still in treatment and 178 had an unreported treatment outcome. Of the 1,827 second conviction mandatorily sentenced probationers who ended treatment:

- 49% completed a drug education or treatment program
- 51% were terminated from treatment

Discretionary Probationers

The types of treatment interventions utilized by the probation departments for the 2,015 (23%) discretionary probationers are detailed below:

▪ Assessment Only	4%
▪ Drug Education	11%
▪ Standard Outpatient	41%
▪ Intensive Outpatient	28%
▪ Lapse/Relapse	2%
▪ Short Term Residential	2%
▪ Long Term Residential	1%
▪ Motivational Enhancement	11%
▪ Day Treatment	0%
▪ Treatment Unreported	0%

Treatment information analyzed at the *probationer level* revealed that 560 of the discretionary probationers remained in treatment at the close of fiscal year 2005 and therefore did not have treatment outcomes. Additionally, 128 probationers had an unreported treatment outcome. The following information represents the treatment results of the 1,327 probationers who ended treatment:

- 51% completed a drug education or treatment program
- 49% were terminated from treatment

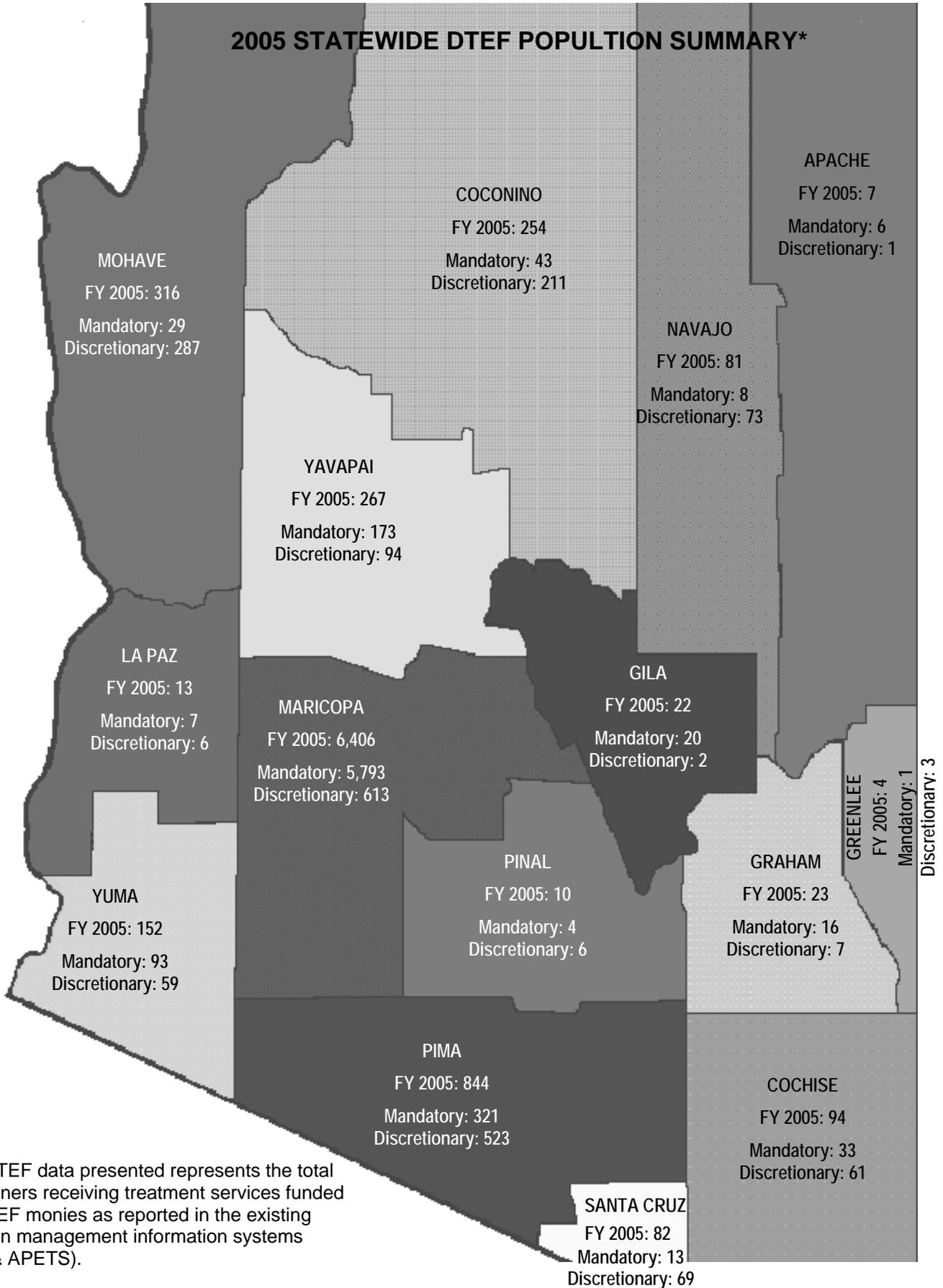
Treatment information analyzed at the *placement level* revealed the probationer complied with the treatment program in 52% of the placements and was terminated in 48% of the placements.

Table 1

Mandatorily Sentenced Summary Fiscal Year 2005	
Mandatorily Sentenced	6,560
Percent Completed Treatment	57%
Percent Terminated Treatment	43%
Treatment Program Most Frequently Used	Standard Outpatient (39%)

Discretionary Probationer Summary Fiscal Year 2005	
Discretionary Probationers	2,015
Percent Completed Treatment	51%
Percent Terminated Treatment	49%
Treatment Program Most Frequently Used	Standard Outpatient (41%)

Arizona Counties



* The DTEF data presented represents the total probationers receiving treatment services funded with DTEF monies as reported in the existing probation management information systems (PIMS & APETS).

2005 Statewide Cost Analysis

The AOC is required to prepare a report detailing the costs avoided through diverting offenders from prison to probation as a result of A.R.S. §13-901.01. The challenge inherent in this mandate is that trial judges are not required to state on the court record that an offender would have been committed to prison were it not for A.R.S. § 13-901.01. Since there is no absolute way to determine an exact number of offenders that would have been initially prison-bound, absent A.R.S. §13-901.01, a method of tracking the estimated number of prison diversions needed to be developed.

The formula which was developed utilizes data from the Arizona Department of Corrections (ADC) and focuses on commitments from the seven fiscal years preceding the enactment of A.R.S. § 13-901.01 (1990 - 1996) to predict estimated commitments following fiscal year 1996. The predictions are compared to the actual commitments to ADC during 1997 - 2005. The difference between the two is assumed to be the result of the statute.

For the purpose of this report, there are two ways an offender can be sentenced to prison: as part of the original court proceeding (direct commitment); or as a result of a probation violation. Both ways are discussed below and are then combined in the calculations. Alternative cost scenarios are also offered in this report as an option to other states considering this methodology; however, all options should be considered with caution as they are only estimates.

While it is recognized that not all of the 6,560 probationers mandatorily sentenced pursuant to A.R.S. § 13-901.01 would have been sentenced to prison, data provided by the ADC suggests that the statute had some affect. Based on predicted commitments, it is estimated that 1,072 offenders would have been sentenced to ADC during fiscal year 2005 had it not been for the statute. *Appendix D* offers an explanation to the trend analysis utilized, which includes commitments to the ADC from fiscal year 1990 to 2005 for possession of drugs and possession of drug paraphernalia, which covers the time periods both before and after the establishment of the DTEF. Both direct court and probation violation commitments are included in the data. Offender-level data was made available and counted according to the following conditions:

- No prior commitment to the ADC for a violent offense
- No prior commitments for possession of drugs or paraphernalia
- Possession of drugs or paraphernalia had to be the sentencing charge (other felony drug charges not included)

The estimated avoided costs for this report were calculated based on the diverted offenders being placed in Level II and Level III ADC facilities and private prisons (non-ADC operated). Level II and III ADC facilities house offenders who present a *minimal or moderate* institutional and/or public risk. Private (non-ADC operated) facilities house a predominate number of offenders convicted of DUI and drug law violations³. It was assumed that defendants sentenced to imprisonment for drug law violations would be housed in one of the above facilities due to their minimal institutional and/or public risk.

Table 2 offers an estimation of the costs avoided during fiscal year 2005. This represents the best approximation of what would happen if the estimated 1,072 offenders had been committed to both private prisons and ADC operated prisons in lieu of being placed on probation. The estimation of avoided costs is discussed in further detail in *Appendix D* of this report.

³ Arizona Department of Corrections (ADC), Fiscal Year 2003 Annual Report

Table 2 Estimation of Avoided Costs	
	Fiscal Year 2005 Costs
Total Arizona Practical Costs	\$ 14,560,932
Total Probation Costs	\$ 2,857,378
Total Net Costs Avoided	\$ 11,703,554

In addition to the estimated avoided costs based upon the 1,072 offenders presented above, there are two alternative cost scenarios that could be considered depending on the availability of bed space at ADC. The alternative cost scenarios presented are ADC Costs and Fully Privatized Costs.

- ADC Costs are the direct costs associated with adding additional inmates to the Arizona Department of Corrections. In fiscal year 2005 ADC was appropriated a marginal cost of \$3,531 per additional inmate. This cost covers what ADC has to spend to house, feed and supervise each additional inmate, independent of any administrative costs⁴.
- Fully privatized costs are the costs that would be incurred if all the estimated 1,072 offenders diverted from ADC were sent to private prisons or other non-ADC operated facilities.
- Practical Costs represent what realistically occurs in the State of Arizona. This cost represents one-third of the diverted offenders being placed in ADC facilities and two-thirds of diverted offenders being placed in private facilities contracted with ADC.

Table 3 offers an estimation of the cost scenarios for costs that could have been avoided during fiscal year 2005. A more in-depth discussion of how these costs are calculated is listed in *Appendix D* of this report.

Table 3 Alternative Cost Scenarios – Fiscal Year 2005 (1,072 diversions)				
	ADC Facility		Fully Privatized Facility	
Prison Costs	\$	4,266,352	\$	19,708,223
Probation Costs	\$	2,857,378	\$	2,857,378
Net Costs Avoided	\$	1,408,974	\$	16,850,845

Cost Issues

The cost issues presented in this report suggest that there are costs avoided by the diversion of offenders from prison to probation. Conversely, costs associated with continued use of illegal drugs and the commissions of other crimes by those offenders who remain in the community have not been evaluated. Therefore, costs associated with improved quality of life or continued involvement in the criminal justice system are difficult to quantify in a cost savings formula and were not included as factors in this report.

⁴ The original costs are less than the published total operational costs, which include both direct and indirect costs.

Future Reports

The AOC, in conjunction with statewide probation staff, will continue to devote available resources to provide efficient, cost-effective treatment services to probationers. This will include improving data collection/tracking and refining the process established by probation departments for effectively moving offenders through the diversion process. The goal of maximizing the effective use of treatment dollars will remain a priority for the AOC.

In future reports, the AOC would like to expand on the data reported as well as explore cost benefit calculations. Some information presented in previous reports could not be included in this report because the data was incomplete, unavailable or unreliable. The accuracy, collection, and completeness of the data were limited in the past by the lack of a statewide automation system. In fiscal year 2003, the Adult Probation Enterprise Tracking System (APETS) was implemented in Maricopa County and is expected to be implemented in the remaining counties by December of 2006. With the continued implementation of APETS the AOC will continue to address the importance of accurate data collection and input in order to improve the quality and availability of DTEF data for future analysis and reports.

Appendix A

PART A – TOTAL SERVED

**DTEF REPORT CARD
FISCAL YEAR 2005**

ARIZONA



Total Expenditure: \$3,113,494

Total Served: 8,575

**Treatment Information
(per probationer)**

Average Treatment Cost per Probationer: **\$363.09**

Probationers Still In Treatment	Total Treatments Ended	Percent Complied With Treatment	Percent Terminated From Treatment	Unreported
804	7,158	56%	44%	613

**Treatment Information
(per placement)**

Total Placements: 9,372

Number of Placements that Ended	Percent Complied with Placement	Percent Terminated from Placement	Number of Unreported Placements	Number of Placements that have not Ended
7,762	55%	45%	713	897

Assessment Only	22.8%	Lapse/Relapse	0.7%	Day Treatment	0.0%
Drug Education	11.0%	Short Term Residential	0.7%	Unreported	0.2%
Standard Outpatient	39.2%	Long Term Residential	0.3%		
Intensive Outpatient	20.2%	Motivational Enhancement	4.9%		

PART B – TOTAL SERVED
BREAKOUT

**DTEF REPORT CARD
FISCAL YEAR 2005**

ARIZONA



**Treatment Information by Group
(per probationer)**

		<u>Mandatory</u>	<u>Discretionary</u>
Number Still in Treatment	Total Served:	6,560	2,015
	Number of Treatments that Ended:	5,832	1,327
<u>Mandatory</u>	Percent Complied with Treatment:	57% (3,296)	51% (683)
		244	
<u>Discretionary</u>	Percent Terminated from Treatment:	43% (2,536)	49% (644)
		560	
Number Unreported:		484	128

**Treatment Information by Group
(per placement)**

		<u>Mandatory</u>	<u>Discretionary</u>
Total Placements	Assessment Only	28.8%	4.4%
	Drug Education	11.0%	10.8%
	Standard Outpatient	38.5%	41.4%
	Intensive Outpatient	17.6%	27.9%
	Lapse/Relapse	0.5%	1.6%
	Short Term Residential	0.3%	2.1%
	Long Term Residential	0.1%	1.0%
	Motivational Enhancement	3.0%	10.6%
	Day Treatment	0.0%	0.0%
	Unreported	0.2%	0.2%
<u>Mandatory</u>		7,040	
<u>Discretionary</u>		2,332	

Appendix B

DTEF Allocation Schedule Fiscal Year 2005

Table 4

COUNTY	Active Standard Cases (1)	Active IPS Cases (1)	Total Served FY 2003 (3)	% Served	Superior Court Felony Filing Average (2)	Composite Index Factor	FY 2004 Allocation	FY 2005 Allocation (4)	Dollars Variance	% Variance
APACHE	265	35	5	0.06%	247	0.65%	\$24,231	\$21,228	(\$3,003)	-12.39%
COCHISE	577	121	244	3.15%	885	2.76%	\$78,395	\$89,926	\$11,531	14.71%
COCONINO	665	125	375	4.84%	995	3.34%	\$92,461	\$108,811	\$16,350	17.68%
GILA	533	45	94	1.21%	773	1.50%	\$42,097	\$48,885	\$6,788	16.12%
GRAHAM	255	41	53	0.68%	354	0.91%	\$30,596	\$29,674	(\$922)	-3.01%
GREENLEE	49	12	3	0.04%	92	0.20%	\$6,383	\$6,383	\$201	3.15%
LA PAZ	151	10	52	0.67%	398	0.58%	\$20,415	\$20,415	(\$1,584)	-7.76%
MARICOPA	22788	1,273	See (3)	60.00%	30,972	59.26%	\$1,877,234	\$1,877,234	\$51,308	2.73%
MOHAVE	1330	63	519	6.69%	1,477	3.98%	\$132,911	\$129,441	(\$3,470)	-2.61%
NAVAJO	621	75	143	1.84%	901	2.06%	\$64,017	\$67,098	\$3,081	4.81%
PIMA	4148	516	1,025	13.22%	4,390	13.26%	\$425,535	\$431,508	\$5,973	1.40%
PINAL	1240	54	17	0.22%	1,514	2.23%	\$72,246	\$72,684	\$438	0.61%
SANTA CRUZ	137	32	23	0.30%	263	0.60%	\$23,667	\$19,578	(\$4,089)	-17.28%
YAVAPAI	1637	161	432	5.57%	1,943	5.05%	\$170,055	\$164,321	(\$5,734)	-3.37%
YUMA	926	205	116	1.50%	1,352	3.61%	\$139,757	\$117,390	(\$22,367)	-16.00%
TOTAL	35,322	2,768	3,101	100%	46,556	100%	\$3,200,000	\$3,254,501	\$54,501	

(1) As of 4/30/2004

(2) Superior Court Felony Filing 3 yr. average FY 2001-2003

(3) As a result of unresolved data issues in Maricopa County during FY 2003 & FY 2004, the percent served was frozen at 60% with the remaining 40% allotted to the other counties. This formula will be revisited prior to the allocation of FY 2007 monies.

(4) Total amount allocated differs from the total amount expended (\$3,113,494), which is the amount in the treatment cost formula (see page 32).

Appendix C

DTEF Report Card Definitions

Average Treatment Cost Per Probationer	The total DTEF county expenditures divided by the number of probationers served.
Complied with Treatment (Placements)	The percentage of the completed placements in which the probationer met the following criteria: <ul style="list-style-type: none">• Completed the provider's program• Did not re-offend, abscond, or have a petition to revoke probation filed prior to completing treatment.
Complied with Treatment (Probationers)	The percentage of probationers, of the total served, who ended treatment as of the end of the fiscal year, who met the following criteria: <ul style="list-style-type: none">• Completed the provider's program• Did not re-offend, abscond, or have a petition to revoke probation prior to completing treatment.
Discretionary Probationers	Those probationers treated with remaining DTEF monies once the mandatorily sentenced probationers are treated.
Mandatorily Sentenced Probationers	Probationers sentenced to probation pursuant to A.R.S. § 13-901.01 post House Concurrent Resolution 2013, which enabled the Court to revoke probation and sentence the probationer to a term of incarceration. Prior to House Concurrent Resolution 2013 and in previous Report Cards, mandatorily sentenced probationers were referred to as <i>prison ineligible</i> .
Number of Treatments that Ended (Placements)	The number of placements where the probationer either complied with treatment or was terminated from treatment.
Number of Treatments that Ended (Probationers)	The number of probationers who either complied with treatment or were terminated from treatment.
Number Still in Treatment	The number of probationers who were still in treatment at the end of the fiscal year.
Number Unreported (Placements)	Over the course of the fiscal year, the number of placements with unknown treatment outcomes.
Number Unreported (Probationers)	Over the course of the fiscal year, the number of probationers with unknown treatment outcomes.
Terminated from Treatment (Placements)	The percentage of placements in which the probationer did not complete treatment for the possible following reasons: failure to pay, failure to comply with treatment, re-offending, absconding, or having a petition to revoke probation filed.

Terminated from Treatment
(Probationers)

The percentage of probationers, of the total served, who ended treatment as of the end of the fiscal year, which did not complete treatment for the possible following reasons: failure to pay, failure to comply with treatment, re-offending, absconding, or having a petition to revoke probation filed.

Treatment Information (Placements)

The treatment placement information is based on total placements not individual probationers. A probationer may have multiple treatment placements. Each item in this category is viewed in terms of the total number of treatment placements made over the course of the fiscal year.

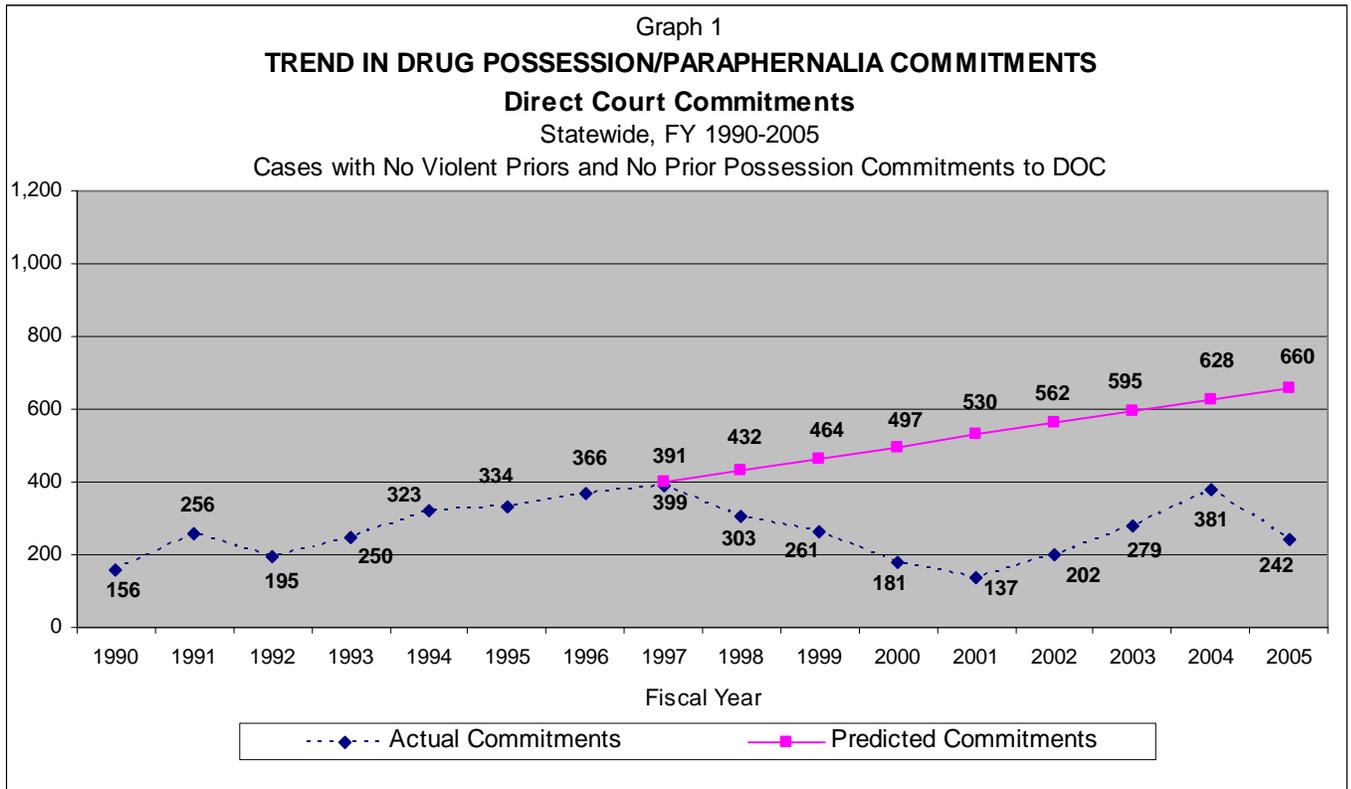
Appendix D

Detailed Explanation of the Cost Analysis Methodology

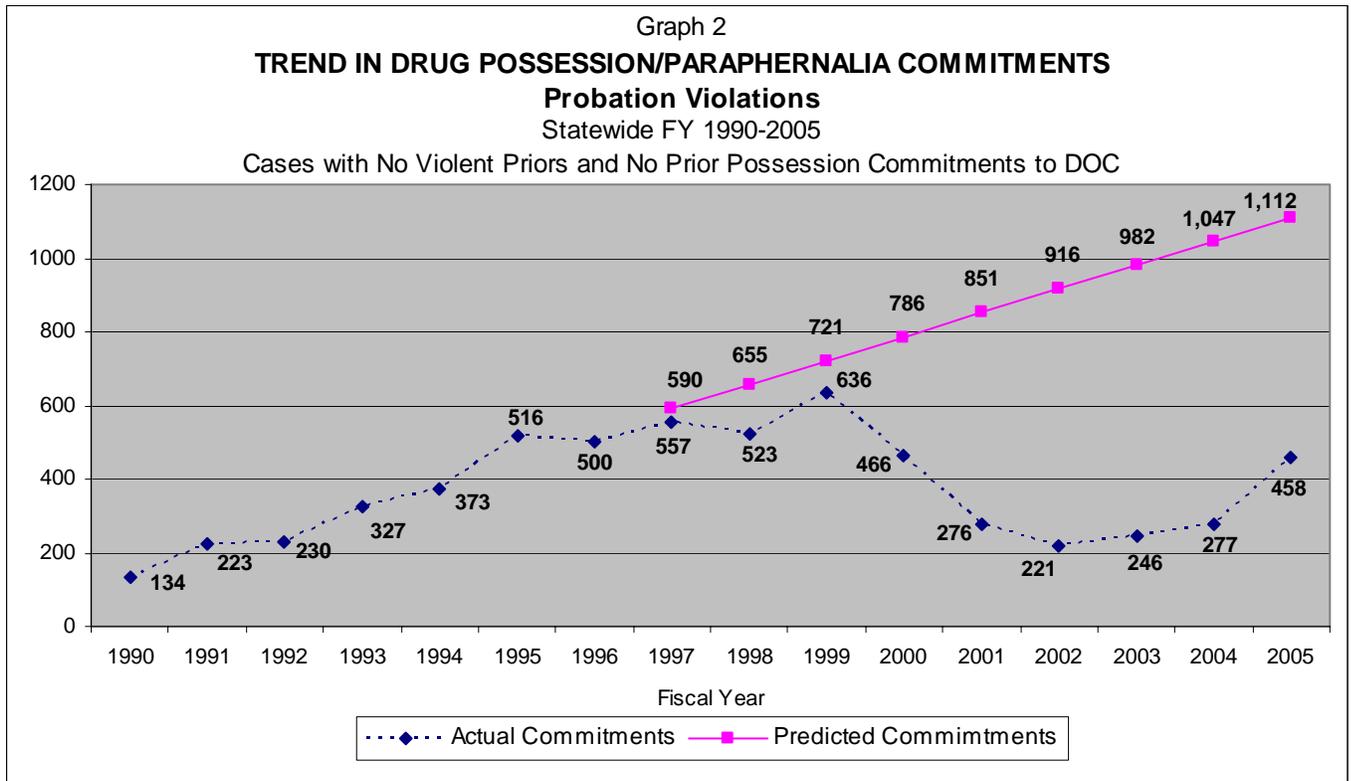
Trend Analysis

The first step toward determining the costs avoided by diverting offenders from prison to probation was to conduct a time trend regression analysis. The regression was run using the total number of commitments (direct court and probation violation) for possession of drugs and paraphernalia combined for fiscal years 1990 - 1996 in order to predict the expected commitments for fiscal years 1997 - 2005. The difference between the predicted commitments and the actual number of commitments reported from 1997 to 2005 is considered to be the number of prison diversions for each year. Thus, for fiscal year 2005 the total number of prison diversions based on direct court commitments predicted by the model was 418 and the total number of prison diversions based on probation violation commitments was 654, for a grand total of 1,072 estimated diversions from prison.

Graphs 1 and 2 illustrate the results of the trend analysis performed using data from ADC. The top line is the predicted commitments to ADC and the bottom line is the actual commitments to ADC. The difference between the predicted and actual commitments was considered to be the number of prison diversions for each year. See equation below graph.

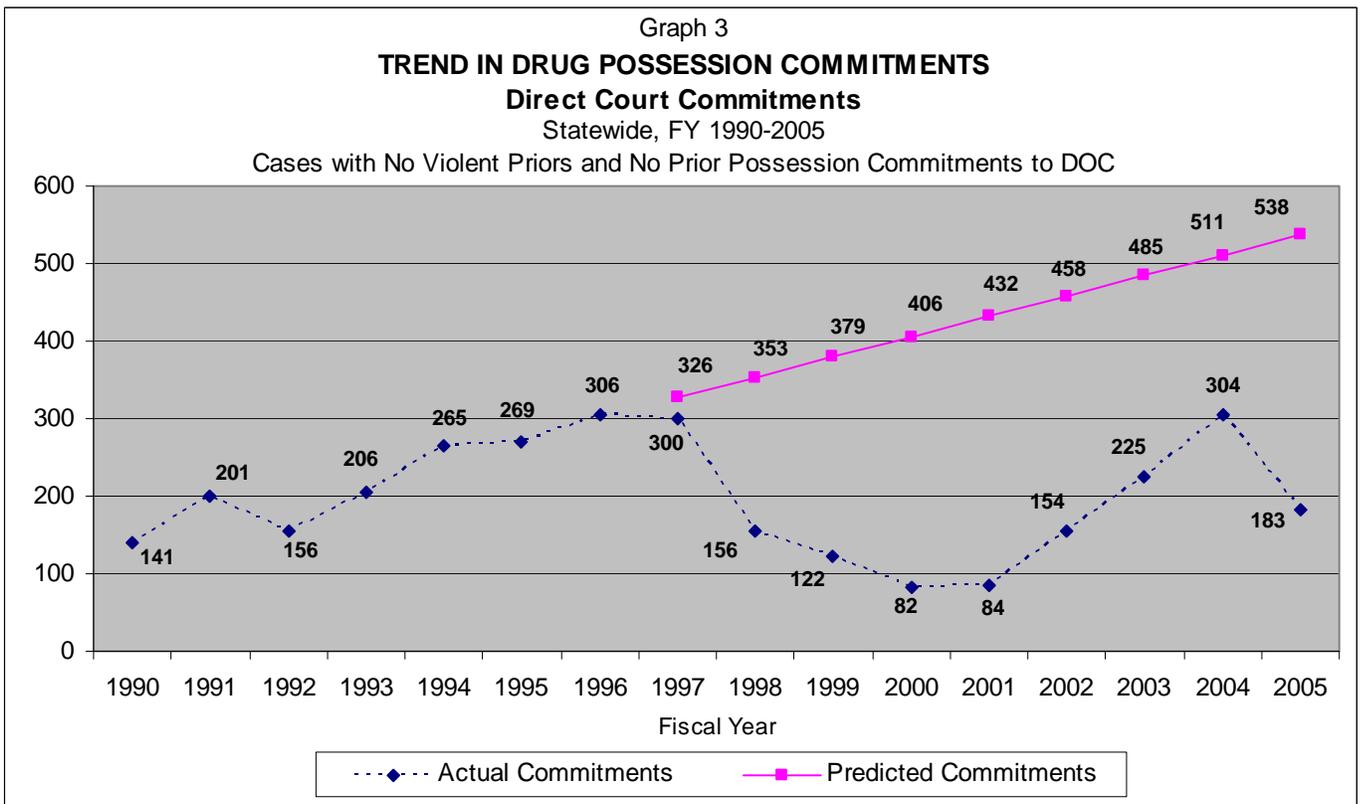


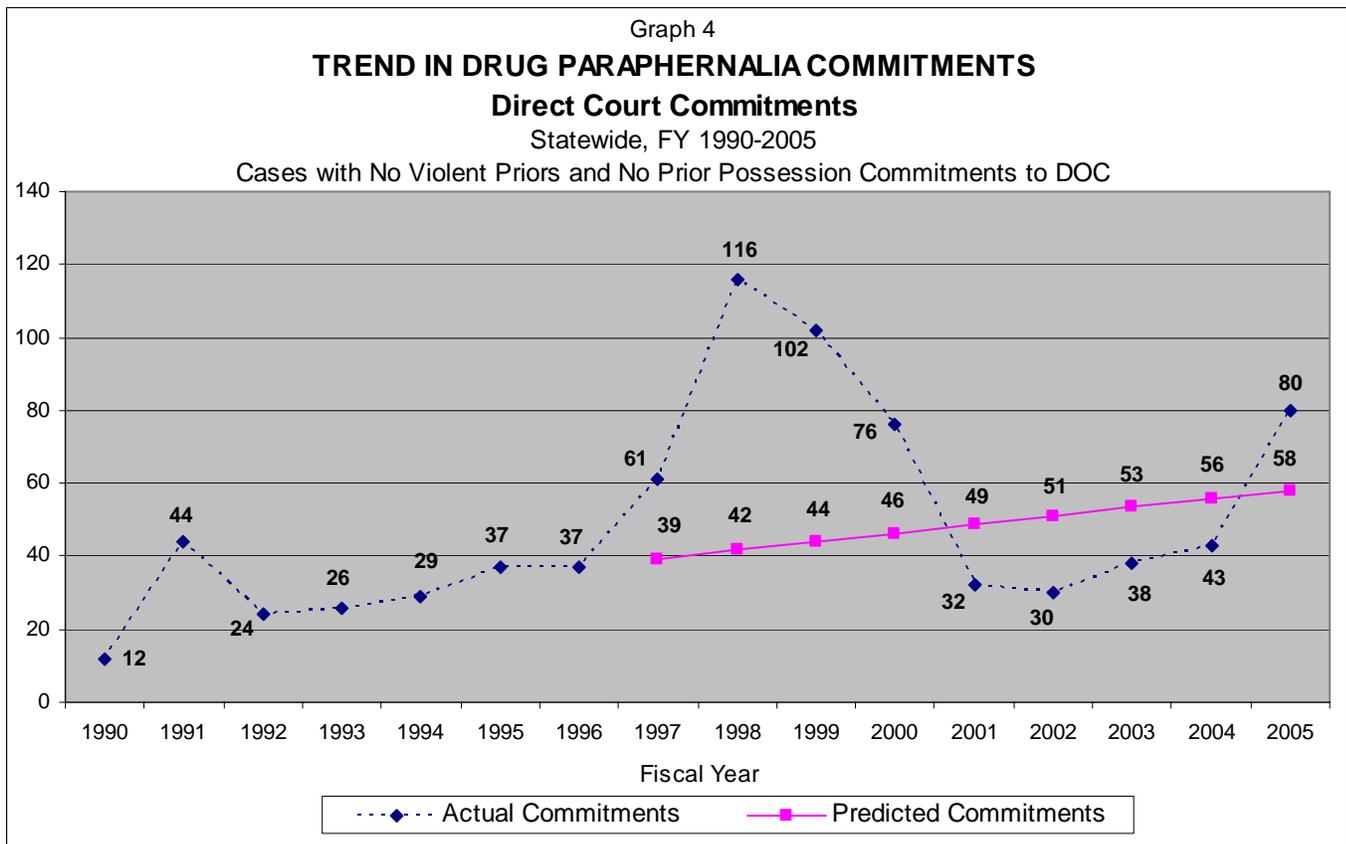
Equation: $[660 - 242 = 418]$



Equation: $[1,112 - 458 = 654]$

When drug possession and possession of drug paraphernalia are analyzed separately, the trends are very different (see Graphs 3 and 4). Graph 3 presents the trend in direct court commitments for drug possession. As presented, the data follows the general pattern of the combined commitments in Graph 1.





As can be seen in Graph 4, commitments for possession of drug paraphernalia actually increased after fiscal year 1996. The increase is likely the result of cases brought up on appeal to the Arizona Court of Appeals, in which the two divisions offered differing opinions.⁵ In 1998, Division II, in *State v. Holm*, held that possession of drug paraphernalia was not a “lesser included offense” and therefore did not fall under § 13-901.01.⁶ In March of 2000, Division I ruled that possession of drug paraphernalia was covered under § 13-901.01 in *State v. Estrada*.⁷

Prison Cost Avoidance Calculation

The trend analysis is the first step in the overall cost avoidance calculation. The next step involves two cost avoidance calculations. These calculations are applied to the ADC Costs, Fully Privatized Costs, and Arizona Practical Costs. The data below are necessary for the cost calculations:

- The estimated number of prison diversions
- The average sentence length for each year (1997-2005) and the estimated time served
- The time served in the first year sentenced (six months)
- The time served in subsequent years following sentencing (time served minus six months, not to exceed twelve months)
- The cost per month associated with ADC and privatized costs

During discussions with ADC staff to determine whether the previous cost savings calculation still applies, it was decided that total ADC costs (which included both direct and indirect costs) and ADC Capital costs (cost of building new prison facilities) be eliminated from the calculation in this Report

⁵Court of appeals Division I contains the counties of Mohave, La Paz, Yuma, Coconino, Yavapai, Maricopa, Navajo and Apache. Court of Appeals Division II contains the counties of Pima, Pinal, Gila, Greenlee, Graham, Cochise, and Santa Cruz.

⁶*State v. Holm*, 195 Ariz. 42, 985 P.2d 527 (App. 1998).

⁷*State v. Estrada*, 197 Ariz. 383, 4 P.3d 438 (App. 2000).

Card. During the past several years, ADC has sought contracts to house offenders with both public and private facilities to avoid expensive construction costs. In fact, since the last published Report Card, an increasing number of low-level offenders are being housed in non-ADC operated prisons. Therefore, instead of including ADC Capital Costs, AZ Practical Costs were added to reflect the current trend in offender placement in Arizona; one-third of the diverted offenders placed in ADC prisons and two-thirds of diverted offenders placed in non-ADC prisons.

Calculation 1: Report Year Diversion Costs

The first calculation, Report Year Diversion Costs, involves the cost associated with the estimated offenders diverted during fiscal year 2005. This calculation is based on the assumption that offenders will spend an average of six months in prison in the first year they are sentenced. The following equation is used to derive Report Year Diversion Costs.

$$\text{Number of Diversions} \times \text{Cost per Month} \times \text{Time Served in FY Sentenced (6 months)}^8$$

Calculation 2: Diversion Costs from Prior Fiscal Year

Diversion Costs from the prior fiscal year is the second part of the overall calculation. The basic assumption is that offenders from the previous fiscal year would serve the remainder of their sentence in subsequent fiscal years. The following equation was used to derive prior fiscal year diversion costs:

$$\text{Diversions from Previous FY} \times \text{Cost per Month in Current FY} \times (\text{Time Served} - \text{Time Served in Prior FY (not to exceed 12 months)})^9$$

The overall Diversion Costs calculation is as follows:

$$\begin{aligned} & \text{Number of Direct Court Diversions} \times \text{Cost per Month} \times 6 \text{ months} \\ & \quad + \\ & \text{Direct Court Diversions from Previous FY} \times \text{Cost per Month in Current FY} \times \\ & \quad (\text{Time Served} - \text{Time Served in Prior FY (not to exceed 12 months)}) \\ & \quad + \\ & \text{Number of Probation Violation Diversions} \times \text{Cost per Month} \times 6 \text{ months} \\ & \quad + \\ & \text{Probation Violation Diversions from Previous FY} \times \text{Cost per Month in Current FY} \times \\ & \quad (\text{Time Served} - \text{Time Served in Prior FY (not to exceed 12 months)}) \end{aligned}$$

Some of the variables are constant across the calculations. The following table outlines the data used in all of the remaining calculations.

⁸ Six months is an average of time served in the fiscal year sentenced.

⁹ Sentences greater than 18 months carry over into subsequent fiscal years; therefore, the total time served in the current fiscal year can not exceed 12 months.

**Table 5
Variables Used in Cost Calculations¹⁰**

Year	Direct Court (DC) Total Time Served (months)	Probation Violation (PV) Total Time Served (months)	DC Diversions	PV Diversions	Average Cost Per Month	
					ADC Costs	Private Costs
2004	17.2	12.9	247	770	\$294	\$1,268.64
2005	8.74	16.6	418	654	\$294	\$1,358.12

ADC Costs

ADC costs represent the amount that ADC has to spend to house, feed and supervise one additional inmate in ADC facilities¹¹. ADC costs (also referred to as Marginal or Incremental costs) are appropriated from the Joint Legislative Budget Committee at \$3,531 per additional inmate. To determine the ADC costs the annual appropriation of \$3,531 (per inmate)¹² was divided by 12 to get \$294 per month for each additional inmate.

- For offenders diverted in fiscal year 2005 and carried over from fiscal year 2004, the total ADC costs were **\$4,266,352**.

[Equation: ((418*294*6) + (247*294*11.2)) + ((654*294*6) + (770*294*6.9))]

Fully Privatized Costs

Another possibility is that, instead of building new prisons to accommodate the increase in inmates, ADC would send all of the estimated 1,072 offenders to private or other non-ADC operated prisons.¹³ The Fully Privatized Cost uses \$44.62 (FY03¹⁴) per day as reported by ADC. These numbers are then multiplied by 365.25 and divided by 12 to produce an average monthly cost. The average monthly cost for fiscal year 2003 was \$1,358.12.

- For offenders diverted in fiscal year 2005 and carried over from fiscal year 2004, the fully privatized costs for ADC were **\$19,708,223**.

[Equation: ((418*1,358.12*6) + (247*1,358.12*11.2)) + ((654*1,358.12*6) + (770*1,358.12*6.9))]

Arizona Practical Costs

Over the course of the previous years, ADC has acquired contracts with both public and private facilities in Texas, Oklahoma, and Colorado to house inmates in the face of prison overcrowding. In the State of Arizona, ADC utilizes four private facilities (non-ADC operated) and two county jails to house additional inmates. Due to the number of options available for housing, ADC does not anticipate building new prison facilities in the near future to house Level II and III offenders. In the State of Arizona, roughly two thirds of incoming low-level drug offenders are committed to non-ADC operated prison facilities, while one-third are committed to ADC prison facilities. Therefore, the practical costs associated with housing the diverted offenders in Arizona are derived by adding the ADC costs for the one-third of diverted offenders housed in ADC and the private costs for two-thirds of diverted offenders who would have been housed in non-ADC prisons.

¹⁰ ADC data represents estimates as of July 2005.

¹¹ ADC costs are less than the Total Operational Costs reported (includes Indirect costs).

¹² The amount appropriated by JLBC went unchanged from FY 00 to FY 04.

¹³ The use of privatized beds as a longer term solution to overcrowding saves ADC construction costs.

¹⁴ FY 2004 and FY 2005 per capita data was not available at the time this report was prepared.

- Adding one-third of the total ADC costs for diverted offenders housed in ADC and two-thirds of the total private costs for diverted offenders who would have been housed in non-ADC prisons leads to a total operational cost of **\$14,560,932** in fiscal year 2005

For the alternative cost scenarios, different approaches were taken. The approach for each scenario is detailed.

Cost of Probation

Part of the cost calculation for the ADC is the average daily inmate population. This is used to estimate the average population at any given time in the ADC and the average monthly cost. Adult probation does not have the necessary data to emulate this calculation; however, state-funded program capacity, which is the number of probationers that can adequately be supervised for each program (standard and intensive) based on the number of probation officers employed, can be determined. Therefore, the program capacity for fiscal year 2005 for adult standard and intensive supervision was divided into the respective fiscal year state-funded expenditures¹⁵ for adult standard and intensive probation to determine cost of supervision. (Annual cost per probationer for standard supervision was \$1,190.67 and \$6,545.24 for intensive supervision). Total expenditures include state, county, and other funding sources. When a county is solely funded by county dollars there is no requirement for them to provide program allocations, which results in the inability to decipher the amount of funds expended on standard and intensive supervision.

The average annual treatment cost per probationer served by the DTEF for fiscal year 2005 was \$363.09, which was derived by dividing the total county expenditures of \$3,113,494¹⁶ by the total population served of 8,575. The average monthly treatment cost of \$30.26 is calculated by dividing the average total treatment cost per offender by 12 months¹⁷.

Supervision and treatment costs for the diverted offenders are calculated using the same formulas as the prison cost calculations; however, time served is changed to the average time sentenced to probation for DTEF funded probationers. According to a probation violator study conducted by the Adult Probation Services Division of the Administrative Office of the Courts, the average time an offender is on probation before being revoked differs from county to county (*Probation Violator Study*, August 2005). The study reviewed the top three counties responsible for 82% of the probation violator commitments to ADC; Maricopa, Pima, and Mohave. Using the revocation data for the three counties, a probationer spends an average of 17 months on probation before revocation. Therefore, 11 months is used for the calculation of the costs from the current fiscal year, while six months represents the time spent on probation during the prior fiscal year. Table 6 offers the costs for supervision and treatment and outlines the data used to determine total supervision and treatments costs, which is presented in Table 7.

$$\begin{aligned}
 & \text{Number of Diversions} \times \text{Cost per Month (supervision and treatment)} \times \\
 & \quad \text{Time Served in FY Sentenced (6 months)} \\
 & \quad + \\
 & \text{Diversions from Previous FY} \times \text{Cost per Month in Current FY (supervision and treatment)} \times \\
 & \quad \text{Time Served-Time Served in Prior FY (17 months - 6 months = 11 months)}
 \end{aligned}$$

¹⁵ Includes only state funds (Standard: SAE, ISC & CJEF) (Intensive: IPS & CJEF).

¹⁶ Amount expended differs from the amount allocated to the counties during FY 2005 (\$3,254,501 see pg. 21)

¹⁷ Treatment funds that are not used by counties are reverted back to AOC and redistributed to counties needing additional DTEF monies.

Table 6
Probation and Treatment Costs
Direct Court and Probation Violations Combined

Year	Average Time Sentenced	Diversions	Standard Probation	Intensive Probation	Average Supervision Cost per Month (Standard/IPS)	Average Treatment Cost per Month
2004	18 months	1,017	946 (93%)	71 (7%)	\$76.66 / \$418.69	\$57.34
2005	19 months	1,072	987 (92%)	85 (8%)	\$99.22 / \$545.44	\$30.26

Table 7
Total Supervision and Treatment Costs

Fiscal Year	Probation Supervision Costs	Treatment Costs
2004		
Standard Probation	\$ 1,349,522.64	\$ 1,009,413.36
Intensive Probation	\$ 469,770.18	\$ 64,335.48
2005		
Standard Probation	\$ 1,620,064.16	\$ 494,085.28
Intensive Probation	\$ 704,163.04	\$ 39,065.66