Per Diem Cost Drivers: An Analysis of Adult Prison Facilities in Minnesota

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Executive Summary

This report provides a preliminary answer to a fundamental question about correctional practices in Minnesota. Are there operational differences in other jurisdictions that could result in cost-efficiencies if adopted by the Minnesota DOC? The answer is must be "Yes." A Minnesota State Senate staffer recently concluded that staff compensation costs are what drive the overall cost of corrections and that "any true monetary savings must involve staffing decisions." [1] This report supports this contention. This study identifies those areas in which Minnesota DOC staffing levels differ significantly from those found elsewhere for Corrections Officers, Case Managers, Programming, and RNs. There are a variety of reasons for these differences, including inefficient facility architecture and the lack of complexes (multiple custody level facilities on one campus).

The argument has frequently been made that the high rate of community supervision (as opposed to incarceration in adult prison facilities) is the driving force behind Minnesota's high per diem cost. To examine this assertion, this report takes the unique approach of comparing the cost and practices of Minnesota adult facilities ***by security level*** to those found at facilities of similar security levels in other states. Even on a head-to-head comparison by security level, Minnesota has far more security staff than comparable states.

The "bottom line" conclusion of this study is that the absolute number of staff currently employed by the adult corrections department of the Minnesota DOC is sufficient to support a larger inmate population. Thus the Minnesota DOC faces two choices, which are not mutually exclusive: (1) the DOC can immediately reduce its cost by as much as $14 Million (and lower its per diem by $7.00) by reducing the number of employees; and (2) the DOC can freeze hiring until the inmate population increases to such a point that the inmate-to-staff ratios attain the desired levels. In short, as the inmate population grows there is no need to increase staffing for some time; *as long as* the State builds more efficient prison complexes rather than attempting to continue to retrofit inefficient non-prison facilities into the prison system.

We ask that those reading this document consider these recommendations as an ***opportunity for change rather than a mandate for implementation***. Ultimately the decision to change current practices is driven by the effects desired by the relevant stakeholders and policymakers of the State of Minnesota. Our intent is to provide a range of possible choices and information upon which these decisions can be made.

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[1] January 24, 1999. Memo from Chris Turner, Senate Research Staff to the Joint committee Members Re: Cost of Correctional Institutions in Minnesota.

1. Introduction

This study is designed to analyze inmate per diem costs for the adult institutions of the Minnesota Department of Corrections (DOC) in the context of other state DOC practices and expenditures. The goal of this analysis is to determine the array of factors that drive per diem costs and to project the effect of various changes in current DOC practices on these costs. The precipitating events leading up to this commission include public notoriety for the Minnesota DOC having had the highest per diem cost reported for 1996 in a recent National Institute of Justice study[2], new legislation that has the potential to drastically increase the Minnesota prison population for years to come, as well as the increased emphasis on performance measurement and fiscal conservatism initiated by the newly-elected governor.

Throughout the process leading to this report, the Minnesota DOC staff provided unrestricted and unlimited access to institution-level financial data, staffing records, and key organizational personnel. The cooperation of the Minnesota DOC staff, as well as the assistance provided by other state DOCs and Federal Bureau of Prisons (BOP), was extraordinary and is sincerely appreciated. They have our genuine thanks for their prompt and candid responses to a myriad of requests for information.

The mission of any organization defines how resources will be allocated. Specifically, what programs and services will be available within the system. Thus, it is important that we examine the mission of the Minnesota DOC, as well as the State's mission and vision, as a framework for this study. The mission of the Minnesota Department of Corrections is "to develop, provide and promote effective correctional practices that contribute to a safer Minnesota by providing quality, cost-effective correctional services." The DOC states that it is both a service and regulatory agency, with responsibilities that include operating adult and juvenile correctional facilities, community corrections programs, and providing assistance and guidance to state agencies in the management of criminal justice programs and facilities. [3]

This statement, coupled with discussions with key Minnesota stakeholders, makes it apparent that the budget principles of the Ventura-Schunk administration are to be treated as genuine values driving this analysis of the Minnesota DOC per diem. These principles include the need to be fiscally conservative, to do what is necessary - rather than what is nice - and to carefully construct policies and budget systems to ensure that future costs are reasonable and responsible.[4]

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[2] Stephan, J., *State Prison Expenditures, 1996*, Bureau of Justice Statistics, August 1999, NCJ 172211.
[3] www.corr.state.mn.us/organization/federalpriorities.htm. Minnesota Department of Corrections "Minnesota's Federal Priorities 2000, The Big Plan Goes to Washington" February 2000.
[4] Strunk-Ventura Budget Principles.

The Ventura-Schunk administration sets forth the principle that evaluating programs "in tangible ways for real, cost effective results" is paramount and that incentives must be developed to produce desirable behaviors. Thus, this report asks the questions:

- What does it cost the taxpayers of Minnesota to operate adult correctional facilities? and
- Are there operational differences in other states and the Federal BOP that could result in cost-efficiencies if adopted by the Minnesota DOC?

This study seeks to address as many factors associated with per diem costs as possible. However, this goal is limited by time deadlines that make it impossible to explore all areas in depth. Thus, the recommendations contained in this report should be viewed as areas that require additional exploration/review by the Minnesota DOC. Some of the policy changes described in this report are paradigmatic shifts requiring legislative intervention. Other suggestions involve a long-term organizational commitment that can only be achieved with a vision that includes cost efficiency as a primary tenet of the Minnesota DOC.

We ask that those reading this document consider these recommendations in a context of possibilities, (some of which are more palatable than others), and with a willingness to look on this as an ***opportunity for change rather than a mandate for implementation.*** Ultimately the decision to change current practices is driven by the effects desired by the relevant stakeholders and policymakers of the State of Minnesota. Our intent is to provide a range of possible choices and information upon which these decisions can be made.

2. *Scope of Work*

The scope of work contracted for and performed as the basis of this study included:

- An analysis of facility-level budget data for the 8 adult facilities in the Minnesota DOC. Computation of budget shares, per capita expenditures, and staffing patterns by cost center for each facility using this data.

- A one-week trip to Minnesota that included meetings with central administrative staff as well as on-site visits to selected prison facilities. During these visits, key DOC personnel were interviewed and materials collected at:
  - Faribault Correctional Institution
  - Stillwater Correctional Institution
  - Lino Lakes Correctional Institution
  - Rush City Correctional Institution
  - St. Cloud Correctional Institution.

- Under the aegis of the Minnesota DOC, 6 jurisdictions were chosen by the Minnesota DOC that were closest in philosophical practice and complexity for comparison to Minnesota practices as well as per diem initiatives. The New Hampshire DOC did not respond to inquiries. Ultimately, financial, staffing and program information was ultimately obtained from:

  - Delaware
  - Missouri
  - Iowa
  - Washington
  - Ohio.

- With the goal of capturing information that would be of help to the State of Minnesota in its effort to identify areas of excellence, comparable information was acquired from:

  - Wisconsin, since many of the DOC Security Management Staff visited the medium security facility in Black River Falls, WI and used this as a model for per diem costs with a facility of this design; and
  - The Federal Bureau of Prisons (BOP).

- Components of the total Minnesota DOC budget were examined for consistency with the financial elements used to report inmate per diems elsewhere, such as: debt service inclusion; capital construction; capital equipment purchases; and start up costs for new facilities.

- A head-to-head comparison of per capita costs at the Minnesota adult correctional facilities is contained in the next section. The purpose of this analysis was to identify within-state best practices and the reasons for variances among state institutions.

3. *Minnesota Per Diem Cost Comparison for Fiscal Years 1999 and 2000*

As seen in Table 1, the adult corrections budget for the Minnesota DOC has grown at an average annual rate of 4.61% in the past 4 years. Over this period, the inmate population has grown at a slightly faster 4.87% rate, with the result that the cost per inmate-day has fallen by a total of $1.12 over the same time. This decrease in per diem costs has not been spread evenly over all corrections cost centers: despite the partial privatization of correctional medical services, the health care per diem increased over the 4-year period, albeit at the low annual rate of 0.12%. Given the low annual rate of inflation during the past four years, this overview of DOC spending suggests that the decrease in per diem cost is attributable more to the growth in inmate population than to any dramatic change in practices system-wide.

Table 1: Minnesota DOC Budget Growth Rate FY 96-FY 00

	1996	1997	1998	1999	2000	4-year change	average growth rate
Total per diem	$87.95	$88.6	$86.01	$86.28	$86.83	-$1.12	-0.32%
HC per diem	$10.63	$9.32	$10.16	$9.39	$10.68	$0.05	0.12%
Pop	4945	5231	5530	5773	5981	1036	4.87%
Facility Costs	$139,550,543	$151,359,700	$153,088,000	$162,026,820	$166,705,788	$27,155,245	4.55%
HC costs	$19,188,888	$17,803,947	$20,512,996	$19,782,614	$23,371,474	$4,182,586	5.05%
Total w/ HC	$158,739,431	$169,163,647	$173,600,996	$181,809,434	$190,077,262	$31,337,831	4.61%

The average crime rate in Minnesota has not increased markedly over the past 5 years but the incarceration rate has grown significantly. According to the Byrne Report, Minnesota's violent crime rate has been less than half of the US rate for every one of the last 20 years and is continuing to decline.[5] This decrease is part of a national trend. The National Bureau of Justice Statistics (BJS) reported that crime has been decreasing for the past 7 years nationally, while prison populations have continued to rise during that same time period. Incarceration rates are anticipated to continue to grow -- not because more crimes are being committed but rather because the nature of punishment has changed. Recent legislation has limited judicial discretion in sentencing and imposed longer periods

[5] December 1999. Creating A Safer Minnesota A Strategic Plan to Fight Crime, Drugs and Violence through a More Effective Criminal Justice System. Byrne Advisory Committee Report . Office of Drug Policy & Violence Prevention.

of incarceration for many crimes. Indeed, the BJS reports that average prison term is now 27 months nationally.[6]

Again, the State of Minnesota is no exception to these trends. Sentences for drug offenses have doubled in Minnesota from 1982 to 1997, with an average sentence length for drug offenses of 41.8 months.[7] Felons convicted in 1997 will serve an average of 42.07 months in Minnesota using a weighted average to calculate the sentence length from the statistics presented in the Byrne report. This sentence length is almost 40% higher than the national average and has serious implications for prison population growth in Minnesota.

The purpose of this report is not to answer policy questions regarding who should be incarcerated or for how long. Our intent is to examine operational efficiencies for incarcerated felons. The argument has frequently been made that the high rate of community supervision (as opposed to incarceration in adult prison facilities) is the driving force behind Minnesota's high per diem cost. It is conceded that the prison to probation and parole ratio is higher in Minnesota than anywhere else in the country (1:21.9 compared to the national average of 1:5.6 in 1997).[8] However, this report takes a unique approach to respond to the issue of a higher level of security driving overall the per diem in Minnesota upward. This report examined the cost and practices of Minnesota adult facilities ***by security level*** and compared these costs and practices to those found at facilities of similar security levels in other states rather than comparing total per diem costs.

The remainder of this section contains:

- a discussion of the accounting data used to estimate per diem costs;
- a comparison of facility per diem levels and their composition using expense and obligation data for Fiscal Year 1999 (FY 99) for each Minnesota Adult Correctional Facility;
- a comparison of facility per diem levels and their composition using allotment data for Fiscal Year 2000 (FY 00) for each Minnesota Adult Correctional Facility; and
- a discussion of the change in per diem levels from FY 99 to FY 00.

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[6] April 24, 2000. Slevin, P. "Life After Prison: Lack of Services Has High Price." Washington Post Section A 1,10.

[7] Ibid., Byrne Advisory Committee.

[8] Prepared by the Office of Planning and Research, Minnesota Department of Corrections.

In Section 4, the analysis will entail:

- a comparison of the per diem levels (and their composition) between the State of Minnesota adult facilities and other states responding to requests for information for this study; and
- an analysis of relevant attributes and best practices that will prepare the reader for a more detailed discussion of topics contained in later chapters of this report.

All computations for the State of Minnesota are based upon materials supplied by the Department of Corrections. Information for other jurisdictions was either provided by State DOCs or obtained from public sources (i.e., reports, INTERNET sites within the DOC and BJS.) Source materials other than state DOC documents are referenced throughout this document.

3.1. The Current Cost of Corrections in Minnesota

The specific budget data used were found in two reports, the Program Budget Summary for Fiscal Year 1999 (as of 9/30/99) and the Program Budget Summary for Fiscal Year 2000 (as of 1/31/00). The direct cost to Minnesota taxpayers of operating adult correctional facilities was used as the framework for all per diem calculations in this report. Thus, all Fund 100 expenditures, including the cost of health care, Minncor subsidies, and repair and replacement costs, are included in the per diem cost calculations presented below. Traditionally, the DOC reports these costs separately.

Debt service and bonded capital costs are *not* included since they are never directly apportioned (charged) to the Department of Corrections by the State of Minnesota. This approach differs slightly from the one currently used in year-end reporting by the Minnesota DOC in that the official year-end facility per diems exclude some repair and replacement projects paid for out of Fund 100 allotments. We retained these expenditures in an effort to account for all facility-specific non-bonded costs. The treatment of capital expenditures varies from state to state. Of the jurisdictions surveyed in the course of this study, Delaware and Wisconsin *do* include capital costs in their per diem calculations while the Federal BOP, Iowa, Missouri, Ohio and Washington do not include these costs – relying instead on operating expenses only to calculate their respective per diems.

The facility-level per diem estimates provided in this study also do not include general central office overhead. This approach is consistent with the quarterly reporting practices of the Minnesota Department of Corrections. It also serves to focus attention on *operating* differences among Minnesota facilities. Nationally, the treatment of such overhead costs varies by varies by jurisdiction: of the jurisdictions surveyed, this overhead cost was included by the Federal Bureau of Prisons, Missouri, and Washington; it was excluded by Delaware, Iowa, Ohio and Wisconsin.

Table 2: FY 99 Per Diem Components: Adult Facility Totals by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$38.43	$22.50	$4.55	$9.87	$3.38	$10.61	$89.35
BOP							$53.63
Delaware	$32.34	$9.14	$3.77	$5.50	$0.86	$2.41	$54.02
Iowa	$29.23	$13.35	$5.71	$4.86	$0.89	$6.35	$60.39
Missouri							$33.05
Ohio	$26.09	$14.32		$6.11	$2.39	$6.46	$55.37
Washington	$27.71	$8.75	$5.71	$9.45	$2.37	$6.39	$60.36
Wisconsin	$29.73	$5.37	$4.12	$5.80	$2.59	$4.76	$52.37

3.2. Standardization of Information Reporting

One issue encountered throughout this review was the lack of standardization in reporting of information. This problem was also cited by the Minnesota DOC Research and Evaluation Unit in their 1999 Recidivism Report. Specifically, the Research Unit commented on the relative lack of "uniformity in the data collected on correctional program participation in Minnesota (and) little regularity in the form the data takes."[9] This issue is not confined to program participation data. It existed throughout the department from position control reports (vacancies, positions eliminated, work-out-of-class reports, etc.), to the chart of accounts used in financial reporting. These variations in facility-level reports make comparisons between institutions more difficult and reduces the ease with which systematic internal measurement and control takes place (i.e., comparison of line item budget elements.)

One of the fundamental principles of quality management is the systematic evaluation of processes and outcomes with the goal of reducing variances from best practices in order to ensure higher quality outcomes. This measurement can only occur if information is routinely collected and analyzed in a uniform manner. The quarterly reports prepared by MCF-Faribault provide an example of how the collection of certain types of information could be standardized. It is imperative that reporting templates and methods of easily capturing information be built into the system as the DOC information technology system is being developed. Too often information systems become data rich, but information poor. It is the structured systematic reporting of *useful* information that will determine the long-term effectiveness of the information technology and the DOC itself.

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[9] December 1999. 1999 Performance Report: Recidivism in Minnesota. Minnesota DOC Research and Evaluation Unit.

Thus, in the interest of cost control and quality management, it is strongly recommended that the DOC develop a standard format and method of tracking:

- all financial reports;
- positions eliminated and held vacant for salary retention purposes;
- participation in and completion of programming, including what constitutes successful completion and reasons for program termination;
- intra-system inmate transfers with the reason for transfer clearly enumerated from among a set of predefined options (a process that is under consideration and may be made easier with the advent of the COMS system.)

In addition to uniform reporting, it is recommended that:

- The Department adopt a systematic method for the justification of all new positions, technology, and other expenses;
    - Note: Ideally, these new expenditures should be justified in terms of their specific benefits, such as cost savings or revenue generated, rather than assumed to be ends in and of themselves.
- Financial and statistical data be presented routinely (quarterly) in a uniform manner detailing follow-up (results) of proposed changes with a summary of actual expense reductions;
    - Note: If the funds saved from one area (i.e., food services) are expensed in another area or positions are converted from one area to another, this should **not** be counted as a cost savings to the system.
- The DOC develop staffing templates, per facility, by type of personnel rather than having it at the facility level.

The Zero-based Spending Plan prepared by MCF Faribault for Fiscal Year 2000 illustrates the effective use of financial data to justify a set of planned current expense items. By starting with an annual budget of $0.00, the analyst is forced to explain the reasoning behind *each* funding request. This method makes it possible to identify unfunded activities, prioritize expenditures and examine the merits of transferring funds between accounts. This ground-up approach could be expanded to *all* DOC activities, giving the Department to the opportunity to re-examine many of its current operating assumptions.

The following section of this report provides an example of the type of analysis that would be facilitated by more consistent accounting practices at the facility level.

3.3. Per Diem Comparisons

Figure 1 illustrates the absolute amounts spent on major activities in Fiscal Year 1999 (FY 99) per inmate per day, at each Minnesota adult correction facility. Figure 2 uses the same data to illustrate expenditures on major activities as proportions of facility-level per diems. As mentioned earlier, these per diem costs were defined in terms of expenditures and obligations of Fund 100 allotments. Figure 3 and Figure 4 provide comparable information calculated using Fund 100 allotments for Fiscal Year 2000. Tables detailing the spending breakdown can be found in the attached Appendices A-F. For each year, there is a summary table of per diem rates by major activity level, a more detailed per diem table indicating the major elements of specific activities, and a table providing the expenditure data used to compute the reported per diems.

Figure 1 : FY 99 Per Diem Levels Based on Fund 100 Obligations and Expenses

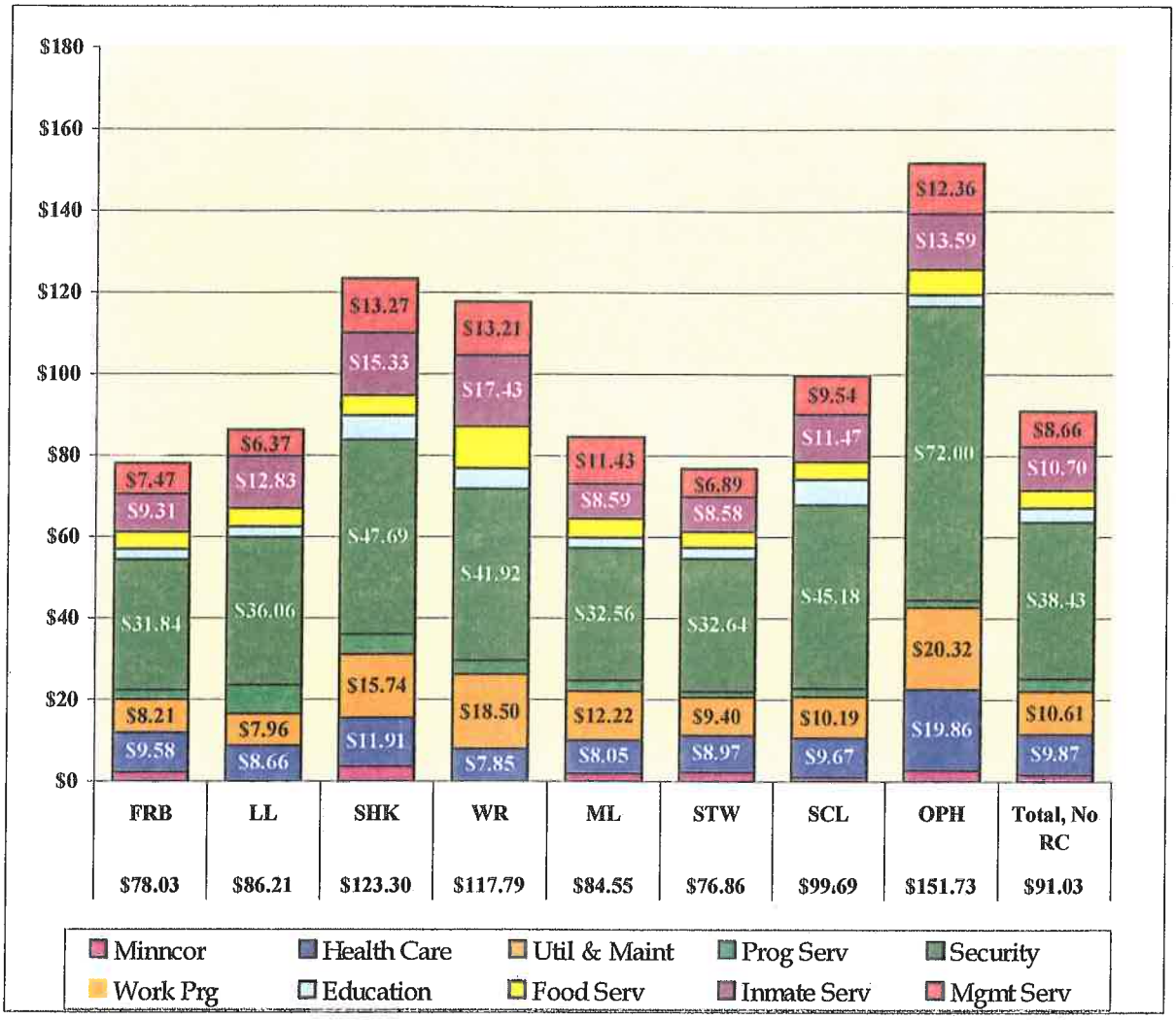


Figure 2: FY 99 Per Diem Components Based on Fund 100 Expenses and Obligations

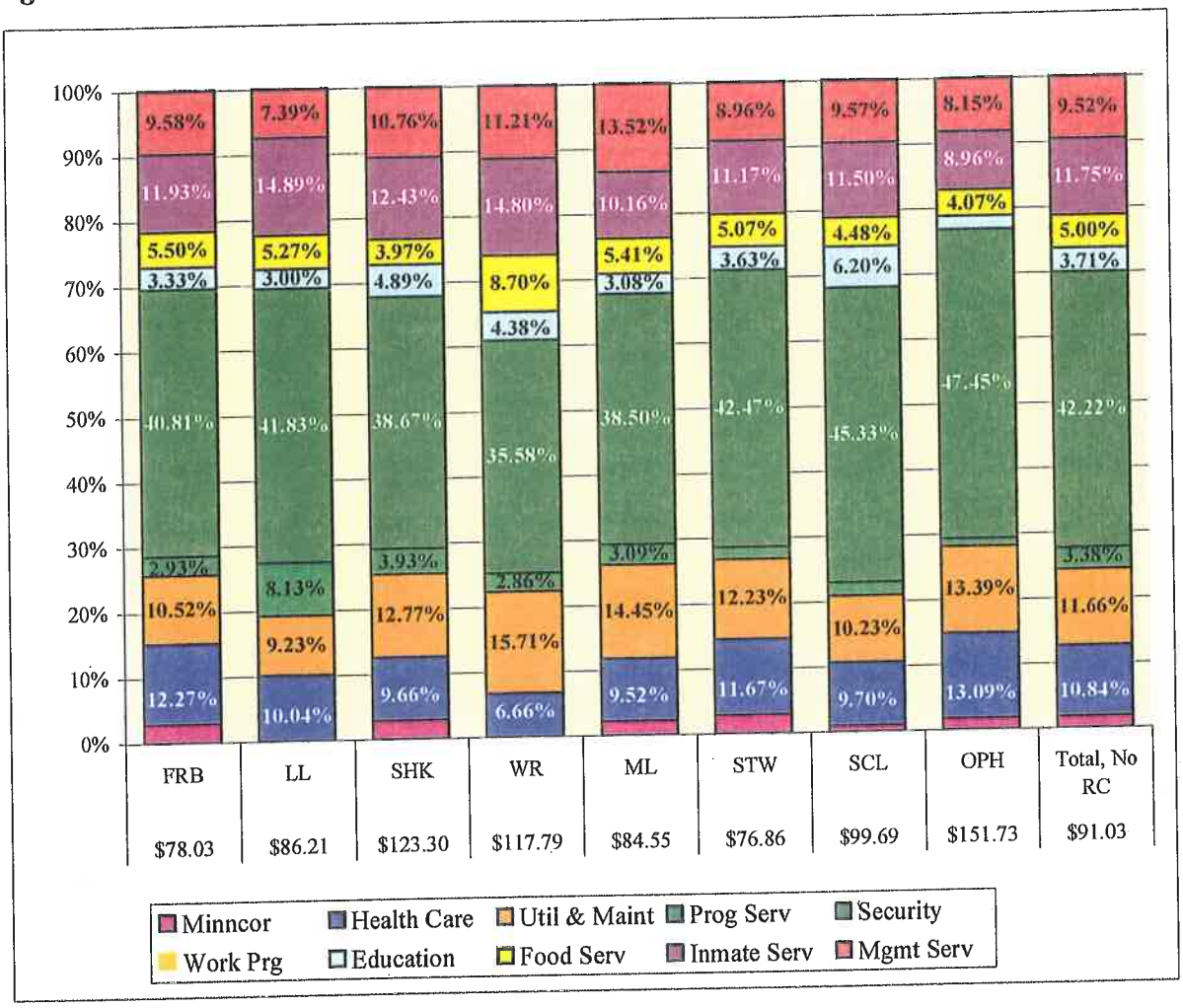


Figure 3: FY 00 Per Diem Levels Based on Fund 100 Allocations

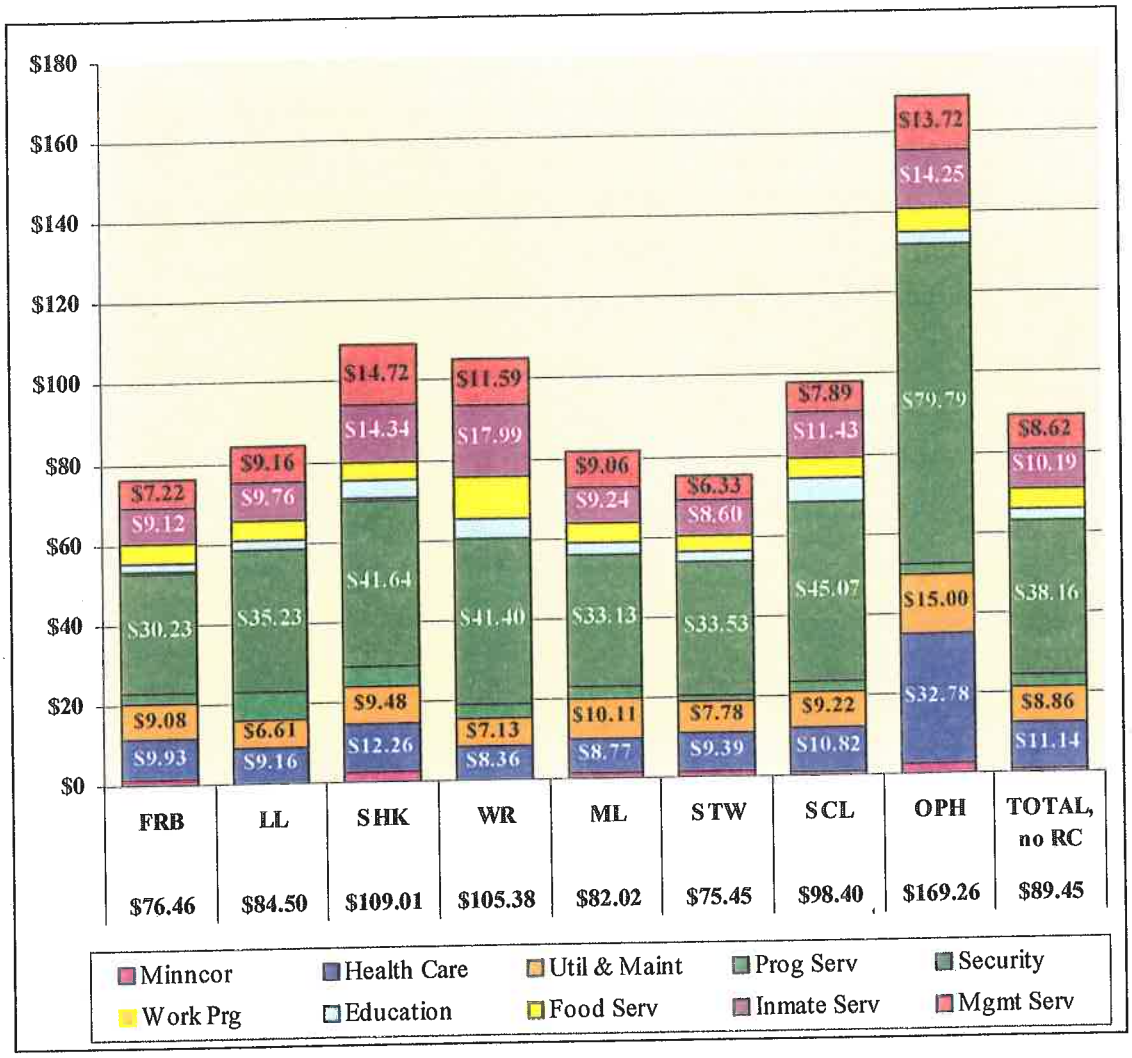
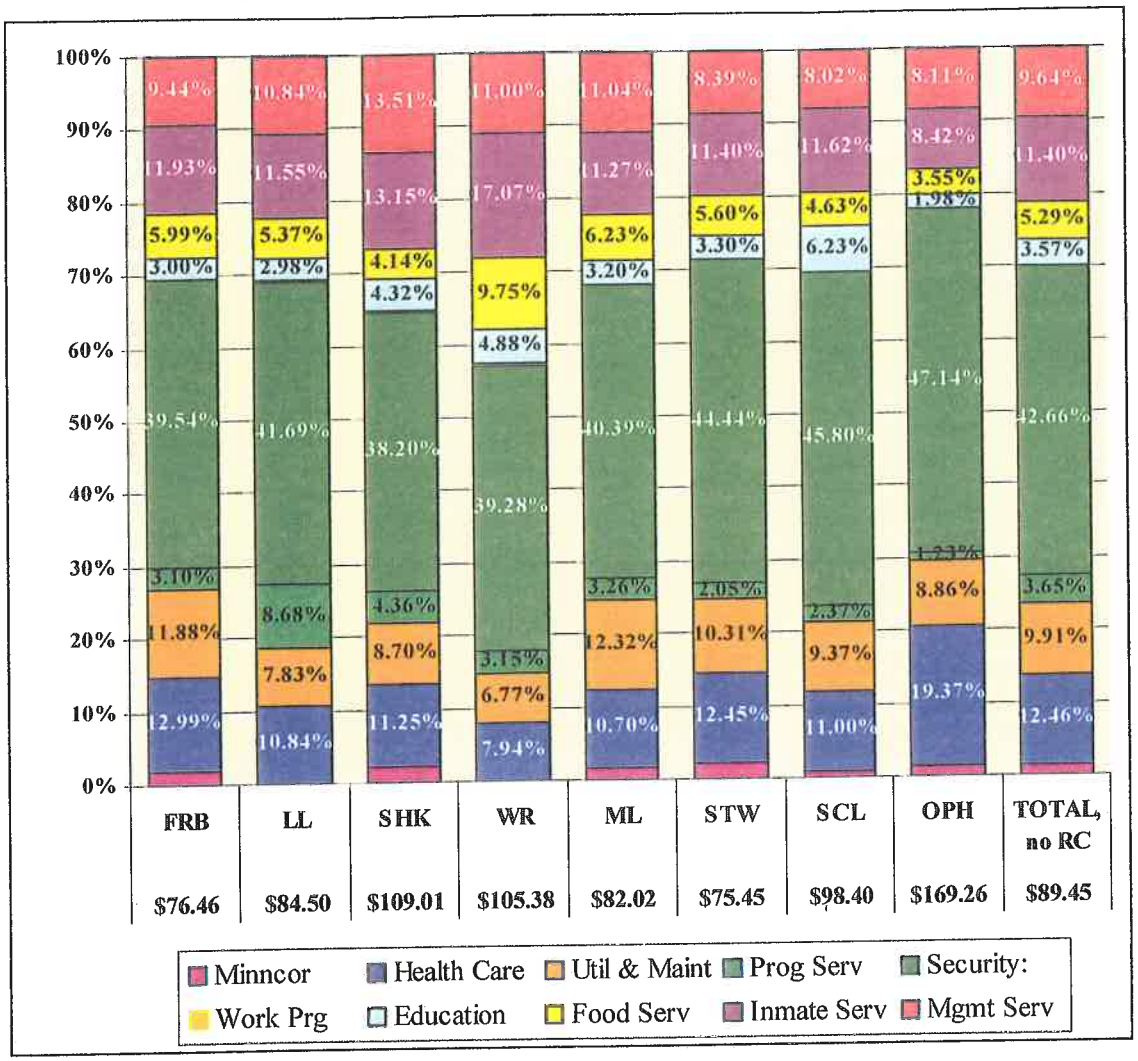


Figure 4: FY 00 Per Diem Components Based on Fund 100 Allocations



As expected, security costs account for the largest single proportion of costs at each facility in both years, with an average of $38.43 spent per inmate-day in FY 99 at adult facilities in operation. This cost accounted for just over 42% of operating expenditures at these facilities. Management services, inmate services, inmate health care and maintenance together accounted for almost 44% of operating expenditures in FY 99. Budget allotments for FY 00 reveal similar proportions of expenditures system-wide.

Table 3 provides a summary context for analyzing these per diem rates on the facility level. The staffing ratios reported were computed using budgeted inmate populations for FY 2000 and the actual number of active employee FTEs reported in March 2000. The major activities listed reflect the conventions used in facility-level budgeting. Individual staff were assigned to specific activity areas on the basis of job titles.

Table 3: Current Staff Per 100 Inmates

	FRB	LL	SHK	ML/WR	STW	SCL	OPH
ADP	1051	1035	337	883	1282	771	350
Management	4.57	6.76	10.98	5.32	5.38	7.65	10.86
Inmate Services	2.28	2.51	4.45	2.49	1.56	2.72	2.29
Food Services	0.00	0.19	0.00	0.45	0.00	0.91	0.00
Education	1.14	0.87	3.86	0.79	0.47	3.11	0.86
Work Programming	1.05	0.10	0.30	1.13	3.12	1.17	1.71
Security	24.07	27.34	32.34	23.67	24.57	31.00	58.29
Program Services	1.24	4.44	2.97	1.02	0.86	1.30	4.57
Utilities & Main	4.00	2.80	3.26	3.51	1.87	3.63	6.57
Health Care	2.95	1.93	2.97	1.81	1.64	2.85	6.86

Head-to-head facility comparisons are complicated by the fact that the Minnesota DOC has chosen to create a specialty focus in most of the adult institutions. For example, Chemical Dependency (CD) and Sex Offender (SO) Treatment programming is concentrated at Lino Lakes, St. Cloud serves as the reception center for all adult males and Oak Park Heights, in addition to being the maximum security facility has higher than average health care costs due to the mental health and inpatient infirmary facilities now located within the institution. Nevertheless, comparing per diem costs reveals useful information about the resources used at each institution, issues that will be explored in greater detail in subsequent sections.

Not surprisingly MCF-Oak Park Heights, as the only Minnesota maximum security institution, reports the highest overall per diem rate in both FY 99 and FY 00 at a cost of $151.73 per inmate per day for FY 99 and $169.26 for FY 00. Although this cost is, in, part due to recent construction projects at Oak Park, as well as its special status as a maximum security facility *and* health care center, it is interesting to note that Oak Park also reports above average expenditures on management services, inmate services and food services. A partial explanation for the high level of spending on management

services can be found in the staffing table: Oak Park Heights employs more than 1 management staff member for every 10 inmates.

MCF-Shakopee reports the second-highest per diem rate among adult facilities in operation during both years: a cost of $123.30 per inmate day for FY 99 and $109.01 for FY 00. The good news is that the institution's per diem fell during this two-year period. Unfortunately, this change is not due to operating efficiencies but rather the decrease can be attributed to a 21.8% increase in its average daily inmate population.

MCF-Shakopee is at or near the top in spending on a number of specific activities: management services, inmate services, security, program services, health care and Minncor. Although some of these costs can be attributed to the institution's status as a women's prison, it is noteworthy that MCF-Shakopee has almost 11 management personnel for every 100 inmates -- the highest rate for the Minnesota adult system. MCF-Shakopee also has the second highest ratio of security staff to inmates, a somewhat surprising outcome given that the facility has approximately one-quarter (24.6%) of its population in minimum security housing units and 43.2% in Level 3 medium security units.[10]

A comparison of per diems for MCF-Stillwater and MCF-Willow River illustrates the extent of scale economies in prison facilities (despite the fact that MCF-Stillwater houses close custody inmates and MCF-Willow River is a medium security facility). MCF-Willow River (the smallest facility with an ADP of 75 inmates in FY 99) reports the third highest per diem in the system, while Stillwater (the largest facility with an ADP of 1263 in FY 99) reports the lowest. Although some of the high cost at Willow River can be explained by its Challenge Incarceration Program, Willow River benefits from its proximity to the Moose Lake facility and its ability to share administrative services.

The MCF-Faribault and MCF-Lino Lakes facilities are frequently cited as places that are ill-suited to their current use as adult correctional institutions. However, since both facilities face similar problems, a comparison of the two per sets of diem rates may suggest performance differences. MCF-Lino Lakes reports the highest per diem for both FY 99 and FY 00. Although some of this difference can be attributed to MCF-Lino Lakes' status as a program-intensive facility, it is striking to note that security costs are $5 lower, per day, per inmate at MCF-Faribault. MCF-Faribault also has a lower staff-to-inmate ratio for management services and inmate services.

Closer examination of the facility budgets suggest further issues to be explored in more detail below:

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[10] April 13, 2000. e-mail communication Jill Rhoda, Classification Director Minnesota Department of Corrections.

- Security salaries funded by the Security Law of 94 suggest abrupt and un-planned changes in staffing patterns at specific facilities.
- Variations in food service salary per diems indicate the varied extent of privatization across facilities.
- MCF-St. Cloud reports the fourth highest per diem in both years analyzed. Its relatively high expenditures on security and inmate services raise issues concerning the extent of cost-savings realized by centralizing the intake process.

The following section indicates how this facility-specific information can be used by DOC management to evaluate future policy options.

3.4. Average Cost Methodology

Effective planning for the future of the Minnesota Corrections system requires an accurate method of estimating the budgetary consequences of inmate population growth, including that attributable to legislative changes. In Minnesota, as in many jurisdictions, legislative impact is estimated on the basis of *average* rather than *marginal* cost, an approach that tends to overstate the funding needed. Specifically, an average cost approach takes *all* facility costs -- both those that vary with the number of inmates and those that are fixed for the institution -- and divides by the number of inmate-days to estimate the cost per extra inmate-day. In contrast, a marginal cost approach seeks to identify the expenditures that are *directly* associated with additional inmates; it excludes costs (like most management services) that remain unchanged when the new inmates arrive. To estimate marginal cost, the analyst must take only direct (or variable) costs and divide by the number of additional inmate-days to estimate the relevant per diem amount.

Table 4 summarizes the methodology specified in the current Fiscal Notes[11] and used to evaluate the impact of proposed legislation.

[11] January 24, 2000. Memorandum from D. Storkamp to D. Benson Re: "Fiscal Notes – Recommended Per Diem and Construction Figures."

Table 4: Legislative Impact Per Diems

Male Per Diems		Female Per Diems	
Contract	$57.80	All	$100.00
Minimum	$55.50		
Medium/close	$73.00		
Maximum	$126.00		
Health Care	$10.75	Health Care	$10.75
Central Office	$5.50	Central Office	$5.50
Start-up Costs	$9.58	Start-up Costs	$9.58

The current average cost approach to budgeting illustrated in the Fiscal Notes holds constant the cost per added inmate-day, a cost that ranges from $55.50 to $126 – excluding the cost of health care, central office services, start-up, and construction. Indeed, when the costs of health care, central office services and start-up fees *are* included, the Fiscal Notes methodology predicts that an extra medium security inmate will cost the State of Minnesota an additional $98.83 per day..

This FY 00 estimate was derived from the *average* cost of housing inmates of in the recent past at various security levels. As a result, this approach tends to overstate the actual need for budget increases to house additional inmates, perhaps to a substantial degree. If new beds are consistently funded at average cost rather than *marginal* or *incremental* cost, then estimates of the amount needed for corrections each biennium are likely to grow increasingly inaccurate over time.

A comparison of the Minnesota DOC allotments for FY 00 with DOC obligations and expenditures for FY 99 serves to illustrate this issue. The average daily population increased by 253 inmates over the period, while the budget for adult prison facilities increased by $5,962,767.[12] Table 5 indicates how these spending changes were distributed over budget activities.

[12] The growth in the adult inmate population was computed as the difference between the budgeted population for FY 2000 and the actual ADPs for FY 1999 at each of the eight adult prison facilities in operation during FY 1999. (Rush City was not included in these calculations.) The change in the DOC budget was computed as the difference between the FY 2000 allotments and the FY 1999 obligations and expenditures out of Fund 100 at each of the same adult facilities. The amount budgeted for each facility in each period was adjusted to include the cost of health care staff assigned to that institution and its proportional share of the CMS contract costs.

Table 5: Cost of Additional Inmates, FY 1999-2000

Current Expense Category (w/out Rush City)	FY 00 Allotment *minus* FY 99 Exp. & Obligat.	Change per Extra Inmate-Day
Management Services	$715,315	$7.75
Inmate Services	($67,315)	($0.73)
Food Services	$787,076	$8.52
Education	($76,236)	($0.83)
Work Program	($56,229)	($0.61)
Security	$2,977,214	$32.24
Program Services	$670,390	$7.26
Utilities	($2,657,979)	($28.78)
Health Care	$3,558,073	$38.53

At first glance, it would seem that the marginal cost of housing an extra 253 inmates could be estimated as the net effect of the changes listed in Table 5. This approach would imply that each extra inmate-day in FY 00 cost Minnesota taxpayers $59.75, an amount lower than that predicted by the Fiscal Notes approach. Yet even this estimate may prove misleading if used to predict the budgetary consequences of future legislation.

Closer examination of budget data for the period FY 99-00 reveals that even this estimate *overstates* the cost burden of the additional 253 inmates. Almost two-thirds of the marginal cost estimate ($38 out of a total of $60) is due to health care expenses -- primarily the one-time costs associated with new mental health and infirmary facilities at Oak Park Heights. Since this was a one-time cost driven by a policy decision irrespective of these new inmates these costs would have been incurred whether or not the 253 new inmates were added to the system and should therefore be excluded from *marginal* cost calculations.

There are other problems in using year-to-year changes to estimate the marginal cost of housing inmates. These difficulties of interpretation include:

- salary increases (for existing staff) that are unrelated to the arrival of new inmates;
- the inclusion of current expenses (in budgets for both years) that are unrelated the arrival of new inmates; and
- the fact that FY 2000 data reflect legislative *allotments* rather than actual expenditures.

The first of these issues would help to explain the apparently high cost per extra inmate day of security and management services. The apparent decrease in utility and maintenance costs can be attributed to the different nature of the two budgets analyzed. Repair projects are often not obligated until the middle or end of the fiscal year -- a time at

which the available "operating surplus" can be more accurately forecast. Such projects therefore appear in the FY 99 listing of expenses and obligations but are not included in the mid-year listing of allotments for FY 00. Another explanation for this difference in cost may be the nature of the biennial budget cycle in the State of Minnesota. Costs for repair and replacement projects may simply be expensed in year one of the two year cycle.

The apparent significant increase in food costs can also be attributed to the fact that FY 00 costs reflect budget estimates rather than actual expenditures. The Minnesota DOC has recently estimated the cost of food per inmate day at roughly $3.29. This method of budgeting has led to surpluses in the food services account that have (legally) been used to offset deficits elsewhere in facility budgets at the year end. Since the FY 99 data documents actual expenditures of food, while the FY 00 data reflects initial budget estimates, it is not surprising that Table 5 seems to indicate a considerable increase in food purchases. This budget item is likely to decrease substantially by the end of the fiscal year as funds are transferred from the food budget to other facility accounts.

Although not an accurate indicator of marginal cost, a comparison of annual budgets does provide some useful information. At the facility level, it illustrates the inherent problems with using historical average cost data to predict the additional cost of housing additional inmates in the future. A more detailed comparison of specific accounts reveals the sources of flexibility in the DOC budgeting system and identifies the ways in which program-level shortfalls are accommodated. It also illustrates the need for a planning mechanism such as Zero-based budgeting.

3.5. Marginal Cost Methodology

In order to estimate the budget impact of increases in the general inmate population, it is necessary to focus on a narrower range of data. It is also necessary to specify the scale of the change, as the marginal cost of housing additional inmates typically increases with the number of inmates added. Consider these alternative scenarios:

- **Adding a few inmates to existing facilities:** this would require no change in the number of beds system-wide and no change in the number of staff including corrections officers. The marginal cost of these inmates would simply be the cost of their food, clothing, supplies, and health care.
- **Activating currently un-staffed facilities:** this would entail placing inmates in beds that exist, but are not currently covered by security. Since it requires additional corrections officers, but no additional in facility support staff, the marginal cost in this scenario would include security salaries as well as inmate food, clothing, supplies and health care.
- **Housing additional inmates in a new building at an existing facility:** this requires the construction and/or renovation of a building. It will also be

necessary to transfer or hire additional corrections officers and some support staff to care for the extra inmates. The marginal cost estimate for this scenario includes staff and CO salaries (along with inmate food, clothing, supplies and health care) but does not include additional executive staff at the facility level since no new executive hires were necessary.

- **Constructing a new facility to house additional inmates:** this option requires construction of a new facility, the reassignment or hiring of corrections officers, additional support staff and a new executive team to run the new facility. The long-run marginal cost of this scenario would be essentially the average cost per inmate-day at the new facility when the new facility was operating at capacity. (The start-up cost of the facility would also need to be spread out over time. See discussion of construction costs below.)

Each of these scenarios has a different per-inmate budget impact – i.e., a different marginal or incremental cost per extra inmate-day. As mentioned above, adding a few inmates to existing beds has the smallest budget impact – the only added cost is the *extra* food, clothing, medical care and supplies consumed by the newcomers. This cost is likely to be quite small – for a minimum security facility in the Federal system, it is under $6 per inmate-day.[13] In Minnesota, the cost would consist of the cost of additional clothing, food, supplies, and medical care not already covered by DOC staff. Table 6 provides a estimate of this cost. The estimates for food supplies and inmate services are computed as the sum of obligations and expenditures per inmate day at Minnesota adult facilities in FY 99. The estimate for health care is the per diem amount specified in the CMS contract to accommodate increases in the inmate population covered.

Table 6: Supply Cost per Inmate Day

Current Expense Category	FY 99 Expenditures & Obligations
Food Supplies	$3.04
Inmate Services	$3.65
Health Care (CMS contract per diem)	$2.75
Total Cost	$9.44

Adding larger numbers of inmates requires greater adjustments to the existing system – and therefore a higher marginal cost per inmate day. This will be discussed in Section 13.

[13] J. Nelson ,"Taft Prison Facility: Cost Scenarios," National Institute of Justice January 2000 estimated this cost as roughly $5.50 in FY 98 (for new BOP low security facilities). An alternative measure of this cost is the adjustment factor built into the BOP contract with Wackenhut for the operation of a low security facility in Taft, CA. Wackenhut receives $5.58 per inmate day when the average daily population exceeds a pre-set limit (1946 inmates).

4. *State Per Diem Comparisons*

The per diem analysis across states will compare costs and staffing by security levels in an effort to control for differences in inmate supervision and programming driven by custody status. In other words, the ratio of Correctional Officers (CO) to maximum security inmate in Minnesota compared to the CO maximum security inmate ratios for other states.

4.1. Security Levels

Table 7 illustrates the relative percent of inmates by classification in each of the comparison DOCs. It is important to note that this table represents the number of inmates in a given security level ***by facility type.*** In some jurisdictions, maximum, medium and/or minimum security inmates may be housed in facilities on one campus as a complex. To ensure that we have the most objective comparisons for purposes of inmate/staff ratios and per diems we have chosen to categorize these inmates in a separate class of "complex" rather than confound the issues with possible economies of scale and efficiencies.

Although it lacks a significant minimum security population, Minnesota ranks in the middle of the states under consideration in terms of its share of maximum security inmates. Minnesota actually has less of its population in maximum security facilities than Missouri and Wisconsin and approximately the same percentage of inmates in close security prisons as Missouri. Further, although Minnesota has more inmates classed as maximum security than Delaware, Ohio and Washington State, this figure is actually misleading since these states have complexes which contain maximum security inmates and Minnesota does not – thereby artificially decreasing the percent of maximum security prisoners housed in free-standing maximum security prisons in these comparison states.

Table 7. Percent of Prison Population by Security Level

	Minnesota	Delaware	Iowa	Missouri	Ohio	Washington	Wisconsin
Maximum	6.84%	0.00%	0.00%	9.63%	3.96%	0.00%	35.90%
Close	36.99%	0.00%	0.00%	35.89%	15.81%	20.20%	0.00%
Medium	33.16%	0.00%	30.24%	31.02%	18.69%	0.00%	47.97%
Medium/Min	17.89%	0.00%	0.00%	0.00%	33.35%	43.78%	0.00%
Minimum	0.00%	2.28%	4.55%	13.31%	4.76%	11.29%	16.13%
Complex	0.00%	90.42%	47.79%	0.00%	19.34%	18.44%	0.00%
Female	5.12%	7.29%	2.60%	1.79%	3.79%	5.47%	0.00%
Other	0.00%	0.00%	14.83%	8.35%	0.30%	0.83%	0.00%

Again, the argument that the Minnesota DOC costs are largely driven by higher security inmates may be substantially altered due to significant legislative changes under

consideration, such as mandatory sentencing for Driving While Intoxicated (DWI) offenders. Such changes would radically alter the inmate population—moving it substantively towards a more balanced population of minimum security inmates. Further discussion of the impact of these proposed changes and the Minnesota Inmate Classification System overall will follow in later sections.

4.2. Per Diem Comparisons by Security Level Between States

In Minnesota, as elsewhere, FY 00 allocations may not ultimately be expensed in the program area for which they were initially budgeted due to departmental policy changes and inmate population shifts. Thus, FY 99 actual expenses and obligations were used rather than FY 00 allocations to obtain the most accurate comparison between state DOCs. We elected to compare per diem costs in 6 major categories by security level in an effort to control for the different inmate supervision and programming requirements driven by custody status. We obtained facility-level cost information and aggregated the data by security levels. It is necessarily assumed for purposes of analysis that the relevant states rely on ACA definitions of security classifications which provides an external standard that ensures comparability and consistency across jurisdictions.

That said, there are some clear patterns that emerge and warrant discussion across all security levels. First, looking at Table 9 through Table 16 it becomes apparent that no matter the security level there is a significant repair and replacement cost burden borne by the Minnesota DOC in comparison to other states under review. Per diem rates in Minnesota for this cost element range from $20.32 in Maximum Security (Table 9) to a low of $8.21 (Table 12) at the only minimum/medium security facility. Compared to the next highest repair and replacement cost, Minnesota's maintenance costs alone contribute $11.32 more to the per diem than Ohio Table 9. Overall, Minnesota at $10.61 has a system-wide mean repair and replacement cost of that is twice that of other states --10.61 compared to an average cost of $5.27 among the other state DOCs. (Table 16). Ohio's lower per diem maintenance costs are attributable to three factors: 1) economies of scale at the facility level; 2) newer facilities – the majority of their institutions are less than 15 years old; and, 3) enhanced energy conservation efforts.[14]

Secondly, this analysis reveals that there is a clear economy of scale achieved through the use of complexes (multiple security level institutions based on one campus.) These complexes are the most cost effective with total per diems ranging from $53.82 to $65.03. These efficiencies are achieved through the use of shared Administrative services (from Wardens to Human Resources and Finance Departments) as well as resource pools of COs, program staff and health services.

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[14] Conversation with Mike O'Reilly, Ohio Department of Corrections, May 31, 2000.

Assessment of the differences in cost-drivers between state DOCs by security levels and the Minnesota DOC demonstrate some key areas for closer examination and have driven much of the analysis contained in future sections of this report. These include:

- Security Costs
- Inmate Programming (Services)
- Health Care Costs.

Table 8: Components of Reported State Per Diems

State	Adult Operating Per Diem, FY 99	Health Care	Central Office	Debt Service & Capital Proj.	Reported Per Diem
Minnesota (no Minncor)	89.34	included	not included	not included	89.34
BOP	53.63	included	included	not included	59.41
Delaware	54.02	included	not included	included	64.26
Iowa	60.39	included	not included	not included	60.39
Missouri	33.05	included	included	not included	35.56
Ohio	55.37	included	not included	not included	55.37
Washington	59.68	included	included	not included	67.97
Wisconsin	52.37	included	not included	included	55.90

Table 9: FY 99 Per Diem Components: Maximum Security by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$72.00	$27.69	$6.18	$19.86	$3.06	$20.32	$149.11
BOP (high)							$64.59
Missouri							$34.00
Ohio	$60.26	$21.67		$9.22	$1.98	$9.00	$102.13
Wisconsin	$35.98	$4.12	$4.41	$9.59	$2.58	$5.88	$62.55

Table 10: FY 99 Per Diem Components: Close Security by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$37.32	$19.21	$4.11	$9.23	$4.05	$9.70	$83.63
Missouri							$31.99
Ohio	$23.55	$14.10		$5.65	$1.55	$4.52	$49.37
Washington	$30.03	$7.83	$5.53	$7.95	$2.06	$5.93	$59.34

Table 11: FY 99 Per Diem Components: Medium Security by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/out industry
Minnesota	$34.88	$25.19	$4.79	$8.38	$2.70	$10.13	$86.07
BOP							$50.62
Iowa	$25.13	$15.61	$6.77	$4.51	$0.77	$6.54	$59.33
Missouri							$30.36
Ohio	$21.87	$12.30		$6.83	$2.52	$5.11	$48.63
Wisconsin	$25.86	$4.30	$3.73	$4.03	$2.92	$3.89	$44.71

Table 12: FY 99 Per Diem Components: Medium/Minimum Security by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$31.84	$19.21	$4.29	$9.58	$2.60	$8.21	$75.73
BOP (low)							$45.04
Ohio	$22.17	$13.46		$4.49	$2.71	$5.37	$48.20
Washington	$26.24	$9.48	$5.72	$10.93	$2.35	$7.45	$62.17

Table 13: FY 99 Per Diem Components: Minimum Security by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
BOP							$43.14
Delaware	$29.84	$11.58	$3.78	$5.52	$0.00	$1.08	$51.79
Iowa	$24.25	$13.93	$6.30	$3.86	$0.59	$6.13	$55.06
Missouri							$45.05
Ohio	$22.15	$14.32		$3.79	$4.18	$9.03	$53.47
Washington	$20.00	$9.31	$6.35	$2.27	$2.36	$5.15	$45.45
Wisconsin	$28.42	$10.81	$4.78	$3.00	$1.79	$4.84	$53.65

Table 14: FY 99 Per Diem Components: Prison Complexes by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
BOP							$51.12
Delaware	$32.33	$9.06	$3.77	$5.50	$0.77	$2.38	$53.82
Iowa	$34.39	$12.84	$5.41	$4.28	$0.98	$7.14	$65.03
Ohio	$23.79	$26.19		$3.92	$1.87	$4.43	$60.19
Washington	$30.88	$6.25	$5.24	$7.42	$2.53	$4.85	$57.17

Table 15: FY 99 Per Diem Components: Female Prisons by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$47.69	$33.38	$4.90	$11.91	$6.02	$15.74	$119.65
BOP							$55.09
Delaware	$33.19	$9.28	$3.78	$5.52	$2.24	$3.12	$57.12
Iowa	$25.78	$12.16	$3.00	$4.43	$0.41	$3.91	$49.68
Missouri							$37.62
Ohio	$21.13	$16.85		$8.33	$2.99	$5.58	$54.88
Washington	$34.57	$11.98	$5.76	$23.04	$2.94	$6.72	$85.00
Wisconsin	$30.41	$5.87	$3.85	$7.54	$2.02	$5.71	$55.39

Table 16: FY 99 Per Diem Components: Adult Facility Totals by State

	Security	Admin & Inmate Serv	Food	Medical	Education	Maint	Total w/o Industry
Minnesota	$38.43	$22.50	$4.55	$9.87	$3.38	$10.61	$89.35
BOP							$53.63
Delaware	$32.34	$9.14	$3.77	$5.50	$0.86	$2.41	$54.02
Iowa	$29.23	$13.35	$5.71	$4.86	$0.89	$6.35	$60.39
Missouri							$33.05
Ohio	$26.09	$14.32		$6.11	$2.39	$6.46	$55.37
Washington	$27.71	$8.75	$5.71	$9.45	$2.37	$6.39	$60.36
Wisconsin	$29.73	$5.37	$4.12	$5.80	$2.59	$4.76	$52.37

This per diem information will be used throughout the remaining text as a basis for comparison.

5. *Forces Driving Future Capacity Needs*

5.1. Population Projections

In December 1999, the Minnesota DOC estimated that its adult inmate population would grow at an average annual rate of roughly 2.8% over the next decade.[14] Table 17 details the inmate population projection for each year. Legislative initiatives such as the Driving While Intoxicated (DWI) Repeat Offender bill will only serve to accelerate this growth. According to these projections, the inmate population will exceed existing capacity within two years.

Table 17: Minnesota DOC 10 Year Population Projections

Year	Population	Growth Rate
2001	6262	4.47%
2002	6542	2.68%
2003	6717	3.05%
2004	6922	2.98%
2005	7128	2.27%
2006	7290	2.57%
2007	7477	2.35%
2008	7653	2.20%
2009	7821	

These forecasts clearly indicate the need for a change in current practices. A variety of options are available, including:

- housing more inmate in existing facilities;
- adding to existing facilities
- building new free-standing facilities.

Section 5.2 reviews the potential for more intensive use of existing facilities. Section 13 discusses the options available for new housing units. Each of these options will have its own staffing implications; these will be discussed in these sections.

[14] December 23, 1999. Storkamp, Daniel. "Minnesota Department of Corrections 1999 Prison Population Projections."

5.2. Redefining Operating Capacity

The Minnesota DOC 1996 per diem report noted that operating at full capacity is a key factor in reducing per diem costs.[15] Currently, Minnesota retains a percent of its bed capacity for various purposes: 2% of the beds are set aside for "maintenance and transfers" ; and 10% of segregation beds are kept unfilled for inmate control purposes. This practice limits capacity utilization in Minnesota to a greater extent than elsewhere. As reported in Corrections Yearbook in FY 98, Minnesota ranked 31st in terms of occupancy as a percent of rated capacity among states and the Federal BOP meaning that 30 states and the BOP reported higher operating capacities.

A change in operating capacity utilization could have a dramatic effect on per diem costs. Table 18 reflects the current FY 00 allotment by adult facility, the ADP projected by the DOC, and the resulting per diem rates. Table 19 illustrates three alternate scenarios for bed utilization and their effect on per diem.[16] These cases show what could be achieved if those beds currently kept in reserve for transfers and maintenance were used to house inmates. If all beds, including temporary beds were used (while retaining 10% of segregation beds for inmate control) this would reduce the institutional per diems from between $7.40 and $.95 for a system-wide per diem reduction of $6.11. The second set of calculations retains only 1% of the total beds for transfers and maintenance yielding an overall per diem reduction of $5.30. Lastly, Scenario 3 demonstrates that if all temporary beds were used, and 2% of *all* beds were kept in reserve there would still be a per diem reduction of $4.38—still a substantial decrease. Key to all these alternate scenarios is that none required beds to be added to the system.

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[15] February 22, 1996 Institution Per Diem Cost Review Task Force, Per Diem Report '96. Minnesota Department of Corrections.

[16] It should be noted that the scenarios presented in Table 19 presume that facility allotments remain unchanged as the prison population rises. If facility allotments rose along with the average daily population, then the projected cost savings would be smaller.

Table 18: FY 2000 Per Diems Based on Per Diem Report dated 2/29/2000

	FY 2000 Allotments (w/ Health Care)	Budget Populations	
		pop	per diem
Faribault	$28,767,885	1,051	$74.99
Lino Lakes	$31,920,992	1,035	$84.50
Shakopee	$13,128,499	337	$106.73
Willow River	$3,077,222	80	$105.38
Moose Lake	$23,656,188	803	$80.71
Stillwater	$34,576,001	1,282	$73.89
St. Cloud	$27,428,560	771	$97.47
Oak Park	$21,332,926	350	$166.99
TOTAL (no RC)	**$183,888,273**	**5,709**	**$88.25**
Rush City	$11,034,707	172	$175.77
TOTAL (w/ RC)	**$194,922,980**	**5,881**	**$90.81**

Table 19: Revised Per Diem Based on Alternate Bed Utilization

	Official Capacity Includes 2% for Maintenance & 10% Seg Beds Reserved		Scenario 1. Total Beds (incl. temporary beds less 10% of Seg beds)			Scenario 2 Total Beds reserving 1% of beds for maintenance & 10% of Seg Beds			Scenario 3 Total Beds reserving 2% of beds for maintenance & 10% of Seg Beds		
	pop	per diem	pop	per diem	change	pop	per diem	change	pop	per diem	change
Faribault	1,051	$74.99	1,089	$72.37	**-$2.62**	1,078	$73.11	**-$1.89**	1,067	$73.85	**-$1.14**
Lino Lakes	1,058	$82.66	1,088	$80.38	**-$4.12**	1,077	$81.19	**-$3.30**	1,066	$82.02	**-$2.48**
Shakopee	284	$126.65	352	$102.18	**-$4.55**	348	$103.22	**-$3.52**	345	$104.27	**-$2.46**
Willow River	80	$105.38	80	$105.38	**$0.00**	79	$106.45	**$1.06**	78	$107.54	**$2.15**
Moose Lake	857	$75.63	884	$73.32	**-$7.40**	875	$74.06	**-$6.65**	866	$74.81	**-$5.90**
Stillwater	1,282	$73.89	1,324	$71.55	**-$2.34**	1,311	$72.27	**-$1.62**	1,298	$73.01	**-$0.88**
St. Cloud	771	$97.47	798	$94.17	**-$3.30**	790	$95.12	**-$2.35**	782	$96.09	**-$1.38**
Oak Park	342	$170.90	352	$166.04	**-$0.95**	348	$167.72	**$0.73**	345	$169.43	**$2.44**
TOTAL (no RC)	**5,725**	**$88.00**	**5,967**	**$84.43**	**-$3.82**	**5,907**	**$85.28**	**-$2.96**	**5,848**	**$86.15**	**-$2.09**
Rush City	338	$89.44	338	$89.44	-$86.32	338	$89.44	-$86.32	331	$91.27	-$84.50
TOTAL (w/ RC)	**6,063**	**$88.08**	**6,305**	**$84.70**	**-$6.11**	**6,245**	**$85.51**	**-$5.30**	**6,179**	**$86.43**	**-$4.38**

We concur with the 1997 Minnesota DOC Program Committee Report regarding completion of this change to maximizing bed utilization. This change may require repeal of legislation regarding double cell bunking.[17]

5.3. Minnesota Custody Classification System

We concur with the State of Utah that the cost per bed to build a security cell and high price of annual maintenance are inappropriate expenditures for inmates who are not violent and can successfully be managed in a less expensive setting.[18] While the 1996 and 1999 Minnesota per diem reports stated that prisons in Minnesota were reserved for predatory, violent, repeat offenders[19]; the Byrne report stated that 20% of those convicted on a drug offense had no previous criminal history.[20]

Inmate classification systems use key criteria to sort-out inmates into the most appropriate security level with the proper degree of staff supervision.[21] It is crucial that inmates with the potential for violence or escape be placed in a high security environment that will ensure public and DOC employee safety. Conversely, the use of higher security beds for offenders with a low risk of escape and violence unnecessarily consumes resources. Thus, a valid classification system needs to be in place that ensures a balance between risk and effective resource use.

As in all states, the number of inmates requiring maximum and close custody is determined by that state's classification system. The Minnesota DOC considers itself to be a 'conservative' state regarding classification of inmates meaning that they ordinarily place inmates in a higher custody level than other states. The current Minnesota DOC system automatically places inmates in higher security institutions (medium and close security) using sentence length as a primary weighting factor. This system bars placing non-violent offenders in a low security facility if they have more than four years remaining in their sentences.[22] We agree that ensuring the public safety through the proper classification of

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[17] January 1997. Program Committee Report. Minnesota Department of Corrections, prepared by The Minnesota Department of Corrections Program Committee.
[18] Office of the Legislative Financial Analyst FY 2001 Budget Recommendations Joint Appropriates Subcommittee for Executive Offices, Criminal Justice and Legislature Utah Department of Corrections.
[19] February 22, 1996 Institution Per Diem Cost Review Task Force, Per Diem Report '96. Minnesota Department of Corrections.
[20] December 1999. Creating A Safer Minnesota A Strategic Plan to Fight Crime, Drugs and Violence through a More Effective Criminal Justice System. Byrne Advisory Committee Report . Office of Drug Policy & Violence Prevention.
[21] Henderson, J.D., Rauch, W.H., and Phillips, R.L. (1997). Guidelines for the Development of a Security Program. American Correctional Association.
[22] Conversation with Eric Skon, MN Department of Corrections, April 6, 2000.

inmates is vital. However, it is also essential that any classification system used be validated to ensure that the least restrictive and most cost-efficient security level is used.

The Minnesota DOC is currently in the process of applying for a National Institute of Corrections (NIC) grant to validate their new classification system. Additionally, a small pilot project (4-5 inmates) has been going on for the past year wherein inmates who previously would have been assigned a level 3 institution (Medium Security at MCF-Moose Lake, MCF-Faribault or MCF-Lino Lakes) have been classified as Level 2 (low custody inmates). These initiatives are a positive step toward reducing the number of inmates in medium security facilities. Nevertheless, in light of the Byrne Report and the stringent sentencing criteria used to classify inmates into higher security levels, it is likely that inmates may be over-classified – a situation which would drive costs upward. Thus, this validation process needs to be accomplished somewhat sooner than later to achieve a true reduction in per diem costs.

Elsewhere, the key weighting factor for determining level of custody is not that of sentence length. The Federal BOP, as well as other state systems, uses more liberal criteria in classifying inmate custody status. The Federal BOP has developed and validated an inmate classification system driven by many of the same variables used in Minnesota.[23] The critical cutoff for sentence length, however, is different. For example, the maximum length of sentence consistent with inmate placement in a Federal low security prison is 10 or more years as seen in Table 20 below.

[23] September 9, 1999. Program Statement: Security Designation and Custody Classification. Number 5100.07. US Department of Justice, Federal Bureau of Prisons.

Table 20: Federal BOP Inmate Security Designation Table – Males

Classification Score	Public Safety Factors	Inmate Security Level
0-5	No Public Safety Factors	Minimum
	Deportable Alien	Low
	Greatest Severity Offense	Low
	Sex Offender	Low
	Threat of Government Officials	Low
	Sentence Length	
	Time Remaining >10 years	Low
	Time Remaining > 20 years	Medium
	Time Remaining > 30 years	High
	Includes non-parolable life	
	Death Penalty	
	Serious Escape	Medium
	Disruptive Group	High
	Prison Disturbance	High
6-8	No Public Safety Factors	Low
	Serious Escape	
	Time Remaining > 20 years	Medium
	Time Remaining > 30 years	High
	Includes non-parolable life	
	Death penalty	
	Disruptive Group	High
	Prison Disturbance	High
9-14	No Public Safety Factors	
	Disruptive Group	
	Prison Disturbance	
	Time Remaining > 30 years	
	Includes non-parolable life	
	Death penalty	

Given that the Minnesota system lacks the lockable wet cells that would ensure containment of medium security inmates, the DOC is required to staff these medium facilities with more Correctional Officers than would be necessary if the architectural design were altered to allow night time surveillance with fewer Correctional Officers (COs). When MCF-Rush City's full complement of beds are on line, the DOC will have 54.05% lockable wet cells up from the 46.49% last reported.

5.4. Short Term Offenders

Perhaps nowhere is the issue of sentence length and system resource use more evident than in the case of short term offenders. It was estimated by the Minnesota DOC that 49% of all inmates admitted to the DOC in 1998 had one year or less to serve. The meeting minutes from the Minnesota DOC Short Term Offender Task were provided as

evidence of the current thinking of the DOC regarding short-term offenders.[24] The committee chose to focus on offenders with no more than 9 months to serve. The committee reported that approximately 1000 inmates per year met this criteria, and estimated that 500 inmates with this sentence length were in the system at any given time. Currently these inmates are housed in Level 3 (Medium Security) institutions or lower. The committee did not provide the actual breakdown by security level. They assert that 40% are new court commitments and approximately 10% of these inmates are admitted for crimes against persons. While the committee reports that these individuals exhibit more "report producing behaviors," there were no statistics to support this statement. The committee reviewed 3 options that could streamline the processing and treatment of these short-term offenders and reduce the amount spent on their incarceration. Thes options are as follows:

- Option 1: Decrease the length of time and activities which occur with short-term offender during the initial admission process (N.B. which currently takes 28 days.) The committee concluded that this was not a viable option since medical screening and educational testing is required and it does not change the number in the system. The cost savings associated with this option were not calculated.
- Option 2: Have all short term offenders transferred to one of the 3 medium facilities with limited program options available. This option would require the medium security facilities to develop specific short-term offender programming in:
    - chemical dependence treatment
    - sex offender pre-release programming
    - adult GED
    - transitional pre-release programming
    - specific MINNCOR programs compatible with short-term offenders
    - support service job assignments.
- Option 3: Transfer these short-term offenders from the St. Cloud intake facility to Rush City and housed in a special unit. This was considered by the committee to be a viable option since the per diem at Rush City was purported to be lower than that of the medium facilities. However, current per diems at Rush City are actually $175.77 (Appendix D.)

Ultimately, the short-term offender task force recommended option 2 (having all short term offenders transferred to one of the 3 medium facilities) with no further transfers during their stays.

Another alternative would be the concept of "fast-tracking" these offenders through the assessment process at St. Cloud for a 7 - 14 day intake period (rather than the traditional 28 day period.) Transferring these inmates to Faribault which already has a minimum

[24] January 28, 2000 meeting minutes from the Minnesota DOC Short Term Offender Task for were provided as evidence of the current thinking of the DOC regarding short-term offenders.

security component would allow more rapid transfers to a lower (less costly) custody status if these inmates have no security infractions of a nature serious enough to change their custody status upward. This would appear feasible given the range of crimes committed by these offenders, particularly those convicted of drug and property crimes as seen in Table 21 .

Table 21. Short Term Offender Crimes

	Total	% ST Offenders	# of ST Offenders	% by Offense
Person	3500	0.1	350	34.18%
Property	950	0.43	408.5	39.89%
Drug	750	0.25	187.5	18.31%
Other	200	0.39	78	7.62%
	5400		1024	

While architecture has a significant impact on per diem costs, ultimately it is the staffing of those institutions that determines costs. The next section will focus on the costs associated with security staffing of the Minnesota DOC adult facilities.

6. Correctional Officers

The 1996 per diem report issued by the Minnesota DOC recommended "safe reductions in staff to inmate ratios."[25] The total number of CO positions reduced in the past three years is roughly 28, with some of these CO positions converted into other jobs within the department. Many more funded positions are being held open to enable the current salary shortfall to be accommodated (see Section 14 for a further discussion of this topic). However, with an average of 76% of the adult institutional costs driven by salaries, the CO to inmate ratios and the Supervisor to CO ratios warrant extensive examination.

6.1. Supervisory Ratios

A detailed report was prepared earlier this year for the State Legislature by the Minnesota DOC regarding Correctional Officer supervisory ratios.[26] This report expands certain aspects of this DOC study by comparing Minnesota to additional states and using current employee staffing rather than budgeted positions.

As an example of the supervisory staffing differences among the Minnesota adult facilities, MCF-St. Cloud, with only 753 inmates has 17 Lieutenants whereas MCF-Stillwater with 1263 inmates has only 15 Lieutenants. Table 22 illustrates the current CO/Lieutenant ratio using the best practice scenario found at MCF-Stillwater. If the staffing patterns at MCF-Stillwater (approximately 20 COs to 1 Lieutenant) were adopted by the entire department, the cost savings would be significant. This staffing ratio compares favorably to other states at every security level as seen in Table 24 to Table 32. Of the five states used for comparison, only Delaware has lower first-line Supervisory ratios than Minnesota. The range of CO to Lieutenant ratios range from a low of 12.8 (Delaware) to a high of 37.73 (Washington State), with Minnesota at 14.38 overall. Since Lieutenants are Supervisory personnel, and do not directly affect the correctional officer to inmate staffing, these positions could be eliminated with no reduction in inmate supervision. The calculations are seen below.

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[25] February 22, 1996 Institution Per Diem Cost Review Task Force, Per Diem Report '96. Minnesota Department of Corrections.

[26] January 2000. Correctional Officer Staffing 2000 Report to the Legislature. Minnesota Department of Corrections.

Table 22. CO to Lieutenant Ratios[27]

	Faribault	*Lino Lakes*	*Shakopee*	*Moose Lake/WR*	*Stillwater*	*Oak Park*	St. Cloud
COs	231	258	96	189	294	186	218
Lieutenants	14	17	10	15	15	14	17
CO to Lieutenant Ratio	16.50	15.18	9.60	12.60	19.60	13.29	12.82
CO to Supervisor Ratio	11.50	11.17	7.31	9.40	14.65	11.63	10.90
Change to Stillwater Model	19.25	19.85	19.20	18.90	20.00	18.60	19.82
New # of Lieutenants	12	13	5	10	15	10	11
Position Change	2	4	5	5	0	4	6

Adoption of this staffing pattern would yield a total position change of 26 Lieutenants for a savings more than $1.7 M as seen in Table 23.
Table 23

Table 23. Cost Savings Lieutenant Positions

Savings per position including benefits	$67,000
Total positions eliminated as a result of change in staffing	26
Total Estimated Cost Savings	$1,742,000

Alternatively, rather than reducing the current staff complement, a freeze on Lieutenant positions could be implemented until staffing ratios at the 20 to 1 level are achieved. This would have the effect of retaining the current staff expertise and union relations.

6.2. Correction Officer Staffing

As stated earlier, the most accurate comparison across state DOCs is by security level because this method allows us to control for differences in staffing and costs based upon inmate custody requirements. Since staffing (CO to inmate and supervisory ratios) are one of the key factors driving per diem costs Table 24 through Table 34 were constructed to demonstrate differences between the Minnesota DOC staffing patterns and other states. As seen in these tables, Minnesota had a far lower CO to inmate ratio that other states across all custody classifications, meaning they had fewer inmates per CO. It should be noted that since Rush City is still in its start-up period (and therefore is staffed for more inmates than it currently has), this facility was not included in the staffing calculations for the Minnesota DOC.

[27] Staffing Patterns Obtained from Roster of Current Employee Positions Supplied by the Department of Human Resources, Minnesota DOC as of March 13, 2000.

Table 24. CO Staffing Comparisons- Maximum Security

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota	1	373	2.01	1.87	13.29
Missouri	2	1169	4.67	4.53	33.40
Ohio	2	948	2.43	2.31	19.05
Wisconsin	5	1161		3.87	

Table 25. CO Staffing Comparisons - Close Security

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota	2	1008	3.95	3.71	15.97
Missouri	5	1742	5.22	5.01	23.48
Ohio	4	1893	6.41	6.10	20.03
Washington	2	1321	4.43	4.31	35.06

Table 26. CO Staffing Comparisons - Medium Security

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota	2	904	4.06	3.79	13.91
Iowa	5	443	5.19	5.04	32.77
Missouri	5	1506	6.19	6.00	32.00
Ohio	6	1492	6.41	6.13	21.83
Wisconsin	5	1078		5.15	

Table 27. CO Staffing Comparisons - Medium/Minimum Security

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota	1	975	4.24	4.00	16.43
Ohio	10	1597	7.03	6.73	22.50
Washington	3	1908	5.00	4.87	38.17

Table 28. CO Staffing Comparisons - Minimum Security

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
BOP[28]	3	1585	14.23	-	-
Delaware	1	113	6.28	5.65	9.00
Iowa	1	333	1.70	1.62	19.60
Missouri	4	808	3.81	3.63	19.72
Ohio	2	1139	7.32	6.97	19.44
Washington	4	369	6.45	6.33	57.25

Table 29. CO Staffing Comparisons – Complexes

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Delaware	3	1488	5.12	4.74	12.46
Iowa	3	1749	4.73	4.45	16.09
Ohio	4	2315	6.24	5.98	22.83
Washington	1	2411	4.31	4.19	37.33

Table 30. CO Staffing Comparisons - Female Inmates

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota	1	279	2.94	2.66	9.50
Delaware	1	361	6.02	5.47	10.00
Iowa	1	190	1.52	1.50	62.50
Missouri	1	435	4.94	4.63	14.67
Ohio	1	1814	7.09	6.74	19.69
Washington	1	715	3.70	3.59	32.17
Wisconsin	1	623		6.23	

Table 31:CO Staffing Comparisons - Specialty Facilities

	# of Facilities	Mean # of Inmates per Facility	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Iowa	1	1085	6.31	6.20	57.33
Ohio	1	143	0.59	0.56	17.29
Washington	1	108	3.48	3.38	31.00

[28] Three demonstration minimum facilities were used in this sample. Figures may not reflect overall Federal BOP staffing guidelines.

Table 32. CO Staffing Comparisons - System Wide State Comparisons

	# of Facilities	Inmates per CO	Inmates per Uniform Staff	COs per Lt
Minnesota[29]	7	3.72	3.47	14.38
Delaware	5	5.20	4.80	12.18
Iowa	9	4.41	4.22	22.42
Missouri	17	5.37	5.16	25.12
Ohio	30	6.04	5.77	21.25
Washington	12	4.75	4.63	37.73

One factor that must be considered in future planning is the relatively small size of Minnesota prisons at all security levels compared to other states. There are clearly efficiencies that can be achieved through new construction and possible renovations of existing facilities. This study did not obtain living unit size information but there is clearly a correlation between institution size and the CO/inmate ratio. Larger institutions with multiple security level prisons on one campus are more efficiently run. This is clearly an important factor driving Minnesota costs upward and must be addressed whenever substantial new beds are added to the system. Complexes are clearly more efficient and less costly.

In addition to custody levels, we must remember that CO staffing patterns are often based upon historical factors, the limitations of the existing physical plants and the labor-management environment. The small size of living units and other architectural problems such as the lack of lockable wet cells at the medium facilities within the Minnesota DOC are factors that contribute to current staffing patterns. Again, this mitigates in favor of more efficient building designs, particularly for medium and close security prisons in the future.

The variance in security per diems between Minnesota and other states as seen in Table 9 through Table 16 leads to the question of what elements drive this cost. As we will see in Section 6.3, CO total compensation in Minnesota is essentially comparable to that of COs in other DOCs. Therefore, the next logical analysis that must take place is a comparison of CO staffing patterns driven by CO to inmate ratios. Table 33 illustrates the change in Minnesota DOC CO staffing from current levels to CO-to-inmate ratios comparable to the State with the next highest per diem security costs. For example, Minnesota has a $72.00 per diem cost at Oak Park Heights (Maximum Security) and Ohio

[29] Rush City not included since it is in a start-up period and must be staffed for more inmates than it currently has in custody.

has the next highest per diem security cost ($60.26) at its maximum security facilities. Ohio staffing patterns are therefore used to indicate a possible range of cost savings.

Table 33: Minnesota CO Staffing Based on Change in Inmate to CO Ratio

Security Level	Comparison State	Comparison Inmate:CO Ratio	Facilities Affected	Current MN Inmate:CO Ratio	Current # of COs	Revised # of COs	Difference
Maximum	Ohio	2.43	OPH	1.87	186	154	32
Close	Washington	4.43	STW/STC	3.71	511	455	56
Medium	Ohio (highest staffed facility)	4.86	LL/ML	4.06	445	372	73
Medium/Min	Washington	5	FRB	4.24	230	195	35
Female	Washington	3.7	SHK	2.94	95	75	20
TOTAL							216

Using this set of scenarios, a total of 216 CO positions could be eliminated at $43,712 per position for a total estimated savings of $9,441,792. Clearly, all of these positions should not be eliminated. Given the projected growth rate for the inmate population, it is likely that at least some of these positions will be necessary in the near future. An immediate reduction in force (or RIF) followed by staffing-up for inmate population growth is likely to have serious negative consequences for the DOC and be a wasteful exercise -- in terms of future recruitment prospects and existing organizational expertise.

The Commissioner and her staff are charged with ensuring both cost-effective practices and public safety. However, public safety does not mean that current staffing patterns, positions and/or assignments (posts) should not come under serious scrutiny by the DOC or that personnel changes do not need to be made to reduce per diem costs. Nevertheless, responsibility for public safety and inmate security ultimately rests with the DOC: thus any personnel reductions should be made at the direction and discretion of the Commissioner.

Some alternatives to immediate RIFs include hiring freezes and early retirement incentives. Attrition will also naturally reduce the current staff complement. With projected retirements at approximately 22.4% over the next 5 years,[30] some staffing adjustments could be accomplished by the retirement of personnel without replacement. This change would need to be carefully monitored to balance inmate population shifts and retirement of COs but with a planned CO-to-inmate ratio change this new balance could be phased-in gradually.

[30] The expected retirement rate at Stillwater is assumed to be representative of the system as a whole.

6.3. Correctional Officer Salary Comparisons

Rather than comparing absolute salaries for correctional officers, the most valid approach is to compare total compensation per hour worked between jurisdictions. This requires that salary plus compensation in the form of benefits (including all forms of paid annual leave, pensions, social security, insurance, etc.) be used to calculate the *dollar per hour worked.* The average wage for CO positions equivalent to Minnesota CO2 (the vast majority of CO positions within the Minnesota DOC) was obtained for each state included in this analysis. The base salary figure for Minnesota CO 2 was calculated using a weighted average of all salaries across adult corrections facilities in Minnesota.

Table 34. CO Salary Comparisons By State

	Minnesota	**BOP (Federal)**	**Delaware**	**Iowa**	**Missouri**	**Ohio**	**Washington**	**Wisconsin**
Base Salary:	$34,822	$33,787	$28,356	$32,466	$26,388	$29,973	$33,005	$33,157
Average Benefit Rate	25.53%	47.05%	18.09%	24.00%	28.39%	51.82%	26.50%	30.80%
Average Compensation (w/ benefits)	$43,712	$49,684	$33,486	$40,258	$33,880	$45,505	$41,751	$43,370
Un-worked Days and Coverage Ratios (2088 hours available)								
	Hrs	**Hrs**	**Hrs**	**Hrs**	**Hrs**	**Hrs**	**Hrs**	**Hrs**
vacation leave	175.5		144	120	120	161.2	128	120
personal leave						32	8	28
sick leave	104		120	144	120	80.6	96	130
holidays	80		96	72	96	80	80	72
Total	**1728.5**	**1776**	**1728**	**1752**	**1752**	**1734.2**	**1776**	**1738**
salary per hour	$16.68	$16.18	$13.58	$15.55	$12.64	$14.35	$15.81	$15.88
value of un-worked days	$5,995	$5,048.63	$4,888.97	$5,224.41	$4,246.34	$5,078.76	$4,931.75	$5,558.00
avg compensation per hr worked	$25.29	$27.98	$19.38	$22.98	$19.34	$26.24	$23.51	$24.95
benefit rate incl unworked days	42.75%	61.99%	35.33%	40.09%	44.48%	68.76%	41.44%	47.56%
Coverage for Each Post								
FTEs 5-day post	1.21	1.18	1.21	1.19	1.19	1.20	1.18	1.20
FTEs 7-day post	1.69	1.65	1.69	1.67	1.67	1.69	1.65	1.68
Cost per Post								
5-day post	$52,803.67	$58,412.02	$40,461.77	$47,978.52	$40,377.09	$54,788.64	$49,085.72	$52,103.81
7-day post	$73,925.14	$81,776.82	$56,646.47	$67,169.93	$56,527.92	$76,704.09	$68,720.01	$72,945.33

Table 34, demonstrates that although the average compensation (including benefits) for Minnesota COs is 3rd highest among the comparison states and the Federal BOP,

Minnesota has the highest salary per hour worked at $16.86. This is due to the fact that the number of leave hours available to each CO (including vacation, sick leave, and holiday hours) is extremely high, matched only by Delaware. This means that at 1728.5 hours worked per year, the COs in Minnesota work among the least number of hours of all the states under consideration, and at nearly $6000, have the highest value of un-worked days. Again, as a percent of salary, at 17.22% they are second only to Delaware at 17.24%

6.4. The Cost of Staffing a Correction Officer Post

The cost then to the state of Minnesota of filling a 5 and 7 day post (which includes a replacement factor) is $52,160.08 and $73,024.11. The elimination of a post is therefore one of the most relevant considerations in staffing overall because eliminating an assigned work area means that the saving is greater than one position.

These calculations shown in the prior section confirm that the observed differences in the State per diem costs are not driven by CO salaries. Although high, CO compensation in Minnesota is within the range of other states. We must conclude that *the high per diem in Minnesota is due to staffing levels* rather than CO salaries.

This leads us to examine CO staffing patterns. The Minnesota DOC uses posts to determine CO staffing. A post is defined by the Minnesota DOC as an assignment that *must* be staffed by a CO for a specified number of days per week (either 5 or 7 days.) This means that an employee replacement factor must be used to ensure that these posts are covered. The necessary replacement factors as seen in Table 34 are calculated as 1.2 FTEs for a 5 day post and 1.7 for a 7 day post.

Table 35 displays the calculations performed using the posts per facility and their coverage supplied by the Minnesota DOC. We multiplied each post by its relevant replacement factor to calculate the number of FTEs necessary based on post and coverage. This figure was then subtracted from the current number of employees as of March 17, 2000. The difference from each facility sums to 136.8. This indicates the need to review and codify existing post designations. Nevertheless, any changes in actual staffing levels and post assignments must be made at the direction and discretion of the Commissioner and her staff.

Table 35: CO Post Coverage: Predicted v. Actual[31]

	Coverage	Posts	Calculated # FTEs based on posts/coverage	
MCF-FARIBAULT				
1st Watch	7 days	31	52.7	
2nd Watch	7 days	33	56.1	
2nd Watch	5 days	30	36	
3rd Watch	7 days	38	64.6	
Visiting	5 days	8	9.6	
TOTAL		140	219	
Assigned Complement				220
Current # of employees				231
Difference				12
MCF-LINO LAKES				
1st Watch	7 days	31	52.7	
2nd Watch	7 days	43	73.1	
2nd Watch	5 days	25	30	
3rd Watch	7 days	47	79.9	
Visiting	5 days	5	6	
TOTAL		151	241.7	
Assigned Complement				241
Current # of employees				258
Difference				16.3
MC-MOOSE LAKE				
1st Watch	7 days	27	45.9	
2nd Watch	7 days	32	54.4	
2nd Watch	5 days	6	7.2	
3rd Watch	7 days	35	59.5	
Visiting	5 days	5	6	
TOTAL		105	173	
Assigned Complement				179
Current # of employees				189
Difference				16

[31] Information supplied by Mike Hermerding, Minnesota DOC in response to information request April, 2000.

	Coverage	Posts	Calculated # FTEs based on posts/coverage	
MCF-OAK PARK HEIGHTS				
1st Watch	7 days	17	28.9	
2nd Watch	7 days	40	68	
2nd Watch	5 days	16	19.2	
3rd Watch	7 days	42	71.4	
Visiting	5 days	5	6	
TOTAL		120	193.5	
Assigned Complement				203
Current # of employees				186
Difference				-7.5
MCF-SAINT CLOUD				
1st Watch – 7 Days	7 days	12	20.4	
2nd Watch – 7 Days	7 days	35	59.5	
2nd Watch – 5 Days	5 days	6	7.2	
3rd Watch – 7 Days	7 days	53	90.1	
Visiting – 5 Days	5 days	4	4.8	
TOTAL		110	182	
Assigned Complement				207
Current # of employees				218
Difference				36
MCF-SHAKOPEE				
1st Watch – 7 Days	7 days	12	20.4	
2nd Watch – 7 Days	7 days	16	27.2	
2nd Watch – 5 Days	5 days	10	12	
3rd Watch – 7 Days	7 days	16	27.2	
Visiting – 5 Days	5 days	2	2.4	
TOTAL		56	89.2	
Assigned Complement				99
Current # of employees				96
Difference				6.8
MCF-STILLWATER				
1st Watch – 7 Days	7 days	16	27.2	
2nd Watch – 7 Days	7 days	55	93.5	
2nd Watch – 5 Days	5 days	10	12	
3rd Watch – 7 Days	7 days	60	102	
Visiting – 5 Days	5 days	8	9.6	
TOTAL		149	244.3	
Assigned Complement				252
Current # of employees				294
Difference				49.7
TOTAL DIFFERENCE				136.8

According to the Minnesota DOC, the 136.8 FTE difference between the assigned posts and the number of active employees is generally accounted for in Commissary and Minncor CO assignments.[32] As an example of this Mr. Hermerding states that 27 COs are assigned to Minncor work stations in Stillwater. This number appears high initially. However, he further explains that many of the shops contained within the work area are of a dangerous nature and require a high degree of CO supervision. This is an excellent example of a structure that should be examined for further standardization and possible streamlining. If the inmates at work in these areas are at a high risk for misbehavior or violence, then it may be appropriate to reassign them. The DOC needs to decide whether or not this is an effective use of DOC resources. As an alternative, the size of the work areas (often 4-15 inmates) be increased and thereby effect an economy of scale.

Table 35 makes it appear that current staffing levels exceed required posts. Once again, it is critical that the DOC have accurate, consistent information by which to measure their workload which, in turn drives staffing. If COs are needed to staff assignments in the Commissary and Minncor, then they need to have assigned posts in these locations. These posts are evidently 'bid' as a work unit by the Union, why then are they not reported as posts when a list of all posts was requested? The need for an accurate staffing model, enabling DOC administration to evaluate the effectiveness of current staffing and the ability to monitor their own performance for effectiveness can not be overemphasized. This theme of need to have consistent methods to monitor structure, processes and outcomes for effectiveness and efficiency using accurate and consistent data can not be overstated.

[32] Telephone conversation with Mike Hermerding, April 2000 regarding the materials provided through his office on posts per adult facility as shown in the prior tables.

7. *Case Managers*

The Case Manager Supervisory group met to discuss caseload standardization for DOC adult facilities.[33] This committee recommended a number of excellent efficiencies for which we will estimate potential cost savings whenever possible. We applaud the recommendation that each institution examine its case management process point-by-point to determine whether functions can be eliminated or more efficiently performed through other methods. This should be done without delay. Ideally it could be accomplished by an internal working group of managers and employees, but if this is not possible due to union constraints, we concur with the committee's recommendation that an objective outside agency could be retained to perform this function.

In the context of this evaluation and the memo generated as a result of this meeting, two issues are of paramount importance for this committee (and ***all*** other similar committees within the DOC):

- Recommendations such as those contained in this memo and other reports need to be routinely estimated in terms of potential cost savings (dollars) in order to be strategic. While we are performing this task in some instances, this approach should be adopted by the Department ***as a whole*** if a true per diem reduction is to be realized.
- Positions need to be reduced as a result of these efficiencies. The time must be simply absorbed in performing other tasks. If a legitimate need can be established for some portion of the time saved as a result of implementing these changes, this need should be justified in terms of a *measurable goal* and then monitored for outcomes (for any job class, not just case managers). For example, if some of the time saved through the implementation of the COMS system could be spent in Unit Management by the Case Workers assigned the task of increasing inmate job placement then this outcome needs to be *routinely measured* and evaluated for its success.

7.1. Paperwork Reduction

An extraordinary amount of case worker time is spent on clerical tasks according to the Case Management Supervisors. According to this group, a total of 27.39 Full Time Equivalents or 30.63% of the total time spent by Case Managers (based on a 40 hour per week work time) is spent typing reports.

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[33] March 30, 2000 (revised April 3, 2000) Memorandum to Erik Skon Assistant Commissioner; From Jo Earhart Associate Warden of Operations.

We concur with the following committee recommendations:

- Establish e-mail connections with all agents to promote faster, more efficient communication on release planning.
- Have case managers retain cases throughout facility stay, rather than changing case managers each time the inmate moves to a different unit. This is being done in some facilities, but could improve efficiency in others.
- Eliminate the 201 Transfer Form. Transfers could be facilitated without it, and staff could be notified of transfers and reasons for the transfer via email.
- Reduce transfers between facilities by doing complete needs assessment at intake and determining appropriate institution placement to minimize moves.
- Have research division track transfers to and from each facility, including reasons for transfers. After six months, case manager supervisor group would evaluate data and make recommendations to decrease transfers. Transfer has other programmatic implications and will be discusses in terms of system streamlining and program outcomes later in this report.

However, transfers clearly drive paperwork within the system. The need to expedite implementation of COMS system is demonstrated in the following simple calculation. Based upon conversations with Jill M. Rhoda, Director Transfer and Classification Unit she was able to roughly estimate a time savings as a result of COMS just in inmate transfer paperwork that would look as follows. [34]

Table 36. Estimated Case Work FTEs Saved

Transfers per year as estimated by the Case Management Supervisors	10,285
Case Worker Hours/Yr @ 2 hours per transfer	20,570
Hrs/yr w implementation of COMS @ 15 min per	2,571.25
Hours Saved	17,998.75
FTEs Saved with implementation of COMS at 2088 hrs/FTE	8.62
Total Cost Reduction as a result of COMS implementation if staffing levels are reduced in accordance with decreased workload	**$489,379.81**

[34] Telephone conversation with Jill M. Rhoda, Director Transfer and Classification Unit, April 6, 2000.

7.2. Case Manager Workload

Further recommendations by the case work supervisor committee include:

- Consider reducing the number of events that require case manager involvement; i.e., speaker's bureau, tours, providing training.
- Develop case aide positions to assist with lower level case manager functions. (MCF-SHK has one case aide.) The position(s) would be cost effective, since they would be lower on the pay scale.
- Convert 35 Work Release Beds at Lino Lakes to minimum, and eliminate one (1) case manager position.
- Jails should be required to complete DNA reviews/draws before offender is admitted to the DOC. This would eliminate the need to review the file and have the offender fill out the form. (It would also save a significant amount of medical staff time.)
- Legal call system - Require inmates to exhaust other methods of communication before staff are required to set up calls. This is in policy, but not consistently interpreted or enforced. Some facilities have a local legal call system in place, but all long-distance calls are case manager facilitated. Reducing this function currently consuming 1.4 FTEs in the 7 adult facilities

A ratio of 1 Case Worker to 100 inmates is recommended by Henderson et. al[35] If such a staffing pattern were adopted by the Minnesota DOC this would further reduce costs by an estimated $850,830 as seen in Table 37 and Table 38.

[35] 1997. Henderson, J.D., Ranch, W.H., and Phillips, R.L. Guidelines for the Development of a Security Program, 2nd Edition. ACA Publication.

Table 37: Case Worker Staffing Based on MCF-Stillwater Model

MCF-Faribault		
	Current #	16
	Current Inmates per case Worker	66.81
	# of case workers to achieve Stillwater Model	13
	New Case Worker per Inmates	82.23
	Difference	3
MCF-Lino Lakes		
	Current #	18
	Current Inmates per case Worker	59.22
	# of case workers to achieve Stillwater Model	13
	New Case Worker per Inmates	82
	Difference	5
MCF-Shakopee		
	Current #	7
	Current Inmates per case Worker	45
	# of case workers to achieve Stillwater Model	4
	New Case Worker per Inmates	78.75
	Difference	3
MCF-Moose Lake		
	Current #	14
	Current Inmates per case Worker	64.14
	# of case workers to achieve Stillwater Model	11
	New Case Worker per Inmates	81.63
	Difference	3
MCF-Stillwater		
	Current #	15
	Current Inmates per case Worker	86.6
	Difference	0
MCF-St. Cloud[36]		
	Current #	18
	Current Inmates per case Worker	43.11
	# of case workers to achieve Stillwater Model	9
	New Case Worker per Inmates	86.22
	Difference	9
MCF-Oak Park Heights		
	Current #	5
	Current Inmates per case Worker	66
	# of case workers to achieve Stillwater Model	4
	New Case Worker per Inmates	82.5
	Difference	1
TOTAL CHANGE (excluding St. Cloud)		15

[36] Differences were calculated at MCF-St. Cloud for purposes of consistency. However, due to the fact that this site serves as the intake center for the entire adult male population no actual change is recommended in this facility. Thus, this change is excluded from the total.

Table 38: Case Worker Cost Savings Using New Staffing Model

Positions eliminated	15
Average Cost per position	$56,722
Total Projected Savings	$850,830

8. Health Services

Ambulatory health care services are offered at all Minnesota DOC Adult Facilities. Infirmary beds staffed 24 hours a day are available centrally at Oak Park Heights. The Linden Special Needs Unit at Faribault is designed for geriatric, rehabilitation and terminal inmates.

The purpose of this per diem report is not to examine the quality of services, staffing, and operations of each health services units. Given the time frame for this study, the recommendations regarding this service will focus primarily on contractual and staffing issues such as First Shift Coverage, Supervisory Positions and the CMS contract. Additional areas that warrant review by the Minnesota DOC include: the current KITE system (especially for use in sick call and medication renewal), information management systems and telemedicine.

We concur with the Citizen Advisory group that there is a need to measure quality of care through peer review processes with regular (at least quarterly reports to the Commissioner.) Further discussion of quality management topics and indicator usage is contained in Section 14.3. The issue of immediate concern is how to reduce the current health care per diems. The cost per inmate, per day now ranges from $32.78 (Oak Park Heights) to $8.36 (Willow River) – with a mean of $11.32 for the entire system.

A combination of inmate pre-existing illness and the Minnesota DOC response to these conditions combine to drive costs. The inmate population exhibits the usual effects of a lack of preventive health care associated with poverty. Additional resource consumption is driven by the high inmate population turnover and DOC policy which translates into the decision to conduct a complete physical examination on 60% of the population annually.[37]

Aspects of the Minnesota DOC system that should decrease costs include the decision of the DOC to use a contracted medical care delivery system. This decision generally decreases DOC medical costs by $2.22 per day across all states.[38] Further, the DOC has a small number of inmates (approximately 30) receiving treatment for HIV. The rate of 0.49% may be low in part because Minnesota does not have a mandatory HIV testing policy. However, this is not a unique circumstance since 24 other states and the Federal BOP[39] do not test inmates except on a voluntary basis.

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[37] September 1, 1999.A Report from the Health Care Citizens Advisory Group to the Commissioner of the Minnesota Department of Corrections.

[38] April 2000. Nelson, J. & Lamb-Mechanick, D. Prison Health Care Survey: An Analysis of Factors Influencing Per Capita Costs. National Institute of Corrections Funded Study.

[39] Ibid., Nelson, J. & Lamb-Mechanick, D.

Yet, even with the low rate of HIV positive inmates we will see that pharmaceutical costs are still high. Correctional Medical Systems (CMS) reports that pharmaceutical costs for HIV treatment exceeds that of other states for whom they manage health services. This is important in light of the fact that CMS covers only up to the first $348,000 of HIV pharmaceutical treatment.[40] Further, the recent policy decision by the DOC to treat Hepatitis C inmates with new and expensive drug therapy that is specifically excluded from the CMS contract will further increase costs despite the privatization of parts of their health care delivery system.

8.1. Contract with Correctional Medical Services

This leads us to the ultimate question of whether a contractor can provide health care services more efficiently (read less expensively) than the contracting agency. The answer is, it depends – both on the contract and the contractor. Contracting for medical services is not always less expensive. The cost savings that can be realized from this type of arrangement are largely dependent upon the type of contract written, where the incentives for cost savings lie (including risk sharing arrangements) and the ability of the contractor to obtain favorable cost savings for services within the locale.

The Federal BOP preformed a study comparing the actual costs of community-based health care (inpatient outpatient and other physician services) delivered to inmates at three prisons with the prices that would have been charged had a California Preferred Provider Organization been used. The BOP estimated that savings would have ranged from 25-33%. Indeed, the overhead paid by the state to the contractor and the contractor's administrative overhead are expenses that the State would not have to pay if they provided the services directly.[41]

However, these potential savings presume the ability of the State to control its expenses itself and negotiate favorable compensation for various purchased services. The ability to obtain preferred provider rates is key to cost savings within any health care system. Given the size and scale of Minnesota inmate health services it would not be efficient to undertake the provision of hospital services itself since the DOC does not have the inmate population to support such an effort. Thus, the Minnesota DOC is forced to contract for outside community hospital and consulting provider services. CMS reports that they have had less success in obtaining favorable provider rates in Minnesota than in other contract

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[40] Letter from CMS to Minnesota DOC Contract Negotiations.

[41] May 1995. McDonald, D. Managing Prison Health Care and Costs. National Institute of Justice: Washington, DC.

States it manages. This includes primary care physician staff, hospital per diem rates, and consultant providers.[42]

The majority of the reduction in health care costs that CMS has effected are due to decreased utilization of outside providers. This practice may have initially increased DOC costs due to more frequently scheduled trips according to MCF-Faribault. This issue has apparently been successfully settled recently to the satisfaction of both parties resulting in a decreased number of trips with less CO overtime.

Contracting for medical expenses was expected to reduce in total health care costs to $9.28 per diem.[43] But, in FY 99 actual per diem costs were $11.14—higher than FY 98 costs of $10.62. This was driven in part by the construction of the infirmary at Oak Park Heights, but there are other cost-drivers at work which merit review.

CMS contract costs exceed their base expenditure capitated fees in FY 99, requiring the contract to draw upon risk pool expenditure limits (thereby increasing costs to the DOC). The reasons for this included: an increased number inmates at Red Wing, and the fact that the Minnesota DOC ordered CMS to bring on an additional Nurse Practitioner at St. Cloud (to assist in processing 600 physicals) for a one time cost of $30,000. This will not be repeated according to the Minnesota DOC.[44]

However, revised CMS staffing (including guarantees of time at each facility) is only now being added to the CMS contract. The proposed codification of onsite health providers under the CMS contract as seen in Table 39 is an excellent start in specifying the number of hours health providers are assigned, thereby establishing an accountability factor. These figures are consistent with primary provider hours at similarly sized facilities in comparison states.

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[42] May 4, 2000. Telephone conversation with Greg Meier, Correctional Medical Services Regional Director.

[43]

[44] Telephone Conversation with Nan Schroder Director of Health Services, Minnesota DOC.

Table 39: CMS Site Provider Hours Per Week Effective 5/1/00 [45]

	Primary Care Provider	Psychiatrist	Nurse Practitioner	Dentist	Physical Therapist	Opthamologist
FRB	20	12	32	3	8	4
LL	24	20	8	3	8	4
ML/WR	18	12	18	3	8	3
OPH	32	14	24	3	12	2
RW	6	8		1	2	2
RC	16	8		3	4	3
STC	24	24		3		6
SHK	12	16	10	3	6	2
STW	40	24.5		3	8	3.5
TD			6			
TOTAL	192	138.5	98	25	56	29.5

Clearly, the cost of inmate health care in Minnesota is higher than that found in in other States—even those in which CMS is the managed care provider. The Missouri DOC has a contract with CMS and uses 15 state employees for program management and oversight. Missouri's medical per diem in FY 99 was $5.19. The State of Delaware, also a CMS contract, spends $5.14 per day in medical care – this is driven, in part, by staffing patterns and its Preferred Provider status with the University of Delaware.

We are left to determine why the health care costs for the Minnesota DOC higher than other states. The answer starts with the current combined or hybrid structure of health services in the Minnesota DOC. Minnesota has chosen to use CMS to provide Primary Care Practitioners, Psychiatrists and Dentists along with a few allied health personnel while continuing to use Minnesota DOC employees in nursing, laboratory, radiology and clerical positions. While this model is not unique, it does raise issues that require further discussion.

Hybrid management structures wherein personnel are "serving more than one master" are often fraught with difficulties. Diverse policies and procedures and a lack of cooperation are frequently genuine issues resulting in staff friction and wasted resource use. Who controls the allocation of resources in this system? Until now it would appear that decisions are made rather independently—from consultant access as determined by CMS, yet the DOC decides to aggressively treat Hepatitis C without explicit consent from CMS. Staffing assignments and chronic care clinics appear are in development but line level CMS MD input appears to be limited. The Minnesota DOC system even allows (albeit

[45] Received May 3, 2000 from Nan Schroder Director of Health Services, Minnesota DOC. Proposed Attachment to CMS Contract FY 00.

infrequently) nursing staff who are Minnesota DOC employees to overrule physician (CMS employees) judgment regarding ED transfers.

We had an opportunity to frankly discuss cost effectiveness issues with the Greg Meier, the CMS contract representative. CMS's typical contract in other states calls for them to manage a 'turn-key' program. Under this model they provide comprehensive services including onsite nursing and support staff rather than the hybrid system in Minnesota. According to Greg Meier, the CMS contract representative another challenge they have had with the current contract is the difficulty of obtaining Physicians, Nurse Practitioners (NPs) and Psychiatrists at prices that are comparable to other states in which they manage correctional health services including Missouri and Delaware.

Other cost drivers for this contract, from the standpoint of CMS, are:

- Consultant costs: CMS reports that they initially had a fair number of providers who where unwilling to see inmates. Ultimately, without a reported interruption in services, CMS was able to secure sufficient private providers to support the range of inmate needs.
- CMS fairly characterizes Minnesota as a saturated managed care market. As an illustration of this point, CMS reports that their experience in other states has been that providers see these inmates as a part of community support or "public care" responsibility. These providers offer reduced fees and relatively open access. In Minnesota, CMS, and by extension the Minnesota DOC, under the terms of this contract's risk-sharing arrangement are required to pay full prevailing rates rather than discounted fees for service.
- Hospital costs
    - While CMS has in place a strategic agreement with St. Joe's Hospital their discount from billed charges from facility charges is a reasonable 25% while they only receive a 20% discount on physician services at that institution.
    - At St. Francis Hospital which serves MCF-Shakopee CMS has arranged for a 15% discount on outpatient services.
    - One example of how costly inpatient fees can be is the recent case where one inmate spent 23 days in an ICU for a cost of approximately $180,000.
- Pharmacy Costs
    - CMS has spent a total of $1,479,709 through February 2000. The expected cost for FY 00 would be $2,21,9564 according to our calculations.
    - The following graphic representations were prepared by CMS to illustrate monthly per inmate pharmaceutical usage by Minnesota DOC inmates in comparison to other state Correctional Medical Programs they manage.

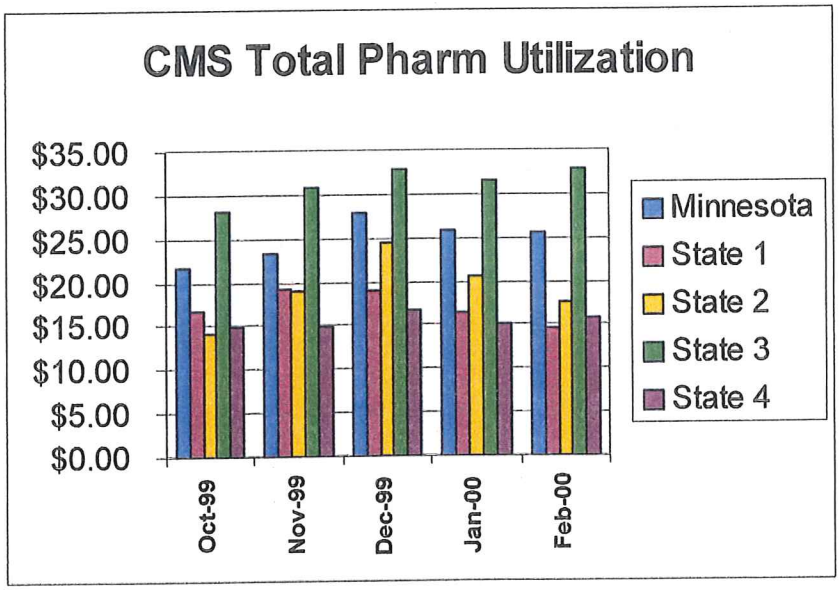
Table 40: CMS Reported Drug Utilization Costs by Site Feb 00

Oak Park	Stillwater	St. Cloud	Lino Lakes	Faribault	Moose Lk.	Willow Riv.	Shakopee	Red Wing
$37.90	$18.15	$30.94	$33.47	$27.20	$13.70	$6.31	$29.02	$29.26

Table 41: CMS Reported Drug Use Across States

	Nov-98	May-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00
Minnesota	$25.00	$25.00	$24.84	$21.73	$23.42	$27.90	$25.83	$25.55
State 1	$13.31	$16.47	$17.76	$16.75	$19.25	$19.00	$16.57	$14.65
State 2	$10.79	$12.25	$14.39	$14.15	$18.97	$24.52	$20.70	$17.51
State 3	$21.94	$25.79	$27.30	$28.03	$30.86	$32.97	$31.49	$32.85
State 4	$14.09	$15.73	$15.14	$14.83	$14.98	$16.60	$15.21	$15.83

Figure 5: CMS Reported Pharmaceutical Use Minnesota v. Other States



These costs are largely driven by Psychiatric and HIV drug use as demonstrated in Table 42 below. These figures have not been verified by audit and are simply a representation by CMS of per inmate costs they claim. However, they are consistent with the total pharmaceutical costs reported by CMS.

Table 42: CMS Reported Drug Use Without HIV and Psychiatric Drugs Comparison Across States

	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00
Minnesota	$6.73	$9.03	$9.63	$6.54	$8.69
State 1	$4.76	$4.92	$5.30	$4.73	$5.01
State 2	$6.35	$9.31	$13.70	$9.45	$7.07
State 3	$6.24	$6.69	$7.93	$7.68	$7.92
State 4	$8.47	$8.15	$8.35	$8.80	$8.54

As seen in Table 43, Minnesota DOC inmate psychotropic drug costs are almost twice that of comparable states. These drugs are purchased under a bull purchasing arrangement and thus reflect utilization prescription patterns rather than regional price sensitivities. The only way to decrease these costs is to change prescriptive patterns, an unlikely scenario unless one provider manages the entire care system, including psychologists, nurses and psychiatrists.

Table 43: CMS Psychiatric Drug Utilization Comparison by States

	Nov-98	May-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00
Minnesota	$11.99	$12.90	$11.35	$10.85	$10.34	$12.46	$12.35	$10.90
State 1	$3.94	$4.96	$6.04	$5.92	$7.13	$6.56	$5.63	$3.56
State 2	$4.57	$4.09	$5.35	$5.03	$6.36	$7.19	$7.30	$7.18
State 3	$2.47	$3.22	$4.89	$4.65	$5.48	$2.75	$6.05	$6.40
State 4	$5.25	$5.30	$4.90	$5.06	$5.46	$7.32	$5.07	$6.50

Figure 6: CMS Psychiatric Drug Use Across States

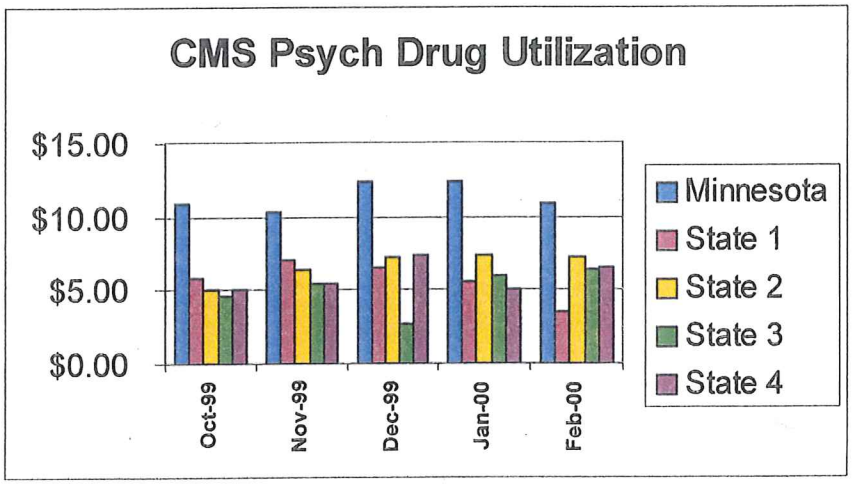


Table 44: CMS Reported Psychiatric Drug Utilization Costs by Site Feb 00

Oak Park	Stillwater	St. Cloud	Lino Lakes	Faribault	Moose Lk.	Willow Riv.	Shakopee	Red Wing
$20.76	$8.11	$17.55	$13.68	$7.54	$3.58	$1.45	$13.35	$23.85

Table 45:CMS HIV Drug Utilization Comparison by States

	Nov-98	May-99	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00
Minnesota	$4.42	$4.44	$5.20	$4.15	$4.05	$5.81	$5.81	$5.96
State 1	$5.23	$5.60	$6.62	$6.07	$7.20	$7.14	$6.21	$6.08
State 2	$2.55	$3.49	$4.05	$2.77	$3.30	$3.36	$3.95	$3.26
State 3	$15.32	$16.06	$16.53	$17.13	$18.69	$19.00	$17.77	$18.53
State 4	$0.76	$1.64	$1.06	$1.30	$1.37	$0.93	$1.34	$0.80

CMS posits that other states are such as Missouri are less expensive because:

- CMS has a comprehensive contact to provide all health care services (Note: this would most probably require them to initiate different staffing patterns);
- There are a significant number of infirmary beds in the Missouri DOC.
- Females infirmary beds are available for earlier discharge from inpatient hospital stays.
- Inmates with similar chronic care needs are placed in the same institutions thereby standardizing care management and increasing cost-efficiencies.

While it is difficult to effect the same level of cost efficiencies in Minnesota given the number of smaller facilities there are opportunities that exist for further cost savings.[46] The primary contract opportunities for the State of Minnesota are to examine the possibility of putting out an RFP that would provide health services on a manday fee[47] basis or to let a comprehensive care contract wherein all health services are privatized.

8.2. Current Contract Management and Future Requests for Proposal

When privatization takes place generally the contractor asks staff to look and act in a manner that is different from their usual way of doing things. This transition is often difficult. Staff who have 'grown up' in a benevolent system that provides open access to expensive treatment and technologies for inmates often have a difficult time adjusting to a managed care system where care is often apportioned differently. Further, existing staff are often reluctant to take on added responsibilities and tasks that are within their particular legal scope of practice but are more demanding than their usual tasks.

Given the risk-sharing form of the current CMS contract with the Minnesota DOC, the DOC should require monthly detailed direct and indirect cost data from CMS. This not only provides the DOC with assurances that expenditures are accurate but also provides both parties with the opportunity to examine the expenditures with an eye to future cost-efficiencies. Further, this information will be invaluable to the DOC if another RFP is issued for contract medical services in the future. All future contracts should have this requirement unless the contract is negotiated with a firm fixed manday fee that is substantially lower than current per diem health care costs.

The fact that CMS is currently charging a marginal per diem of $2.75 per inmate in excess of 6077 inmates raises some interesting issues. There appears to be no limit on the number of inmates that Minnesota may add under this contract as it is now written. If so, this is to the advantage of the Minnesota DOC. However, the history of this contract would tend to indicate otherwise. CMS came back to the state and received a contract modification for physician and allied provider salary increases in the amount of $1,333,822 after the initial contract was awarded.[48]

Also careful monitoring of Oak Park Heights infirmary for over utilization resulting from early hospital discharge. These added costs *may* be offset by Overtime Secuity cost savings for discharged inmates, but this should be monitored as the use of these beds

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[46] May 4, 2000. Telephone conversation with Greg Meier, Correctional Medical Services Regional Director.

[47] The term Manday fee refers to a fixed-fee per capita rate for comprehensive health care services.

[48] FY 1999 Amendment to Contract No. PO-000-2321. State of Minnesota Department of Corrections. Dated June 29, 1998.

increases. Also a formal Utilization Review process for admission and especially discharge from these infirmary beds should be established. The new RFP should explicitly cover such topics as :

- Inmate population growth--what, if any will the cap be. The contract may include the staffing requirements/patterns per 100 inmates to ensure that sudden, significant growth (i.e., DWI repeat offenders) is covered adequately;
- How to cover new facilities at a pre set fee.
- New treatments and technologies such as Hepatitis C treatment. The arbiter of what is an is not included in the future could, possibly be external standards of practice such as the Centers for Disease Control (CDC).

Whether or not the Minnesota DOC decides eventually to develop an RFP that will include nurse staffing as a part of the contract, current staffing patterns at the Minnesota facilities should be reviewed. The following sections discuss: the need for a change in the staffing mix of nursing personnel; the overall nurse staffing patterns compared to other DOCs; first shift coverage requirements; and lastly; supervisory positions.

8.3. Nurse Staffing Mix

The 1996 Institutional Per Diem Task Force recommended that 27% of the Registered Nurse positions be converted to allied health care staff.[49] To date, less than 10% of the nursing positions (7 of 72 positions) are non-RN. Thus, continuation of the progress already made at Faribault and Lino Lakes in case mix to at least a 60/40 RN to LPN ratio would result in a significant savings as detailed in Table 47.

[49] February 22, 1996 Institution Per Diem Cost Review Task Force, Per Diem Report '96. Minnesota Department of Corrections

Table 46: Current and Proposed Staff Mix

		Current	Proposed	Staffing Mix Percent
Lino Lakes	Registered Nurse	14	9	64.29%
	Licensed Practical Nurse	0	5	35.71%
St Cloud	Registered Nurse	12	8	66.67%
	Licensed Practical Nurse	0	4	33.33%
Stillwater	Registered Nurse	10	9	64.29%
	Licensed Practical Nurse	4	5	35.71%
Oak Park	Registered Nurse	22	14	63.64%
	Licensed Practical Nurse	0	8	36.36%
Shakopee	Registered Nurse	5	4	66.67%
	Licensed Practical Nurse	1	2	33.33%
Moose Lake	Registered Nurse	10	8	66.67%
	Licensed Practical Nurse	2	4	33.33%

Faribault is already modeled upon this staffing mix and requires no change under this scenario. Conversion of staff from a primarily RN to an RN/LPN Support staff mix would save a total of 24 positions for almost half a million dollars saved per year as seen below.

Table 47: RN to LPN Position Conversion

Number of Positions Converted 24
Cost Savings per position $18,000
Total Savings $432,000

In addition to a change in skill mix from an all professional staff, it is worthwhile for the DOC to compare their staffing patterns with other DOCs.

8.4. Nurse Staffing Comparisons

While there are no absolute staffing templates that can be used to dictate staffing, there are some general staffing guidelines that can be employed to enable the Minnesota DOC to assess its overall patterns against that of other states. Which staffing patterns is best is not within the scope of this report. Ultimately, the State of Minnesota must determine the staffing needed to effectively and efficiently provide the level of quality of health services desired. Nurse staffing needs to be based upon the:

- characteristics of the institutions;
- age and health requirements of the inmate population,
- services delivered on site; and,
- presence of infirmary beds --which necessitate 24 hour a day staffing.

However, nurse staffing also needs to be based upon workload-driven, cost effective practices that yield predetermined objectives, not simply staffing based on the history of institutions or the desires of staff. Given that there is little current workload data available at this time, it behooves us to examine other DOC staffing patterns to evaluate Minnesota's current facility staffing.

These reviewers are in agreement with the Minnesota DOC-retained consultant that the Texas DOC uses an efficient model for staffing[50]. Using the consultant's suggestion, the Texas DOC health care staffing model from the at University of Texas Medical Branch (UTMB) was used to create a staffing matrix for MCF-Stillwater. The results of this calculation are shown in Table 48. UTMB uses a part-time (0.8 FTE) physician and .4 physician extender as well as a health administrator (.8 FTE) and a variety of clerical personnel. A comparison of this UTMB model with Ms. Moore's recommendations as seen Table 46 indicates that the Minnesota DOC would save a total of 10.6 nursing positions.

Table 48. Staffing Pattern Based on UTMB Model for 1250 inmates

Position	FTEs
Health Administrator	0.8
Director of Nurses	0.8
RN	4
LVN	6.4
Medical Records Administrator	0.8
Records Clerk	1.6
Medication Aide	3.2
CID Nurse	0.8
Clerk	3.2
Secretary	0.8
TOTAL STAFFING	22.4

[50] October 3, 1999. Health Care Staffing Analysis: Presented to the Minnesota Department of Corrections. Moore & Associates

Table 49. Consultant Staffing Model for MCF - Stillwater

Positions	FTEs
Nurse Manager	1
Nurse Supervisor	1
Days	
RN Sick	2.8
LPN Meds	2.8
LPN MD	1
RN	1
Scheduling	1
File clerks	2.4
Evenings	
RN	2.8
LPN meds	2.8
File clerk	1
Nights	
RN	1.4
LPN meds	1.4
RN	8
TOTAL STAFFING	30.4

Table 50: Alternate Nurse Staffing Models Specified by Type of Institution

	Facility ADP	Current MN Nurse Staffing	BOP Nurse FTEs Adjusted for ADP	Difference	DE Nurse FTEs Adjusted for ADP	Difference	Iowa Nurse FTEs Adjusted for ADP	Difference
STW	1282	14	11.12	2.88	11.76	2.24	17.08	+3.08
LL	1035	14	10.14	3.86	10.05	3.95	13.71	-0.29
SHK	337	6	8	-2	6.90	-0.9	3.46	-2.54
FRB	1051	24	10.20	13.8	9.64	14.36	17.51	-6.49
ML	883	12	9.53	2.47	8.10	3.9	11.76	-0.24
OPH	350	22	n/a	n/a	14	8	17	-5
STC	771	12	12	0	N/A	-	14.56	+2.56

The following Table illustrates the Delaware DOC Staffing model extrapolated to 1250 inmates to compare it to MCF-Stillwater (from ADP of 1100).

Table 51: Staffing Pattern Based on Delaware DOC Model for 1250 inmates

Position	FTEs
Health Services Administrator	1.02
Director of Nurses	0.91
Medication Aide	1.59
Medical Records Technician	2.04
Administrative Secretary	1.14
TOTAL STAFFING	20.16

The Federal BOP uses a base of 8 Non-physician health care providers (including NPs, RNs, LPNs and EMTs) for each 500 inmates with proportional reductions for base less than 500 and 1 additional staff for each 250 population increase. Special functions receive additional staffing (i.e., reception in St. Cloud yielded 3 additional positions.)[51]

Based upon a review of the BOP, Delaware and Iowa staffing patterns it is evident that there are a wide variety of staffing levels used. Staffing in Texas, the Federal BOP and Iowa would all be lower than that of the Minnesota DOC. One method of reducing staff while maintaining service coverage is to examine the continued use of first shift coverage.

8.5. First Shift Coverage

Consideration should be given to the elimination of first shift nurse coverage at Lino Lakes, Stillwater , Faribault, Shakopee, and Rush City. None of these facilities run a 24 hour inpatient infirmary service requiring staff coverage on all shifts. Therefore, this policy change should not effectively change operations. The practice of eliminating first shift coverage has gradually been adopted by the Federal BOP in the past year with success.

The argument against this move is likely to be that it will cause an increase in the number of inmates who complain of illness and seek to be transported to a nearby emergency room. While initial behavior of this sort may occur, it should always be the decision of the physician on call whether or not to send the inmate to the Emergency Department (ED) in any event. Thus, the absence of a Registered Nurse should not materially change ED transports. Unless there is documented evidence of nurse treatment of acute conditions on the first shift that avoid serious inmate injury and avoid transfer to an ED. Since there are no infirmary units at any facilities except Oak Park, keeping an inmate overnight for observation is not currently a viable option anyway.

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[51] Staffing Guidelines for Federal Corrections Institutions.

Medications currently administered on the first watch could be reconfigured for administration on an alternate shift. Alternatively, a Licensed Practical Nurse could be retained until a review of the large number of psychotropic medications administered on "pill-line" (reported as over 350 medications at Stillwater) are reviewed for possible "Keep on Person" (KOP) use. The key to successfully accomplishing this change is support of the Medical staff and continual monitoring of the effects of this change using valid criterion.

Table 52: First Shift Coverage Savings

5 Registered Nurse Posts (5 x 1.7 replacement factor)	8.5 FTEs
Average Salary with benefits	$56,000
TOTAL SAVINGS	$476,000

8.6. Registered Nurse Supervisory Positions

Consideration should be given to the consolidation of certain of these middle management positions into one position to cover closely linked institutions. Since these positions are administrative, including planning, policy setting, and financial management these positions need not be based in one location. Further a shared Administrative position will increase the likelihood of consistent service delivery, shared resources, and opportunities for continuous quality improvement - analysis of systems, processes and outcomes on a macro-level. Alternatively it could even be possible to create two regional directors rather than eight administrators, thereby saving 6 positions. A head nurse or charge nurse could be responsible for day to day operational management including staffing and expenses at the individual institutions with Regional Directors preparing and overseeing the budgets.

Administratively, RN supervisors are charged with "overseeing the budget" but have no explicit responsibilities for budget outcomes for performance appraisal. This is an area where this middle manager position is functioning as a Health Services Administrator and should have corresponding responsibility to be effective. If not, then the positions are that of a Charge Nurse and appear largely redundant to the Head nurse Supervisor positions.

8.7. Kite System

This is a time-consuming system used by inmates to communicate both routine and urgent messages to the health care staff as well as requests for refilling medications and complaints regarding treatment. Interviews with the nursing supervisory staff revealed that significant nursing time is spent "triaging" kites and then scheduling inmate appointments based upon these inmate requests for treatment.

Triage is generally accepted as a process of sorting patients and classifying them by categories in terms of relative urgency. It is designed to ensure that those patients who need treatment more urgently receive it first and that limited staff resources (e.g., physician or mid-level practitioner time) are not expended on patients who can be safely treated through protocols (standing orders) by nursing staff. If all inmates are seen on the same day then there is no need for a kite. However, if as reported to this reviewer (in some sites) not all inmates submitting a kite will be seen that day, then there is the risk that the inmate who "writes a good story" is more likely to be seen than an inmate who needs treatment but is less articulate. This method of reviewing KITES for sick call and prescription renewals is time-consuming and expensive. Ideally, triaging should be done for people, not paper. An estimate that reviewing some 150 kites per day could easily consume .5 of a productive FTE per day is not untoward. Reducing this process would eliminate the need for additional staff currently being felt by the nurses within the system.

We recommend a complete review of the current system of sick call and medication renewals. We suggest that a Organizational Performance Improvement Continuous Quality Improvement structure, process and outcome analysis be employed, with a focus on the time and costs associated with the current and proposed processes. It is estimated that the cost-savings associated with changes in procedures leading to a more efficient system will result in sufficient staff savings to enable Chronic Care Clinics to be organized without additional staffing.

8.8. Information Management

During the course of this review only one of the four facilities (St. Cloud) appeared to be consistently tracking encounter information. While tracking this type of information is tedious and can be time consuming without automation, there is little meaningful information currently available regarding staff workload. The absence of information regarding the incidence of chronic illnesses, infectious diseases, as well as sick call patterns makes planning exceedingly difficult for CMS and the DOC administration. The need for accurate encounter data was stressed by the Citizen Advisory Committee for the Minnesota DOC and warrants repetition here.[52]

The need for an automated system of prescription renewals is paramount and such a system should be developed as soon as possible with CMS. It is understood that the COMS module for the health care units is in development and will not be implemented until later this year. It is imperative that the Minnesota DOC system be capable of interfacing with CMS to allow this prescription process to be streamlined. The current paper prescription system of faxing medication renewals as well as the use of the kite

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[52] September 1, 1999.A Report from the Health Care Citizens Advisory Group to the Commissioner of the Minnesota Department of Corrections.

system for this process needs to be streamlined and made automated. This process change is particularly important since Chronic Care Clinics (CCC) are not yet operational and it is more difficult to routinely review these medications without a set CCC procedure. This has the potential for missed doses on weekends, etc. -- especially since this client population is less likely to plan in advance and engage in other healthy behaviors.

The Texas DOC has implemented an extensive computerized pharmacy system that enables menu-driven pharmacy ordering using a light pen. Data on both the inmate and the health provider are entered using a card-reader system.[53] The Texas model contains 3 primary components: data entry, medical alerts, and formulary match-up and drug distribution (tracking and recording drug administration). This type of technology is available to the Minnesota DOC since they have such an identification card system for inmates already in place (for commissary use) and could adapt the cards for this pharmacy application.

It is understood that Chronic Care Clinics are in the process of development. These clinics should ensure an adequate quality of care *if* inmate progress is systematically reviewed using nationally recognized guidelines as a model. This information is particularly important to collect in this coming year as a precursor to the RFP process to determine staffing and other resource utilization requirements. It is recommended that the Minnesota DOC work with its current contractor, CMS, to obtain the following information to assess cost-effectiveness and prepare for future RFPs:

- Consultant utilization, (specialty type and number of visits)
- ED visits and reasons (i.e., at Moose Lake 68 visits have been recorded in the first half of FY 00. 21 of these visits have no reasons for the encounter. This limits the usefulness of this data for peer review and as an indicator of resource utilization.)
- Hospital admissions, reasons, and average length of stay (ALOS) -- CMS should be capable of providing charge information as well as comparison to Medicare and Medicaid rates;
- laboratory tests (remembering to project out the burden of DNA testing beginning July 1, 2000, as well as Hepatitis C testing and treatment);
- Chronic Care Statistics, including Standards of Care used throughout the Corrections Industry;
- radiological testing and other non-invasive imaging frequency and charges;
- pharmaceutical use.

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[53] May 1995. McDonald, D. Managing Prison Health Care and Costs. National Institute of Justice: Washington, DC.

8.9. Telemedicine

Telemedicine is currently being used by more than half of the states in the US and the Federal Bureau of Prisons. Statewide telecommunications initiatives in Alaska, North Dakota, and Utah include the state DOCs as well as distance learning components which could be of use as models for the Minnesota DOC. Wyoming and South Dakota have integrated their systems into public systems (Wyoming uses the compressed video network that includes education, state government, and private industry.)

Telemedicine can be used for teleradiology, consults in medical and surgical specialties, as well as psychiatry. However, given the 30% reduction in consult usage through the CMS contract the question remains what additional cost savings can be realized through the use of telemedicine. Conversations with CMS revealed that while this technology is being used extensively in some of their other contracts (such as New York State) for remote sites they too question the cost-effectiveness of such a system of telemedicine for Minnesota given the infrastructure and provider costs within the State. On a test basis it would appear that the highest benefit from telemedicine could be gained from use by psychiatrists. However, CMS can not currently use out-of-state physicians, who might be amenable to cost reductions to provide this psychiatric care. If an under-utilized and understaffed telemedicine system were developed, the potential cost savings, including security overtime, may be offset by technology costs. CMS states they have evaluated this issue and can provide a statement to the Minnesota DOC.[54]

8.10. Hepatitis C Inmate Treatment

The Minnesota DOC estimates that approximately 20% of the inmate population has Hepatitis C. The Advisory Group expects that 100 inmates would meet the criteria for combination Interferon and Ribavirin therapy. The DOC estimates the medical costs of this program at between $234,000 and $1.56 million per year for treatment and testing.[55] In contrast, Utah reports that treatment of their inmates for Hepatitis C costs $16,900 per year per person.

We recommend housing all inmates receiving Hepatitis C treatment in a special unit at either St. Cloud or Oak Park Facilities. Placement at either of these facilities would support the first watch change discussed earlier by allowing the DOC to keep from having to staff other facilities with 24 hour coverage in the event of a reaction to these drugs.

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[54] May 4, 2000. Telephone conversation with Greg Meier, Correctional Medical Services Regional Director.

[55] September 23, 1999. A Report to the Commissioner of the Minnesota Department of Corrections on Hepatitis C. Advisory Group.

Additionally, it would reduce staff time by enabling protocols to become standardized. at Oak Park or St. Cloud. Questions that arises in terms of cost include whether or not CMS has explicitly agreed to pay for:

- the $86,400 estimated screening costs,
- Hepatitis A & B vaccination at an estimated $60,000, and
- diagnostic testing and follow up care.

or whether these costs will be paid directly by the Minnesota DOC.

Since this treatment remains somewhat controversial and, as acknowledged by the Minnesota DOC, delays in treatment for more than a year will not result in severe consequences it may be possible to refer more inmates to Minnesota Care post incarceration rather than bear the costs without additional special funding for this project (ideally to remove it from the overall per diem.) According to the Director of Health Services for the Minnesota DOC, the Department is working with Minnesota Department of Health to obtain a grant for part of the diagnostic testing associated with the treatment of Hepatitis C inmates.

8.11. Laboratory and Radiological Services

Generally, contracting for Laboratory and Radiologic services rather than the current employee-based system is a less expensive alternative since services are then used on an as-needed basis. The cost burden for full time or even part time employees providing radiological and laboratory services to facilities other than St. Cloud and possibly Oak Park Heights is possibly unnecessary and could easily be added to a managed care contract or a separate contract for services on an as needed basis.

8.12. Legislative Action Affecting Health Care Per Diem

As McDonald notes, in the absence of laws requiring community-based providers to accept reduced rates for inmates, DOCs are at the mercy of the providers and the marketplace.[56] If there is competition, then prices will naturally be lowered and access will not be constrained. Unfortunately, this is not currently the case in Minnesota. The location of many of the facilities precludes marketplace competition (only one hospital or limited providers in the area) causing prices to escalate. It is not uncommon for CMS (and thus the Minnesota DOC indirectly) to be paying premium prices (charges) for provider access. An extension of Minnesota Rule 101 requiring health care providers to take state employees as patients that would require all Health Providers accepting

[56] McDonald (1995).

Medicaid funding to bill for correctional inmate care at Medicaid Rates would significantly reduce out-of pocket costs under the CMS contract and enable the state to share in the cost savings under the terms of this and future contracts under a risk and cost sharing provision in the contract. Connecticut has recently gone to this payment model.

Other cost saving initiatives the DOC is undertaking include working with Veterans Administration Hospital to use that delivery system for service connected illness. Department of Human Services to enroll in Medicaid and general assistance medical care (include Veterans) Minnesota Care program for the uninsured.

9. Programming and Education

Programming for both offenders and staff are important objectives of the Minnesota DOC. The form, cost and type of programming needs to be defined by objective measures of strategically planned initiatives. One of the issues is inmate idleness. The Minnesota DOC uses programming and education as a part of their overall inmate work assignments. In November of 1996 it was reported that 14% of the inmates had no work assignments[57] Currently, that rate is 10%.[58]

The Minnesota DOC recently calculated the per diem impact of institutional program costs as $4.85. This figure included academic, vocational, literacy, chemical dependency and sex offender treatment and was broken-down as follows:

- Academic Education $1.52
- Literacy Education $.17
- Vocational Education $1.35
- Chemical Dependency Treatment $1.2.
- Sex Offender Treatment $.60

However, these figures reflect *average costs computed as if all inmates were enrolled in these programs.* We will see that the actual per diem for those participating in these programs is much higher than these averages.

The purpose of this report is not to evaluate the quality or effectiveness of programs but rather to evaluate the costs and, where appropriate, suggest methods used that have been successful in other states. The emphasis in this section is to:

- measure the cost per inmate actually involved in programming; and;
- emphasize the need for consistent measurement of the success of programming in order to evaluate the most efficient and effective interventions.

This recommendation is consistent with the *ACA Standards for Adult Correctional Institutions* (3rd ed). Standard 3-4104 stipulates that institutional programs should be "analyzed and evaluated at least every two years to determine their contribution to the institution's mission."

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[57] January 1997. Program Committee Report. Minnesota Department of Corrections, prepared by The Minnesota Department of Corrections Program Committee.

[58] March 10, 2000. Memorandum To Erik Skon, Assistant Commissioner, Adult Facilities Division, From Anita Powers, Associate Warden, Administration. Re: Idle Inmates as of Monday, March 6, 2000.

The Byrne report notes that there needs to be a greater emphasis on the development of a statewide strategic plan across Minnesota jurisdictions and treatment components, as well as a need for information sharing and coordination. [59] There exists a positive new policy (still in draft form) "Chemical Dependency Programming, Screening, Assessment, and Program Placement Criteria" which responds to the current statistics that allege that inmates throughout the nation have no continuum of care post incarceration -- by working cooperatively with corrections agents and community programs to ensure planning and implementation of care plan post prison. However, this need is not new.

A recently published Minnesota DOC study of inmate recidivism rates from 1997-1999 demonstrated re-arrest rates of 28.5%; reconviction rates of 9.4%; and re-incarceration rates of 7%. There was little difference in recidivism rates among inmates who participated in treatment programs from those who did not participate in programming. The study concluded that it was "most accurate to state that some correctional programs positively impact some offenders—and only some of the time." Recidivism was found to vary significantly by sex, race, and offense type. The study found "moderate to significant support for the positive effects of sex offender treatment and the Challenge Incarceration Program on recidivism. No other correctional programs appear to significantly impact the recidivism of adult offenders." [60] However, we note that the results should be interpreted with caution: in this exploratory study, the researchers were limited to readily-available, non-randomized sample without an adequate control group.

Recidivism is often used as an indicator of program success. The Florida DOC has developed and published a new method for calculating recidivism rates using all offense information in their "Offender Based Information System" to determine "whether and when a new offense was committed." Data was old by the time they could examine it – using a preset time period – entire cohort of release restricted to those that had a 24 month follow up period with a 6 month "buffer" so that the cohort has time to appear in the former database. Thus, to calculate a 2 year recidivism rate on inmates released in a prior year, data could not be collected before 30 months post release. Their new method uses survival analysis techniques to estimate the recidivism function at each month following release - computed over time rather than a fixed time period allowing trends in re-offense to be identified and analyzed more quickly and reliably. [61] This method requires an excellent tracking system and may be investigated as an alternative during the development and implementation of the COMS system.

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[59] Byrne Report

[60] December 1999. Performance Report: Recidivism in Minnesota. Minnesota Department of Correction Research and Evaluation Unit.

[61] December 1999. "Recidivism Report: Inmates Released From Florida Prisons" Florida Department of Corrections Bureau of Research and Data Analysis.

Church or Faith-based programming has been used by some Correctional Departments as an alternative to a social service model. Most notably, the Texas DOC has adopted this alternative: Governor Bush launched this "experiment" in 1997 using new laws exempting faith-based drug treatment programs from state health and safety regulations. Juvenile homes in the state are regulated under a Christian Child Care Agency and issues regarding possible conflicts of interest in these cases have been raised by critics. Initial reports of 90% success rates have been challenged by others, including a self-styled "Christian researcher" who generally supports such a model, but found a success rate of only 13%, almost exactly the same as that of medical/social service models. This faith-based approach has recently come under increased scrutiny due to charges of abuse, particularly with youthful offenders, recently causing a grand jury to be convened to address these cases.[62] While an interesting experiment, further research is probably necessary prior to the implementation of such an approach.

One issue that the DOC is attempting to address is the fact that inmate program placement is often driven by sentence length and that transfers frequently interrupt programming – when a slot is available, education may be interrupted in favor of CD program placement.

9.1. Chemical Dependency Programming

The Atlantis Program at Stillwater examined recidivism for 81 offenders who participated in CD treatment who were discharged between 1990-1992. This study reported in the Legislative Audit Report Recidivism of Adult Felons found *no difference* between those participating in the program and non-participants: 55% of program participants were rearrested within 3 years of release compared with 57% of all males released in 1992. The 1999 Minnesota DOC Recidivism study found that chemical dependency treatment appeared to have an impact on recidivism rates for the first 6 months following release (rates of 12% treatment compared to 18% no treatment). This does not mean that these programs are without effect but this finding has implications for future measurement and ongoing evaluation of the effect of specific interventions and the need for follow-up treatment.

Minnesota Statute 243.18;244.101;244.03;244.05 provides the basis for the Alcohol and other drug programming in adult facilities to include staff trained in drug and alcohol treatment to supervise and operate the program. The question of measuring what works and what doesn't in CD treatment - including what length of treatment has the greatest effect- is becoming clearer. The National Institute for Drug Abuse (NIDA) recently published a definitive survey of prison-based chemical dependency treatment programs based upon a peer-reviewed review of the research literature. NIDA concluded that the

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[62] Rosin, H. May 5, 2000. "Putting Faith in a Social Service Role: Church-Based Providers Freed From Many Rules. The Washington Post Section A, pp 1, 14, 15.

Therapeutic Community model such as the one used in Minnesota can be quite effective in reducing drug use and recidivism to criminal behavior. However, the reviewers repeatedly emphasized that "*treatment gains can be lost if inmates are returned to the general prison population after treatment.* (and) *Research shows that relapse to drug use and recidivism to crime are significantly lower if the drug offender continues treatment after returning to the community.*" This finding is supported by numerous studies, among them the oft-cited CALDATA study by Gerstein et. al. Residential treatment with a community focus resulted in a significant (58%) reduction in costs to taxpayers.

The Key-Crest program in Delaware is cited by the Minnesota DOC as a highly successful example of long-term residential models. However, this model is largely successful because it consists of a 3-stage program with a heavy emphasis on post-incarceration follow-up. Indeed, in research published by the State of Delaware, this program was successful with offenders in the two most relevant parameters – being drug and arrest-free at 18 months post incarceration ***only*** when all 3 parts of the program were completed by offenders. Recidivism rates in these two key indicators were significantly lowered 54% (drug-free) and 82% (arrest-free) only when they participated in the 3 stage program. Those participating in the in prison phase only had recidivism rates of 94% and 92% in these respective indicators.

The South Dakota Corrections Substance Abuse program also uses a continuum of CD services to provide community-based after care follow-up with parole officers. They credit the success of the program with the fact that there is a concentrated, coordinated effort post incarceration.

Another program, often recognized for its success is Turning Point in the Oregon DOC. [63] Here again, the key to success is the emphasis on transition counseling which includes leisure development, family programming, employment preparation, release planning and (aftercare plan) relapse prevention. This transition care focus includes a transition counselor meeting with the offender's parole officer and tracking the offender's participation in the transition phase (post prison) of the project. Again, this transition follow-up is one of the primary issues that needs to addressed by the Minnesota DOC.

Ultimately, the insight gained from a review of these programs is that program success depends on the existence of significant follow-up, both in the general prison population and in the community post incarceration. We recommend that the Minnesota DOC consider shifting resources from long-term inpatient programs to an expanded system of inmate aftercare.

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[63] www.ojp.usdoj.gov/BJA/txt/longmont.txt Oregon Department of Corrections 2575 Center St. NE Salem, OR 97310 Gary Field

9.2. Measurement of CD Program Effectiveness

The 1997 Program Committee recommended that the DOC should:

> develop methods to determine the effectiveness of our chemical dependency programming. Evaluation should occur throughout the treatment process to measure the progress during treatment and recidivism subsequent to involvement in treatment. The money spent on treatment efforts should impact positively on an offenders' adjustment during and after incarceration. Outcome based assessment tools are critical.[64]

The Byrne Advisory Committee, author of "Creating a Safer Minnesota: A Strategic Plan to Fight Crime, Drugs and Violence through a More Effective Criminal Justice System"[65] also supported the need for consistent indicators that reflect performance and are sensitive to changes in program content and design should be implemented as soon as possible.

An indicator is a flag or signal of variance from a predetermined standard that should immediately, and with a high degree of sensitivity and specificity, enable program managers and policy makers to detect deviations from the desired norms. The highly ambitious 12 page list of proposed Chemical Dependency Treatment Program indicators should differentiate between administrative data and indicators that measure program performance and operational effectiveness. For example, many of the data elements can simply be reported administratively such as, the number of community agencies providing CD transitional programs, staff recruitment efforts, or the number of offenders participating in programs.[66] We would encourage streamlining and reducing the number of indicators to 5-6 that will support ongoing cost benefit and outcome analysis.

Further, the proposed timeline of 3 years for the implementation of a cost-benefits analysis is lengthy and we would encourage using the following reference to begin this process immediately. Further, the DOC needs to develop benchmarks against which performance is measured - not simply prior year historical data from MN DOC.

One excellent resource for the development of a cost benefit analysis has recently been made available by the National Institute of Drug Abuse (NIDA) Measuring and Improving Costs. Cost analysis is defined as a "through description of the type and amount of all

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[64] January 1997. Program Committee Report. Minnesota Department of Corrections, prepared by The Minnesota Department of Corrections Program Committee

[65] December 1999. Creating A Safer Minnesota: A Strategic Plan to Fight Crime, Drugs and Violence through a More Effective Criminal Justice System. Byrne Advisory Committee Report . Office of Drug Policy & Violence Prevention.

[66] March 13, 2000. Draft Minnesota Department of Corrections Chemical Dependency Intervention and Recovery System Strategic Plan Indicators.

resources used to produce substance abuse treatment services"[67] This forms the basis for cost effectiveness analysis which is the relationships between costs and outcomes or effectiveness; can be used for different programs, treatment modalities (residential treatment alone or combined with intensive aftercare.) Cost benefit analysis requires that both costs and outcomes are measured in dollar amounts such as: increased days of employment and decreased reliance on social welfare programs. Methods that can be used to measure outcomes in terms of costs include:

- net benefit – subtract costs of program from benefits
- ratio of benefits to costs – divide total program benefits by total costs

This manual provides a 15 week timetable for a cost benefit analysis of a substance abuse treatment program including a detailed step-by-step process to collecting cost data (direct, indirect, space, volunteers), standardizing effectiveness measures (i.e. drug free days, days of employment, functioning pre and post treatment cost savings, criminal justice services not required) as well as an extensive listing of the types of costs and potential cost savings.[68]

Another approach to measuring the outcomes of CD treatment programming other than recidivism rates is illustrated in the results reported by Spies as part of his Master's thesis. This study which is easily replicated, examined the results of a 3 month CD Treatment program on inmate discipline reports.[69] The author used a small group matched-pair design (19 inmates in treatment group and 19 in control.) Groups were matched on 82.9% of the following demographics: age, race, chemical dependency (only 65% matched), type of offense , months of original sentence, academic level, and past gang involvement. This study demonstrated that prison inmates who attended and completed the "RESHAPE" CD program at MCI St. Cloud recorded significantly ($p=.02$) fewer behavior reports following treatment than they did prior to treatment. Specifically, 19 inmates recorded 15 behavior reports prior to treatment and only 4 reports following treatment compared to 20 reports by the control group. There are, of course, limitations to this study: inmates were followed for only 3 months, inmates were in a small group - a single cohort which may have for other reasons "bonded." Nevertheless, the treatment cohort did not begin and end together, a fact which may overcome these confounding variables.

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[67] September 1999. Yates, B.T. "Measuring and Improving Cost, Cost-Effectiveness, and Cost-Benefit for Substance Abuse Treatment Programs – A Manual" US Department of Health and Human Services National Institutes of Health NIDA Division of Clinical and Services Research.

[68] September 1999. Yates, B.T. "Measuring and Improving Cost, Cost-Effectiveness, and Cost-Benefit for Substance Abuse Treatment Programs – A Manual" US Department of Health and Human Services National Institutes of Health NIDA Division of Clinical and Services Research.

[69] Spies, J. (1998). "The Effects of a Three Month, Prison-Mandated Chemical Dependency Treatment Program on Inmate Disciplinary Reports." Masters Thesis Submitted to Graduate Faculty of St. Cloud State University, St. Cloud, MN.

The findings must be treated as a pilot project, with the understanding that there are a myriad of confounding variable (reason for the change in behaviors aside from participation in the RESHAPE program.) We would agree that the findings are interesting and may reasonably support the assumption that inmates participating in CD program are less likely to have behavior problems within the general prison population after treatment.

The study is worthy of note for two reasons: it demonstrates effectiveness using one important parameter and the findings of this study support short-term change as an effective use of resources throughout the system. This includes the use of shorter chemical dependency treatment programs and CD treatment itself as a means of enhancing institutional security. RESHAPE is a 90 day treatment program using a 12 step program and criminal thinking component. The author acknowledged that "the results of the study do not, however, consistently support the conclusion that those inmates who participate in chemical dependency treatment while incarcerated cause fewer problems for custody staff in terms of rule compliance." He further concluded that "mere participation in treatment seems to make no difference in terms of behavior infractions recorded" rather, treatment completion is the best indicator.[70]

Other indicators that could be used to measure the outcomes of CD program participation include:

- knowledge gained
- motivation for ongoing lifestyle change
- participant impression/satisfaction with program
- recidivism
- successful program completion rates.

9.3. Programming Costs

Short-Term Residential Programs provide intensive but relatively brief residential treatment based on a modified 12-step approach. These programs were originally designed to treat alcohol problems, but during the cocaine epidemic of the mid-1980's, many began to treat illicit drug abuse and addiction. The original residential treatment model consisted of a 3 to 6 week hospital-based inpatient treatment phase followed by extended outpatient therapy and participation in a self-help group, such as Alcoholics Anonymous. Reduced health care coverage for substance abuse treatment has resulted in a diminished number of these programs in the free world, and the average length of stay under managed care review is much shorter than in early programs.[71] Given the 6 to 12 month CD programs in

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[70] Ibid, p. 97.

[71] http://www.nida.nih.gov/PODAT/PODATindex.html NIH Publication No. 99-4180 October 1999 Principles of Drug Addiction Treatment A research Based Guide Prison-Based Treatment Programs.

the State of Minnesota it is fitting that we review the costs of treatment for inmates in both Minnesota and other State DOCs.

Depending upon the length of time spent in the program, the cost of treating an inmate in Iowa ranges from $647 to $1,942.20 with an average cost of $1,294.80 (4 month treatment). These figures are less than half that of Minnesota for similar programs. Delaware was unable to provide information regarding the cost of their CD treatment since it is integrated into their community correction budget.

Table 53: Iowa CD Programming

Total Annual Costs	$3,750,609
# of Offenders	952
Per Inmate per day	$10.79
Program Length	2 to 6 months
Average	4 months
Approximate Staff: inmate ratio	1:20

Table 54:Minnesota DOC CD Programming

Facility	Lino Lakes	Faribault	Stillwater	St. Cloud
Program	TRIAD	New Dimensions	Atlantis	Reshape
Beds		100 beds	36 beds	25
Treatment Length	3m, 6m, 12 m residential	9 m residential	6 m residential	6 m residential 45 day after care
Therapists	22	11	9	
Staff	39 inc security			staff also conducts CD evaluation
Total Costs	$1,367,000	$412,079	$325,202	$328,000
Cost Per Inmate[72]	3 month - $1228.50 6 month - $2457.00 12 month - $4982.25	$4000.77	$4516.69	$6560.00
# of Offenders per year	240	103	72	50
Per Inmate per day[73]	$13.65	$10.96	$12.37	$17.97

[72] figure is *in addition* to regular per diem

[73] Calculations provided by the Minnesota DOC TRIAD Unit. Since programs are a mixture, an overall per diem (reflecting more 3 m treatment was used) for comparative purposes. April 1999. Kaul, J. The TRIAD Chemical Dependency Treatment Program at MCF-Lino Lakes: A Comparison of Intake, History and Discharge Reports Based Upon the DAANES.

If the Minnesota DOC were to reduce their staffing to a higher ratio of 1:10 at all facilities they could eliminate approximately 17 positions, and CD programming costs would fall by more than $1.2 million. This recommendation to adjust staffing echoes a suggestion found in the 1997 Program Committee report. Further, this savings could be used to invest in aftercare programs.

Community-based treatment for criminal justice populations as an alternative to incarceration have been tried with offenders who have drug disorders. These programs include limited diversion programs, pretrial release conditional on entry into treatment, and conditional probation with sanctions. The drug court is a promising approach. Drug courts mandate and arrange for drug addiction treatment, actively monitor progress in treatment, and arrange for other services to drug-involved offenders. Federal support for planning, implementation, and enhancement of drug courts is provided under the U.S. Department of Justice Drug Courts Program Office.

9.4. Sex Offender Treatment

Minnesota Statute 241.67 subd.1. defines the authority by which the Minnesota DOC treats Sex Offenders. Sex Offender treatment was found to have a significant effect on recidivism in a recent study by the Minnesota DOC. Inmates who received sex offender treatment were significantly less likely to be rearrested, reconvicted and reincarcerated than those who did not participate in such a treatment program.[75]

A total of 276 offenders were treated for Sex Offenses in 1998. The total cost of this inmate treatment in Minnesota was $1,308,465. There were a total of 24.9 FTEs used to deliver this treatment. The cost of this Sex Offender treatment was $12.98 per day system-wide in addition to regular living per diem for those offenders participating in these programs. This is twice the cost of this programming reported by Iowa ($6.20 per diem cost) and almost three times that of Delaware who reported contract service costs of $3.44. The cost-driver for the system again appears to be staffing. Iowa reported having only half of the number of treatment staff as Minnesota, for half of the cost, as seen in Table 55.

Table 55: Sex Offender Treatment Iowa DOC

Correctional Counselors	13
Secretary	1
Psychologist	2
Total Costs	$688,244.00

[75] December 1999. Performance Report: Recidivism in Minnesota. Minnesota Department of Correction Research and Evaluation Unit.

Program Cost Per Inmate	$1,885.60
# of Offenders	304
Per Inmate per day	$6.20
Program Length	18 months

Sex Offender Treatment is provided through the Delaware DOC through two contract agencies. The Cost per inmate and per diem is shown in Table 56 below.

Table 56: Sex Offender Treatment Delaware DOC

Program Cost	Offenders Treated	Cost Per Offender	Per Diem
$ 65,000.00	64	$ 1,015.63	$ 2.78
$ 40,150.00	32	$ 1,254.69	$ 3.44

A study performed on behalf of the State of Utah by independent researchers followed 407 adult sex offenders who had been treated in a community residential treatment facility over a period of 10 years. Twelve measure of recidivism were collected on each offender through the National Crime Information Center as well as the Utah Bureau of Criminal Identification. Performance measures used by the Utah DOC included:

- probation revoked
- parole revoked
- warrant issued non-sex offense
- warrant issued sex offense
- re-arrested misdemeanor non-sex offense
- rearrested misdemeanor sex offense
- convicted misdemeanor non-sex offense
- convicted misdemeanor sex offense
- rearrested felony non-sex offense
- convicted felony non-sex offense
- rearrested felony sex offense
- convicted felony sex offense.

Across all categories successful completion of the program resulted in significantly lower recidivism rates. For sex offense the recidivism rate for treatment failures was 28% compared to 13% for treatment completion. Their conclusion was that sex offenders could effectively be treated in community residential settings and which would greatly reduce costs.[75]

[75] Office of the Legislative Financial Analyst FY 2001 Budget Recommendations Joint Appropriates Subcommittee for Executive Offices, Criminal Justice and Legislature Utah Department of Corrections.

Recently, the Minnesota State legislature has broadened the list of offenses that result in mandatory DNA testing of the offender. Currently, St. Cloud completes and average of 18 DNA tests per month. Following the enactment of this law, it is estimated that they will complete 172 DNA tests per month. This change will cost the Department approximately $26,560 -- including the use of a .5 lab technician as well as shipping costs of $12,000.

9.5. Education

According to the Minnesota DOC Educational Department, the average offender in the system has a 10th grade reading level. The Educational Department asserts that they work closely with "transitional agents" to help secure employment and other resources necessary to succeed upon release." As seen in the per diem analysis Appendix C in every facility the cost of providing inmate services by state employees is higher than that of using contract services, thus possibly mitigating in favor of using contract services.

The 1997 Program Committee recommended that:

- educational assignments be more selective
- consequences be built into the system for those inmates who fail to complete programs that require investment by the state.

Current investment by the State in educational programming include the following.

Table 57: Components and Cost of Educational Programs Provided Through 2 Yr. Contracts (costs are annualized)[76]

Facility	Annual Costs	Inmates Enrolled	Per Diem Costs	Program Elements
Stillwater	$ 544,260	120	$ 12.43	Building Care, Carpentry, Computer Support, Horticulture, Machine Shop, Welding
Lino Lakes	$ 233,400	80	$ 7.99	Building Care, Culinary Arts, Horticulture
Faribault[77]	$873,416	269	$8.90	Building Care, Computer Support, Cabinet Making, Drafting, Horticulture, Small Business Management, Upholstery, Painting
Moose Lake	$ 262,161	64	$ 11.22	Building Care, Computer Support, Horticulture

[76] March 6, 2000. Mary Dombrovski. Executive Assistant to Assistant Commissioner Karen Robinson, Memo Regarding Educational Programming State of Minnesota DOC.

[77] Additional funding in the amount of $174,476 for Contract Education is paid from grant funding according to the Faribault Education staff. Total Contract amount is $850,000. This in addition to staff salaries and Current Expenses makes the actual per diem costs: $10.67.

Components of Educational Programs offered at all facilities using DOC staff are as follows:

- English language learning
- Adult Basic Education (GED)
- High School Diploma
- Post-secondary technical education
- Post-Secondary academic education
- Special education
- Life Skills

The educational programming within the Minnesota DOC has as its mission to "provide offenders with appropriate educational opportunities to prepare them to be productive citizens and continuous learners. They strive to improve the economic opportunities for inmates and enhance their quality of life post incarceration by preparing them for "productive, fulfilling, and self-supporting occupations n the community."[78] Certain key indicators (detailed below) contained in their strategic plan should effectively measure the effects of their programming and their ability to achieve the program goals i.e., "% of offenders that participate in transitional services after release." The targets were not as yet determined at the time of this report and should be drawn from the professional literature of this discipline. Setting these targets is outside the scope of this report but we strongly recommend that these target be set and that indicators be strengthened using the general guidelines contained in Section 14.3. Again, operational information such as "produce electronic reports" are administrative and while possibly affecting program function are not key indicators to be reported in a systematic manner to evaluate program effectiveness.

Per diem costs for education in Iowa are $8.38 per inmate. Among the 9 correctional facilities there are:

- 7 education coordinators
- 9 secretaries
- 9 special education teachers
- 56 general education teachers

Inmates are enrolled in program until they successfully complete course or graduation requirements.[79]

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[78] March 15, 2000. Minnesota Department of Corrections. Adult Facilities Education Strategic Plan 2000.

[79] March 31, 2000 e-mail communication Nancy Kucera, Director of Offender Education Iowa Department of Corrections.

10. Food Service

Our recommendation regarding this contract is based upon certain assumptions about both language in the bid and the fact that the goal of the state is to maximize cost-efficiency and effective deployment of staff. Given these assumptions, we recommend that the contract take the form of a ***cost plus fixed fee*** agreement. This approach will allow the State to monitor overall performance more closely and to track expenditures on specific services more carefully.

In the scenario detailed in Appendix G, we show the effect of the State electing to use the staffing of Option 1 and requiring that BEST *report and bill* to Minnesota the *actual* wages and benefits (i.e., all direct costs) paid to the staff used (not the range of wage estimates that currently form the basis of the Option 1 bid). The management fee ("fixed fee" in contracting parlance) in this scenario would ordinarily be a negotiated profit margin above and beyond direct cost -- typically about 5% to 6%. Alternatively, Minnesota could elect to be "generous" and allow BEST to bill their proposed $15,000 management fee for each center. All positions would be bid at an hourly rate "not to exceed" (NTE) the incumbent position rate unless otherwise authorized by the DOC--thus ensuring that BEST would not look to maximize profitability by falsely inflating wage rates to the maximum allowed.

Our analysis suggests that this form of cost plus fixed fee contract could *conservatively* save the DOC at least **$67,630** in the first year alone and roughly $207,000 over the three year life of the contract (assuming a 2% annual increase in base wages). These figures could be even higher if the actual wage rates for employees of BEST are below the average in their wage scale and/or if further cuts are made in general staffing. The reason for this savings is that there appears to be a profit margin built into the **salary** component of the bid -- i.e., an amount above and beyond what is needed to pay for salaries and benefits. The overall logic of the calculations used to arrive at this finding is as follows.

In the absence of firm documentation regarding the benefit rates currently used by BEST (including the employer-FICA contribution), we estimated their benefit rate at 18.8%. This rate was arrived at by comparing their current staff "replacement cost" of $14.85 per hour (as specified in the bid) and with the average hourly wage rate of a BEST cook supervisor of $12.50. The difference between these hourly rates (expressed as a percentage of the wage rate) is 18.8%. Although this benefit rate may overestimate (or underestimate) actual expenses, it certainly provides a plausible basis for bargaining.

Having calculated this average benefit rate, we estimated the true labor costs embedded in the BEST bid as follows:

- Take the average wages for each position as estimated by BEST.

- Calculate an 18.8% overhead cost to cover employee related direct costs.
- Take the sum of these two figures and subtract this number from the "Salaries" bid by BEST at each facility.
- Define the computed difference between these two estimates as potential cost savings -- i.e., as a measure of the flexibility built into the current bid.

A further unspecified, apparent "mark up" is that of "other service related costs" which are not defined (but could include the dietician). These "other service related costs" vary from $56,776 to $56,116 (or 3.93% in Option 2 to 4.37% in Option 1.) Further clarification and direct billing for these services would possibly increase cost-savings or it serves as another management fee that includes operating costs of processing payroll, etc. at which point you might agree to this fee.

Yet further cost savings could be realized by eliminating the "doubling" of food service administrator positions at Willow River/Moose Lake and/or Stillwater--to the tune of $56,111.

The $15,000 profit margin (management fee) in these scenarios amounts to 8.18%, a reasonable profit margin in the private sector.

Ideally, we recommend privatizing ***all*** food service operations (including St. Cloud) to further increase cost savings to the Department. Currently St. Cloud has an hourly *wage* rate of $24.74 for its food services Director and $16.32 for chief cooks -- rates that translate respectively into $30.93 and $20.40 once benefits are included. BEST could easily improve upon these given their current wage rates -- even taking into consideration a $15,000 management fee for the additional institution. However, this argument assumes that current DOC food service employees will be *replaced* and not transferred to other positions. If current food service employees remain on the payroll after BEST started to manage the St. Cloud food service, the total cost to the DOC is likely to expand rather than shrink.

One general caveat is in order. We have assumed throughout our analysis that relations between BEST and its unions will allow the scheduling modifications implied by Best's Option 1 bid. If the union opposes the shift modifications implied, we would still recommend using a cost plus fixed fee contract format. However, our estimates of cost savings would have to revised to reflect the different bargaining environment.

Table 58: Summary of Potential Food Contract Cost Savings

Mark up contained in difference between salaries and benefits and actual costs	**$67,630**
Deletion of "other service costs"	**$56,116**
Deletion of two (2) Food Service Director Positions	**$79,334**
TOTAL	**$203,080**

11. Corrections Technology

The use of recently-developed corrections technologies has the potential to reduce DOC expenditures on areas such as administration, inmate services and security. Some of these innovations have already been adopted. For example, Warden Crist at MCF Stillwater indicated that global positioning satellite (GPS) technology was now being tested with Minnesota inmates assigned to community corrections. This approach broadens the range of sentencing options and makes it possible to avoid costly incarceration while still monitoring the behavior individuals who have broken the law. Inmate commissary accounts have also been automated through the use of debit cards. Other options are still under evaluation. For example, the Stillwater Correctional Facility has been involved in communications project sponsored by the National Law Enforcement and Corrections Technology Center, a program of the National Institute of Justice.

However, future cost reductions will only be realized if there is a trade-off in resource utilization: investments in new equipment must be accompanied by changes in staffing. Section -- reviews the cost-benefit analysis techniques that can be used to choose among feasible alternatives. In this section we review the range of options that may deserve closer examination.

11.1. Technologies to Streamline Management and Inmate Services

Some of the staffing implications of administrative technology have been discussed in earlier chapters. These include the full implementation of the COMS system to expedite inmate transfers and to streamline the distribution of inmate medications. The strategic plan developed by the Information Technology group[81] lists a broad range of computer-based technologies with the potential to affect virtually every aspect of adult corrections. These options could help the DOC:

- measure the performance of individual staff, programs, facilities, and the department as a whole;
- improve pre-release planning and post-release supervision of inmates
- streamline procurement; and
- improve communications - through email video-conferencing.

Nevertheless, these technologies are not free. The ultimate choice among the feasible projects must depend on a trade-off between initial investments, future service improvements and staffing efficiencies.

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[81] February 14, 2000,. "Minnesota Department of Corrections Strategic Information Resource Plan," prepared by Advanced Strategies, Inc.

Table 59 lists some examples of technology initiatives undertaken by other jurisdictions.

Table 59: Administrative Technology Examples

Program	*Purpose*
Videoconferencing (VTC) program in New Jersey. (This program was named as a semifinalist in the Innovations in American Government Awards Program in 1999.)	Expedite cases brought against State inmates; streamline the process of parole hearings and the selection of inmates for intensive supervision programming, facilitate certain court-ordered visitations, uncontested divorce proceedings, and psychological and drug evaluations
Inmate Management System (IMS) in Massachusetts (This program is currently under development.)	Automate reengineering effort designed to provide accurate and relevant information on DOC operations and public safety.
Smart Card-Based Medical and Pharmaceutical Administering System in Ohio (This system is currently being implemented.)	Allow immediate availability of up-to-date medical and pharmaceutical information.

11.2. Security-Enhancing Technologies

A number of security options have already been developed by DOC staff. Table 60 lists other options with major technology components discussed by the DOC Per Diem Committee. The present value analysis discussed in Section 13 can be used to identify the net benefit from each of these proposals.

Table 60: Recommendations from 1999 Per Diem Committee Preliminary Report

Recommendation	**Impact**
Renovate South Industry Gate at Stillwater	Reduce two positions for a savings of roughly $90,000 per year
Install cameras and other surveillance equipment at Oak Park	
Install surveillance technology and wire at Stillwater	Save $270,000 annually; would initially cost $1,013,400
Install a fence and eliminate yard tower coverage at St. Cloud	Save $125,000 annually; would initially cost $750,000

A number of other technologies have recently been developed to monitor the location and behavior of specific inmates or the security of specific perimeters. Table 61 lists recent

innovations discussed in ACA publications and/or the JUSTNET web site.[82] According to the Wardens at the Minnesota MCFs, many of these technologies are under consideration or are being tested at the facilities with varying effectiveness results.

Table 61: Security Technology Options

Location Monitoring	
Finger Scanning	Iris Scanning
Voice Recognition	Facial Images
Behavior Monitoring	
Alcohol Testing Devices	designed to ensure that community corrections inmates do not consume alcohol.
Perimeter Monitoring	
Audio Cable	Microwave sensors
Buried Cable	Wall vibration detectors
Capacitance	Fiber optic wall
Infrared	Ultrasound
Photoelectric beams	
Community Monitoring	
GPS Tracking	

Again, staffing reductions must be considered in concert with the addition of any of these technologies to achieve a cost-effective implementation. As noted in its website (www.doc.state.co.us/releases/2000-Mar-2.htm), the Colorado DOC is now undertaking this analysis: high-risk parolees are being monitored using laptop computers equipped with Global Position Satellite (GPS) tracking. These computers enable parole officers to place an electronic "curtain" around high-risk areas. The "out-of-bounds" feature included in these systems enables the DOC to limit offender access to schools, parks, day care centers, etc.

[82] 1999. *From AIDS to the Internet.: Correctional Realities.* Lanham, MD: American Correctional Association and www.nlectc.org.

12. Commissary

We were asked to explore the question of commissary privitization as a cost saving measure. It is our opinion that cost efficiencies can be achieved without recourse to commissary privatization. A private provider of commissary management services would certainly test the effectiveness of existing security measures intended to reduce inventory "shrinkage" and perhaps recommend limiting the number of hours and/or variety of products for sale. The DOC can itself undertake these innovations and thereby avoid both the need to pay a profit margin to the private provider and the on-going problems inherent in contract bidding and monitoring.

Potential savings can be realized by reviewing the number of uniformed staff assigned to commissary duty. This review is a necessary element of cost-effectiveness, independent of the decision to privatize commissary functions.

Utah has privatized this function using Canteen Corporation as their vendor. Their recent report to the Legislature recommended continuing this process after conducting an independent analysis with open market prices.[83]

One other source of potential operating efficiency gains is in commissary product pricing. The *Strategic Plan 2000* of the Minnesota Department of Corrections recommends that canteen operations generate revenue sufficient to cover costs through a *uniform* markup on goods sold. This practice is not generally consistent with profit maximization for such operations. Attaching higher markups to more popular products should make it possible to increase the surplus generated by the canteen (where "surplus" is defined as the difference between sales revenue and the wholesale cost of goods sold).

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[83] Office of the Legislative Financial Analyst FY 2001 Budget Recommendations Joint Appropriates Subcommittee for Executive Offices, Criminal Justice and Legislature Utah Department of Corrections.

13. Planning for Future Beds

As the Minnesota DOC works to accommodate foreseeable increases in its inmate population, it will have to define and evaluate a number of options. Since most options will include both start-up and operating costs, the choice among feasible alternatives will force the DOC to make trade-offs between one-time, up-front costs and recurring annual costs. There are several methods of making comparisons of this sort; each has its particular strengths and weaknesses. Projects can be evaluated on the basis of their net present value, i.e., the difference between the present discounted value of future benefits and costs. This approach allows the analyst to treat construction and other start-up costs as one-time only expenditures. However, it also forces him or her to make explicit assumptions about future rates of inflation as they pertain to operating costs.

Some members of the Minnesota State Legislature have recently recommended an alternative basis of comparison. Specifically, they have sought to require the Commissioner of Corrections to include an "appropriate percentage of capital costs" when calculating facility per diem rates.[84] This approach would require the Department to spread out capital costs over time and combine them with the current value of operating costs in a given year. This method avoids some of the difficulties involved in predicting future rates of inflation. However, it may make it more difficult to compare projects on a consistent basis.

Section 13.1 provides a more detailed overview of the present value approach -- as used in an analysis commissioned by the Maine DOC. Subsequent sections indicate some of the ways this approach could be adapted for use in Minnesota.

13.1. Maine Correctional Facilities Capital Plan

Consultants hired by the Maine DOC performed a conventional benefit-cost analysis of options developed in cooperation with the state authorities. The basic stages of this analysis were as follows.

1. Define feasible alternatives. In the Maine study the choices were (a) consolidate existing facilities into regional centers, (b) consolidate existing facilities into two new complexes, and (c) consolidate existing facilities into one new complex.

2. Characterize each of the feasible alternatives in terms of annual operating cost, initial construction/renovation cost, and transition costs (if any). Operating costs include number of personnel costs (salaries, benefits, and overtime), inmate

[84] 3/13/00, "Motion to Amend the Criminal Justice Supplemental Appropriations Bill (SC7357-6)".

medical costs, inmate food costs, utilities, and supplies. Transition costs would include recruitment and/or retraining costs, retirement buy-outs, other transfer costs, etc.

3. Identify differences (if any) in the benefits of the available alternatives. In the Maine study, the benefits included (a) operating cost savings due to consolidation, (b) the avoided cost of deferred maintenance, and (c) the potential social benefit of a low crime rate through more effective programming. The analysis of such benefits may be done in any one of several ways. The analyst can define the annual total benefit of *each* alternative and compute its *net* value every year (i.e., the value of the project's benefits minus its costs for that year). The analyst can also choose one option as a baseline case and define other alternatives in terms of their differences from this reference case. A project would be report a benefit in a given year only if its value exceeded the baseline case. A project with a benefit below the baseline case in a given year would report an extra cost for that year.

3. Compute the net present value of the feasible alternatives using the state's conventional discount rate for capital projects. The higher the discount rate, the lower is the importance attached to benefits and/or costs in the more distant future.

13.2. Present Value Calculations

When computing net present values, it is necessary to adjust for changes over time in the price of goods and/or services. Due to inflation this adjustment can be done either by estimating future prices and using an observed rate of interest as a discount factor, or by using currently-observed prices and adjusting the discount factor for expected inflation. If estimates of future prices are used to define future benefits and costs, then the discount rate will generally be at least as high as the state's average interest rate for newly issued debt (i.e., its average borrowing rate for new projects). If current prices are used to specify future benefits and costs, then the expected rate of inflation should be subtracted from the discount rate.

The discount rate used by the state of Maine study was 6%, a rate somewhat above its contemporaneous borrowing rate of 4.3% to 5.5%. The default discount rate to be applied to cash-flows from 30-year Federal projects is currently 6.3%, a rate also slightly above the current yield on long-term US Treasury securities.[85] The interest rate anticipated for new bonds in Minnesota is 5.7% If this interest rate were used to evaluate

[85] The OMB approach for Federal projects can be found in OMB Circular A-94 posted at http://www.whitehouse.gov/OMB/circulars/index.html. A similar approach for educational projects is discussed in Yates (2000).

a new project lasting some number of years N, the present value calculations would take the form

$$(1)\quad PV_0 = x_0 + \frac{x_1}{(1.057)} + \frac{x_2}{(1.057)^2} + \frac{x_3}{(1.057)^3} + \ldots + \frac{x_N}{(1.057)^N},$$

where the subscript 0 refers to the current period. In this expression, the subscripts 1, 2,.3, ..., N refer to future periods during which the project is in operation and the variables x_0, x_1, x_2, etc. refer to the net benefit expected for the project in a particular period. Since benefits and costs are specified using expected future prices, then a *nominal* discount rate is used. It should also be noted that the net benefit x_i is negative if project costs exceed project benefits in period *i*.

If current prices are used to define future benefits and costs, then a *real* discount rate (i.e., the nominal rate minus the expected rate of inflation) should be used. Let z_i represent the net benefit for period i estimated using current prices. Assume further that the cost of the goods and services purchased by the DOC is expected to increase at an average annual rate of 2% and that the DOCs nominal discount rate is again 5.7%.[86] In this case, the present value calculation becomes

$$(2)\quad PV_0 = z_0 + \frac{z_1}{(1.037)} + \frac{z_2}{(1.037)^2} + \frac{z_3}{(1.037)^3} + \ldots + \frac{z_N}{(1.037)^N},$$

since .037 (i.e., .057 - .020) is the real (i.e., inflation-adjusted) rate of interest.

The next section illustrates how these present value techniques may be used in Minnesota.

13.3. The Present Value of New Bed Costs

Adapting the analytical framework used in the Maine study, the Minnesota DOC needs first to identify the feasible alternatives and then to assess their financial and service quality implications. Care should be taken to account for all costs and benefits -- including the cost of new construction as well as the benefits of avoided repair and maintenance costs of old facilities. The ultimate choice of a specific option should reflect a conscious decision to spend a specific amount of money and obtain a particular level of service.

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[86] By "interest rate" in this context, we mean the market yield on the bonds when they are initially sold to the public. This yield is the return required by the market induce investors to loan money to the State of Minnesota.

As it defines available options, the Minnesota DOC inmate population must distinguish between building new free-standing facilities and adding new housing units to existing facilities -- in terms of construction as well as operating cost. Construction at an existing facility is likely to be cheaper: even if currently unused buildings cannot be renovated, the basic infrastructure for a prison facility (roads, administrative offices, etc.) will already be in place.

Table 62 lists the construction costs for new beds specified in the current Fiscal Notes.[87]

Table 62: Cost of New Capacity – Fiscal Notes

	Construction Cost per Bed
Minimum	$71,000
Medium/close	$93,500
Maximum	$143,000

These per-bed estimates were derived from the average construction cost for *free-standing* facilities. The cost of adding new capacity to an *existing* facility may well be lower than these estimates suggest. For example, the construction cost per bed for the free-standing close-security facility in Rush City was roughly $93,500. Nevertheless, it is likely that comparable capacity could be added to an existing facility for far less. Table 63 lists three estimates of the cost of adding capacity to Faribault.

Table 63: Cost of New Capacity at Existing Facilities

Location	Beds	Total Cost	Cost per Bed
Jackson CI model (close security)	800	$30 million	$37,500
Faribault Phase I (minimum security)	244	$6.5 million	$27,902
Faribault Phase II (minimum security)	300	$8.5 million	$29,667

Close security housing units similar to the 200-bed double-bunk units recently opened at the Jackson Correctional Institution in Black River, Wisconsin could be built at Faribault at a per-bed cost of roughly $37,500.[88] Minimum security beds could be added to Faribault at an even lower cost: estimates developed by the Faribault staff indicate that

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[87] January 24, 2000. Memorandum from D. Storkamp to D. Benson Re: "Fiscal Notes – Recommended Per Diem and Construction Figures."

[88] A memo from M. Hermerding dated March 16, 2000 indicates that the construction cost of four 200-bed "wet" housing units similar to those at Jackson CI would be roughly $30 million.

the cost per minimum security bed would be under $30,000. It remains to determine which, if any of these alternatives is preferable.

The Jackson CI model serves to illustrate some of the necessary calculations. If comparable construction cost efficiencies could be realized in Minnesota, then the operating per diem cost of new close security beds could be less than $40 per day.

Table 64 reviews the method used to combine operating and construction costs when defining this figure.

Table 64. Minnesota DOC Medium Security Facility Staffing and Construction

Jackson/Black River Model -- 800 Medium Security Bed Addition					
ADP	800				
Staff	**FTEs**	**Wage**	**Total**	**Per Diem**	**Notes:**
CO	84.3	$43,706	$3,684,416		Used CO2 salary with 24% benefits
CO4	5	$68,796	$343,980		Used Lieutenant salary with 24% benefits
Case Manager	8	$51,402	$411,216		
Psych	4	$68,276	$273,104		
Unit Director	2	$64,324	$128,648		
Finance	4	$47,554	$190,216		
HRM	1	$71,812	$71,812		
Clerical	6	$32,526	$195,156		
Supervisory	1	$80,340	$80,340		
Maintenance	2	$47,840	$95,680		
TOTAL STAFF			**$5,474,568**	**$18.75**	
Other non-Medical Operating and Support Costs			**$3,000,000**	**$10.27**	Used 60% of current costs at Moose Lake (per M. Hermerding)
Medical Per Diem			**$3,136,080**	**$10.74**	Used male health care per diem in Fiscal Notes dated 1/24/2000
Total Operating Cost			**$8,474,568**	**$39.76**	

In this analysis, annual labor costs are estimated using current (FY 2000) wage rates and a benefit rate of 25%. Health care costs are estimated (conservatively) at the per diem specified for male health care in the current Fiscal Notes.[89] Other operating costs are estimated as a proportion (60%) of current costs for the Moose Lake facility. Using these assumptions, the expected cost per inmate-day (including health care) is $39.76

[89] January 24, 2000. Memorandum from D. Storkamp to D. Benson Re: "Fiscal Notes – Recommended Per Diem and Construction Figures."

Let us assume for the purposes of illustration that the new facility will last 20 years without requiring major repairs. At current prices, the expected annual operating budget for the new housing unit would be roughly $8.5 million. Using the inflation-adjusted discount rate discussed above, the present value of construction costs and operating costs combined would be

$$(3)\quad PV_0 = 30 + \frac{8.5}{(1.037)} + \frac{8.5}{(1.037)^2} + \frac{8.5}{(1.037)^3} + \ldots + \frac{8.5}{(1.037)^{20}}.$$
$$= 148.6 \text{ million.}$$

Other assumptions about repair costs, operating costs, or discount rates would, of course, yield different present values. A complete analysis would require of the available options would require the analyst to specify expected future benefits for the new close security facility, as well as cost and benefit streams for the other available options.

13.4. Comparing Costs on an Annual Basis

The Minnesota state legislature has recently asked state agencies to include capital costs when defining the "per unit" cost of government activities. This approach would require administration officials to choose a method of distributing one-time, up-front costs over a number of years. However, although it is relatively easy to "annualize" capital costs, care must be taken when comparing annual per diems computed in this manner. This section presents a method of defining such per diems and then discusses the difficulties of interpretation.

Consider once more the construction projects discussed above. Assume for the sake of argument that construction of the new housing units would be financed by the sale of tax-exempt bonds. To reflect the impact of this bond issue on future taxpayers, let the construction costs be spread out over the anticipated 20-year life of the bond issue. Table 65 indicates the construction cost per inmate-day using these assumptions.

Table 65. Annualized Construction Costs

Facility:	Jackson Model	Faribault, Phase I	Faribault, Phase II
Construction Cost (to be financed by issuing government bonds)	$30,000,000	$6,500,000	$8,500,000
Interest Rate (anticipated for bonds issued by the State of Minnesota)	5.70%	5.70%	5.70%
Payback Period (current time to maturity for new Minnesota bonds)	20	20	20
Annual Principal and Interest Payments (assumed to be constant over the live of the bond)	$2,552,199	$552,976	$723,123
Number of Beds	800	244	300
Per Diem Construction Cost	$8.74	$6.21	$6.60

It should be noted that no inflation adjustment was made to the 5.7% discount rate. This is appropriate, since the construction cost per diems calculated must be directly comparable to future operating expenditures (evaluated at future prices).

This methodology makes it relatively easy to define a construction cost per diem. However, there remain several difficulties of interpretation for the results in Table 65. First, the analysis must be expanded to include differences in expected benefits and operating cost.

The other difficulty is more subtle. Policy analysts are generally wish to identify *avoidable* costs when choosing among feasible options. Simply adding a capital cost per diem to conventionally-computed operating cost per diems will obscure the distinction between existing financial commitments and discretionary expenditures. The Jackson CI cost scenario illustrates this point. Combining

Table 64 and Table 65 would indicate that the "fully-loaded" per diem for a Jackson-style housing unit would be $8.74 + $39.76, or $48.50 in the absence of inflation. However, not all of these costs are avoidable -- some would remain State obligations even if the housing unit were shut down and the inmates transferred elsewhere. At a minimum, the State of Minnesota would have a pre-existing commitment to repay bondholders the $8.74 per inmate-day. Emphasizing "total" per diem rates, i.e., ones that include capital costs, does indicate the full extent of the burden borne by taxpayers for incarcerating felons. However, such per diem rates may give potentially misleading guidance when evaluating new policy proposals.

13.5. Other Minnesota Bed Expansion Alternatives

It is possible that the per-bed construction cost estimates used in Minnesota are higher than those realized elsewhere for free-standing facilities. Table 66 summarizes the construction cost of several facilities recently built or under construction in Wisconsin.

Table 66: Wisconsin Construction Cost Estimates – Free-Standing Facilities

Location	Beds	Total Cost	Cost Per Bed
Boscobel (supermax)	509	$43.57 million	$85,600
New Lisbon (medium)	750	$48.25 million	$64,333
Redgranite (medium)	750	$51.3 million	$68,400
Milwaukee (probation/parole holding facility)	1048	$69.15 million	$65,983

14. Implementation

Ultimately, the implementation of any of the recommendations in this report are the responsibility and decision of the Minnesota DOC and its relevant stakeholders.

14.1. Salary Shortfall

Recent legislative debates over appropriations for DOC salaries will make it increasingly important for the DOC to evaluate funding levels by activity. In particular, the legislature has recently stopped the full number of DOC positions authorized. Furthermore, annual increases in the allotment for funded positions have been smaller than the negotiated increases in staff compensation costs. Table 67 illustrates the impact of annual allotment growth that fails to keep pace with negotiated increases in staff compensation.

Table 67: Annual DOC Salary Shortfalls

	Minn DOC Request	**Allotment (2% annual growth)**	**Annual Shortfall**	**Cumulative Shortfall**
FY 1999 (funded at 98%)	$154,217,536	$151,133,185	$3,084,351	
FY 2000 (2.5% negotiated increase)	$158,072,974	$154,155,849	$3,917,125	$7,001,476
FY 2001 (3.0% negotiated increase)	$162,815,164	$157,238,966	$5,576,198	$12,577,674

This growing salary shortfall can only be accommodated by cutting positions (while leaving funding for staff salaries untouched), holding positions open indefinitely, and/or cutting current expenses, including repair and maintenance projects. To the extent that negotiated wage increases exceed the growth rate of the DOC budget allotment, funds will have to be transferred among accounts to meet payroll obligations. It is essential to have an accounting system in place that will enable DOC management to make these adjustments as efficiently as possible. Furthermore, meaningful changes in facility staffing patterns will only be feasible if the positions that remain after reorganization are *fully funded.*

14.2. Staff Incentives

Incentive programs that reward employee innovation can be exceptionally effective. Such a program should be designed to reward innovations that result in increased cost efficiency and/or effectiveness. Success of such an incentive program is rooted in a two-pronged

approach: (1) non-monetary rewards that celebrate these innovations throughout the department, giving credit to the originator and lauding creativity and team spirit; and (2) substantial financial incentives to reward innovators. These financial incentives (perhaps as a percent of the amount saved) could be handled as a special perquisite given to the employee responsible for the cost-saving innovation (such as an all expense paid trip to a corrections national conference); or, a portion of the cost-savings could "flow-back" to the institution for use in desirable but unfunded employee or facility programs. Handled correctly, this creates an atmosphere of healthy competition and redirects the corporate culture from adhering to the status quo to looking for new ways to continuously improve. This system of giving back a portion of the savings to the institution rewards the stakeholders rather than being seen as loss of funding since expenditures were reduced.

Indeed, a mechanism currently exists for performance-based payments and other incentive plans under the Minnesota DOC through "achievement awards" gain-sharing plans, productivity incentive plans, and project bonuses. These programs are at the discretion of the Appointing Authority and subject to the availability of funds. The proscribed AFSCME total expenditure for programs is equal to $350 times the number of eligible employees actively employed or on leave and vacancies actively recruited (this would equal COs.) This figure would enable the DOC to create an exceptionally large pool for incentives using this formula. We encourage this process to stimulate innovation from the "grass-roots." An example of the talent which exists within the organization is the MCF-Faribault MONEE team who routinely addresses issues with an 'eye to the bottom-line." To this point, this team has stayed away from staffing issues but this model could easily be expanded throughout the DOC and ultimately include staffing issues.

14.3. Performance Measures and Quality of Services

Throughout this report we have emphasized the need to define goals and measure progress towards per diem reduction and operating efficiency. Key to achieving these goals is the measurement of how the DOC is meeting meaningful preset objectives. This requires that the Department collect useful information in a timely and systematic manner. It then must use this information to analyze its progress rather than using this information to punish those who have not yet reached their goals. The DOC should consistently examine what barriers exist within the system that prevent facilities from achieving the desired outcomes. Indeed, under ACA guidelines it is incumbent upon the Department to perform workload studies to determine the need for streamlining as well as the use of technologies to improve efficiency.[90]

We concur with the recommendations set forth in the 1997 Minnesota DOC Program Committee Report that strongly encouraged performance measurement that evaluates

[90] ACA Guidelines 3-4385

whether or not taxpayers are getting what they are paying for and whether the department is accomplishing what it thinks it is.[91] This Program Committee report further emphasized, and we reiterate, the need to generate and evaluate information in an ongoing, systematic manner. For this information to be useful, all data must be reported consistently and in the same format for all adult facilities. This is especially true in the reporting of individual facility costs.

In the past, programs have been implemented without predefined measures designed to evaluate their effect on cost and efficiencies. One such example is the centralization of intake processes at St. Cloud. To date, while there is an increase in the frequency of complete inmate screening for CD treatment, no cost efficiencies (positions reduced etc.) have been documented.[92]

We can not emphasize enough that improved efficiency and effectiveness is predicated upon the operating principle that all system changes including the addition of new staff, new technology, or new program be ***evaluated in financial terms prior to and post implementation***.

We commend MCF-St. Cloud for the analysis performed regarding their budget-neutral implementation of the Youthful Offender Program. There are currently 15-30 offenders of less than 18 years of age enrolled in this program at any one time. When the program began, facility management made an administrative decision to place these offenders in the smallest living unit along with those adult offenders least likely to engage in predatory or negative behaviors. The Case Manager assigned to this program was transferred from elsewhere in the institution; this individual's duties were assigned to other staff with no net increase in staffing. Likewise, educational and other programming developed did not increase the number of staff required within the facility. This is one example (among many) of the DOC looking to make a planned change within a budget-neutral environment.

Quality exists along a continuum; it is not an absolute unto itself. Continuous Quality Improvement (CQI) uses the systematic analysis of structure, processes and outcomes to streamline procedures and ensure the desired effect by minimizing variances from the expected norms. We recommend that the Minnesota DOC consider the use of a FOCUS - PCDA model as a systematic method for improvement. This process entails the use of the following steps:

- **F**ind a process to improve.
- **O**rganize to improve the process.

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[91] January 1997. Program Committee Report. Minnesota Department of Corrections, prepared by The Minnesota Department of Corrections Program Committee.

[92] March 23, 2000 Memo Marabelle Morgan, Assistant to the Warden Minnesota CF, St. Cloud.

- Clarify current knowledge of the process.
- Understand sources of process variation.
- Select the process improvement.
- Plan
  - the implementation of the improvement; and,
  - continued data collection.
- Do
  - the change; and,
  - measure the impact of the change.
- Check
  - by studying the results; and,
  - examine the data to determine whether the change led to the expected improvement.
- Act
  - to develop a strategy to maintain the improvements; and,
  - determine whether or not to continue the process.

Meaningful standards based upon organizational values and goals must be made explicit and measurable. The objective, quantifiable evaluation of process changes and the outcomes of those changes can not be overemphasized. Indicators are quantifiable, measurable statements used to identify areas of performance that may require intensive review through observing and analyzing trends or individual events. They serve as "flags" or "Filters" to capture events/trends that must be examined with a goal of continuous improvement. Indicators must contain objective, measurable, and reasonable goals and be directed at important aspects of the service performed. Indicators should cut-across specific work products and reflect the intentions of the DOC. They should not be global vision statements nor administrative process reports.

These principles are particularly cogent in light of the Minnesota DOC Strategic Plan 2000. The Plan stipulates that indicators should be designed to measure performance relative to national standards and best practices (or benchmarks) whenever possible. The goals set for performance should reflect the DOC's *ultimate* objective, not an interim goal. For example, the DOC is presumably not going to stop looking for ways to decrease the number of offenders who abscond from community corrections when the "walk-away" rate has reached only the 10% level. Setting goals too low creates a false sense of success and is not in keeping with the tenets of CQI. Again, administrative goals such as the number of outcome evaluations completed is not in and of itself an indicator of quality. Rather, it is a structural requirement that needs to occur to achieve another goal.

As the reader reviews the summary recommendations in the next section, it is critical that these principles be kept in mind for any true changes to occur.

15. Summary and Recommendations

This chapter summarizes the conclusions drawn from the work detailed in the bulk of this paper. For the convenience of the reader, this section enumerates the recommendations contained in the preceding chapters. We were given no specific directions or areas to evaluate other than the charge to analyze inmate per diem costs for the adult correctional institutions in Minnesota in the context of other state DOC practices and expenditures. The goal of this analysis was to determine the array of factors that drive per diem costs and to project the effect of various changes in current DOC practices on these costs. To place these inmate per diem costs in a context that is easily understood, the current average annual cost to the taxpayer of Minnesota for an inmate in maximum security exceeds the cost per year of a Harvard education.

This study sought to address as many factors associated with per diem costs as possible. To that end, more than 7 linear feet of documents were reviewed and 60 hours of interviews conducted. Ultimately, given the time deadlines we had, it is impossible to explore all areas of the Minnesota DOC in depth. Thus, the recommendations contained in this report should be viewed as areas that require additional exploration/review by the Minnesota DOC. The recommendations resulting from this work should be considered ***opportunities for change rather than as mandates for implementation***. Ultimately the decision to change current practices is driven by the effects desired by the relevant stakeholders in the State of Minnesota. We are simply providing a range of possible choices and information upon which these decisions can be made.

We concur with Mr. Turner of the State of Minnesota Senate Research Staff that corrections budgets can be examined in numerous ways, including:

- total budgeted dollars;
    - advantage : true budget cost within a system.
    - disadvantages: failure as a comparative figure with other DOCs due to the size of the prison population and incarceration rates.
- cost per citizen;
    - advantage: allows examination of expenditures per state resident across states.
    - disadvantage: does not address true costs and cost-effectiveness of correction practices.
- per diem calculations for inmate populations;
    - advantage: illustrates which prisons and prison systems operate most effectively.
    - disadvantage: highly sensitive to changes in inmate population (small denominator shifts may equate to a large change in rates).

Mr. Turner concludes that what drives inmate costs is staffing and that "any true monetary savings must involve staffing decisions. In other words, one must employ fewer people or pay them less". [93]

This report supports the contention that staffing practices drive the cost of corrections. In fact, it goes further and identifies those areas in which Minnesota DOC staffing practices differ significantly from those found elsewhere and/or in which there are significant variances in practice within the Minnesota. This study has demonstrated that Minnesota CO compensation is largely comparable to other states; it is differences in staffing levels that determine differences in costs.

The "bottom line" conclusion of this study is that the absolute number of staff currently employed by the adult corrections department of the Minnesota DOC is sufficient to support a larger inmate population. Thus the Minnesota DOC faces two choices, which are not mutually exclusive: (1) the DOC can immediately reduce its per diem cost by reducing the number of employees; and (2) the DOC can freeze hiring until the inmate population increases to such a point that the inmate-to-staff ratios attain the desired levels. In short, as the inmate population grows there is no need to increase staffing; *as long as* the State builds more efficient prison complexes rather than attempting to continue to retrofit existing non-prison facilities to into a prison system.

This study demonstrates that there are many areas (including Corrections Officers, Case Managers, Programming, and Nursing) where the staffing in Minnesota DOC adult facilities far exceeds that of other DOCs. There are a variety of reasons for these staffing differences, including inefficient facility architecture and the lack of complexes (multiple custody level facilities on one campus). The argument has frequently been made that the high rate of community supervision (as opposed to incarceration in adult prison facilities) is the driving force behind Minnesota's high per diem cost. To examine this assertion, this report takes the unique approach of comparing the cost and practices of Minnesota adult facilities ***by security level*** to those found at facilities of similar security levels in other states.

15.1. The Minnesota Context

In the past four years, the adult corrections budget in Minnesota has grown at an average annual rate of 4.61%. Over this period, the inmate population has grown at a slightly faster 4.87% rate, with the result that the cost per inmate-day has fallen by a total of $1.12 in the past 4 years. This decrease in per diem costs has not been spread evenly over all corrections cost centers: despite the partial privatization of correctional medical services,

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[93] January 24, 1999. Memo from Chris Turner, Senate Research Staff to the Joint committee Members Re: Cost of Correctional Institutions in Minnesota.

the health care per diem increased over the 4-year period, albeit at low annual rate of 0.12%. Given the low annual rate of inflation during the past four years, this overview of DOC spending suggests that the decrease in per diem cost is attributable more to the growth in inmate population than to any dramatic change in practices system-wide.

The direct cost to Minnesota taxpayers of operating adult correctional facilities was used as the framework for all per diem calculations in this report. Thus, all Fund 100 expenditures, including the cost of health care, Minncor subsidies, and repair and replacement costs, are included in the per diem cost calculations throughout this report. Traditionally, the Minnesota DOC reports these costs separately.

One of the fundamental principles of quality management is the systematic evaluation of processes and outcomes with the goal of reducing variances from best practices in order to ensure higher quality outcomes. This measurement can only occur if information is routinely collected and analyzed in a uniform manner. Thus, in the interest of cost control and quality management, we:

Strongly recommended that the DOC develop a standard format and method of tracking:

- ***all financial reports;***
- ***positions eliminated and held vacant for salary retention purposes;***
- ***participation in and completion in programming, including what constitutes successful completion and reasons for program termination;***
- ***intra-system inmate transfers with the reason for transfer clearly enumerated from among a set of predefined options (a process that is under consideration and may be made easier with the advent of the COMS system.)***

Recommend that the Department adopt a systematic method for justification of all new positions, technology, and other expenses;

- ***New expenditures should be justified in terms of their specific benefits, such as cost savings or revenue generated, rather than assumed to be ends in and of themselves.***
- ***Financial and statistical data be presented routinely (quarterly) in a uniform manner detailing follow up (results) of proposed changes with a summary of actual expense reductions;***
- ***If the funds saved from one area (i.e., food services) are expensed in another area or positions are converted from one area to another this should not be counted as a cost savings to the system.***
- ***The department should develop staffing templates per facility by type of personnel rather than having it at the facility level***

The Zero-based Spending Plan prepared by MCF Faribault for Fiscal Year 2000 illustrates the effective use of financial data to justify a set of planned current expense items. This ground-up approach could be expanded to *all* DOC activities, giving the Department to the opportunity to re-examine many of its current operating assumptions.

Recommendation: There is an immediate need for accurate, consistent reporting and interpretation of data. Models and processes must be constructed that allow for across facility and point to point comparisons. These models and performance indicators should be meaningful and easy to monitor.

15.2. Budget Analysis

The specific budget data used in this analysis were found in two reports, the Program Budget Summary for Fiscal Year 1999 (as of 9/30/99) and the Program Budget Summary for Fiscal Year 2000 (as of 1/31/00). The direct cost to Minnesota taxpayers of operating adult correctional facilities was used as the framework for all per diem calculations. Thus, all Fund 100 expenditures, including the cost of health care, Minncor subsidies, and repair and replacement costs, are included in the per diem cost calculations.

The Minnesota DOC could petition the legislature for an exemption from sales taxes -- or suggest that the legislature eliminate this tax on all purchases by government agencies. The current policy of collecting sales tax on government purchases implies that a certain percentage of appropriated funds are never spent on the project for which they were budgeted. Instead, these funds simply reappear as sales tax revenue in a variety of

jurisdictions statewide, thereby making it more difficult for the legislature to monitor exactly how much money is actually being spent on specific public sector activity. This tax policy needlessly inflates the cost of incarceration.

Recommendation: Consider petitioning the Legislature for an exemption from sales tax.

There should be a system of facility-level accounts that covers *all* operating expenses funded out of general appropriations (i.e., Fund 100)

- include repair and replacement expenses in per diem calculations or
- establish a separate capital budget that combines repair expenditures with bonded project costs or
- maintain two separate capital budgets, one for non-bonded repair projects and one for bonded ones.

As expected, security costs account for the largest single proportion of costs at each facility in both years, with an average of $38.43 spent per inmate-day in FY 99 at adult facilities in operation. This cost accounted for just over 42% of operating expenditures at these facilities. Management services, inmate services, inmate health care and maintenance together accounted for almost 44% of operating expenditures in FY 99. Budget allotments for FY 00 reveal similar proportions of expenditures system-wide.

In Minnesota, as in many jurisdictions, legislative impact is estimated on the basis of *average* rather than *marginal* cost, an approach that tends to overstate the funding needed. Specifically, an average cost approach takes *all* facility costs -- both those that vary with the number of inmates and those that are fixed for the institution -- and divides by the number of inmate-days to estimate the cost per extra inmate-day. In contrast, a marginal cost approach seeks to identify the expenditures that are *directly* associated with the additional inmates; it excludes costs (like most management services) that remain unchanged when the new inmates arrive. To estimate marginal cost, the analyst must take only direct (or variable) costs and divide by the number of additional inmate-days to estimate the relevant per diem amount.

Recommendation: A marginal rather than average cost approach to calculate the expense of adding new inmates to the existing prison system should be used until capacity is at least 100%.

Head-to-head facility comparisons are complicated by the fact that the Minnesota DOC has chosen to create a specialty focus in most of the adult institutions. Nevertheless, comparing per diem costs reveals useful information about the resources used at each

institution. That said, there are some clear patterns that emerge and warrant discussion across all security levels. First, looking at Table 9 through Table 2 it becomes apparent that no matter the security level there is a significant repair and replacement cost burden borne by the Minnesota DOC in comparison to other states under review. Per diem rates in Minnesota for this cost element range from $20.32 in Maximum Security (Table 9) to a low of $8.21 (Table 12) at the only minimum/medium security facility. Compared to the next highest repair and replacement cost, Minnesota's maintenance costs alone contribute $11.32 more to the per diem than Ohio Table 9. Overall, Minnesota at $10.61 has a system-wide mean repair and replacement cost of that is twice that of other states --10.61 compared to an average cost of $5.27 among the other state DOCs. (Table 2).

Recommendation: A shift away from the use of retrofitted facilities and the construction of more efficient prisons should be employed in all future facility growth.

Secondly, this analysis reveals that there is a clear economy of scale achieved through the use of complexes (multiple security level institutions based on one campus.) These complexes are the most cost effective with total per diems ranging from $53.82 to $65.03. These efficiencies are achieved through the use of shared Administrative services (from Wardens to Human Resources and Finance Departments) as well as resource pools of COs, program staff and health services.

Recommendation: Future adult prison facilities should be constructed on existing prison campuses to maximize cost-efficiency.

15.3. Capacity and Its Utilization

In December 1999, the Minnesota DOC estimated that its adult inmate population would grow at an average annual rate of roughly 2.8% over the next decade. Legislative initiatives such as the Driving While Intoxicated (DWI) Repeat Offender bill can only serve to accelerate this growth. According to these projections, the inmate population will exceed existing capacity within two years. These forecasts clearly indicate the need for a change in current practices. A variety of options are available, including housing more inmate in existing facilities, adding to existing facilities, and building new free-standing facilities.

The Minnesota DOC 1996 per diem report noted that operating existing facilities at full capacity is a key factor in reducing per diem costs. Currently, Minnesota retains a percent of its bed capacity for various purposes: 2% of the beds are set aside for "maintenance and transfers" ; and 10% of segregation beds are kept unfilled for inmate control purposes. This practice limits capacity utilization in Minnesota to a greater extent than elsewhere. As reported in Corrections Yearbook in FY 98, Minnesota ranked 31st in terms of

occupancy as a percent of rated capacity among states and the Federal BOP meaning that 30 states and the BOP reported higher operating capacities.

A change in operating capacity utilization would have a substantial effect on per diem costs.

Recommendation: We concur with the 1997 Minnesota DOC Program Committee Report regarding completion of this change to maximizing bed utilization. This change may require repeal of legislation regarding double cell bunking

Table 18 reflects the current FY 00 allotment by adult facility, the ADP projected by the DOC, and the resulting per diem rates. Table 19 illustrates three alternate scenarios for bed utilization and their effect on per diem. These cases show what could be achieved if those beds currently kept in reserve for transfers and maintenance were used to house inmates. If all beds, including temporary beds were used (while retaining 10% of segregation beds for inmate control), this would reduce the institutional per diems from between $7.40 and $.95 for a system-wide per diem reduction of $6.11. The second set of calculations retains only 1% of the total beds for transfers and maintenance yielding an overall per diem reduction of $5.30. Lastly, Scenario 3 demonstrates that if all temporary beds were used, and 2% of *all* beds were kept in reserve there would still be a per diem reduction of $4.38—still a substantial savings. It should be noted that none of these alternate scenarios required beds to be added to the system.

Recommendation: Change current operating capacity to more accurately reflect available bed space. This added capacity will decrease per diem expenses from between $7.40 and $.95 for a system wide-reduction of $6.11 per inmate per day.

15.4. Classification System Validation

Inmate classification systems use key criteria to sort-out inmates into the most appropriate security level with the proper degree of staff supervision. Conversely, the use of higher security beds for offenders with a low risk of escape and violence unnecessarily consumes resources. Thus, a valid classification system needs to be in place that ensures a balance between risk and effective resource use.

The Minnesota DOC considers itself to be a 'conservative' state regarding classification of inmates meaning that they ordinarily place inmates in a higher custody level than other states. The current classification system automatically places inmates in higher security institutions (medium and close security) on the basis of sentence length as a primary weighting factor. The system bars to placing non-violent offenders in a low security

facility if they have more than four years remaining in their sentence We agree that ensuring the public safety through the proper classification of inmates is vital. However, it is also essential that any classification system used be validated to ensure that the least restrictive and most cost-efficient security level is used.

The Minnesota DOC is currently in the process of applying for a National Institute of Corrections (NIC) grant to validate their new classification system. Given the Byrne Report and the stringent sentencing criteria used to classify inmates into higher security levels it is likely that inmates may be over-classified which would drive costs upward. Thus, this process needs to be accomplished somewhat sooner than later to achieve a true reduction in per diem costs.

Recommendation: Accelerate the process of validating of the new inmate classification system with special attention given to evaluating the merit of using sentence length as a key determinant of custody level.

15.5. Short Term Offender Intake

It was estimated by the Minnesota DOC that 49% of all inmates admitted to the DOC in 1998 had one year or less to serve. Currently these inmates are housed in Level 3 (Medium Security) institution or lower. "Fast-tracking" these offenders through the assessment process at St. Cloud for a 7 - 14 day intake period (rather than the traditional 28 day period) could reduce costs. Transferring these inmates to Faribault which already has a minimum security component would allow more rapid transfers to a lower (less costly) custody status if these inmates have no security infractions of a nature serious enough to change their custody status upward.

We recommend "fast-tracking" these offenders through the assessment process at St. Cloud for a 7 - 14 day intake period (rather than the traditional 28 day period and transferring these inmates to Faribault.

15.6. Lieutenant to CO Ratios

As an example of the supervisory staffing differences among the Minnesota adult facilities, MCF-St. Cloud, with only 753 inmates has 17 Lieutenants whereas MCF-Stillwater with 1263 inmates has only 15 Lieutenants. With one Lieutenant supervising approximately 20 COs, MCF-Stillwater would appear to have the most efficient supervisory staffing pattern. If this pattern were adopted by the entire department, the cost savings would be significant: given the current number of COs, this change would yield a total position

reduction of 26 Lieutenants for a savings more than $1.7 million. Alternatively, rather than reducing the current staff complement, a freeze on Lieutenant positions could be implemented until staffing ratios at the 20 to 1 level are achieved. This would have the effect of retaining the current staff expertise and union relations.

Recommendation: Adoption of the MCF-Stillwater CO to Lieutenant staffing pattern. This could yield a total position reduction of 26 Lieutenants for a savings of more than $1.7 million.

15.7. Corrections Officer Staffing

One factor that must be considered when planning for the future is the relatively small size of Minnesota prisons at all security levels compared to other states. There are clearly efficiencies that can be achieved through new construction and possible renovations of existing facilities. This study did not obtain living unit size information but there is clearly a correlation between overall institution size and the CO/inmate ratio. Larger institutions are less expensive to run. This is clearly an important factor driving Minnesota costs upward and must be addressed whenever substantial new beds are added to the system. Complexes are clearly less costly to staff.

Rather than comparing absolute salaries for correctional officers, the most valid approach is to compare total compensation per hour worked between jurisdictions. This requires that salary plus compensation in the form of benefits (including all forms of paid annual leave, pensions, social security, insurance, etc.) be used to calculate the *dollar per hour worked.* Although high, CO compensation in Minnesota is within the range of other states. We must conclude that *the high per diem in Minnesota is due to staffing levels* rather than CO salaries.

The next logical analysis that must take place is a comparison of CO staffing patterns driven by CO to inmate ratios. Table 7 makes it possible to rank jurisdictions by security cost for each facility classification. Minnesota has the highest security cost for every class of prison operated in the state. The "next cheapest" jurisdiction can be used as a model to produce a conservative estimate the cost savings to be realized if practices found in other jurisdictions were adopted in Minnesota.

Table 68 illustrates the change in Minnesota DOC CO staffing from current levels to CO-to-inmate ratios comparable to the State with the next highest per diem security costs. For example, we observe that Minnesota has a $72.00 per diem cost at Oak Park Heights, a Maximum Security facility. Ohio has the second highest security per diem ($60.26) for

its Maximum Security Facilities. Its CO staffing ratio, if adopted in Minnesota, would imply a reduction of 32 positions.

Agree that more efficient prisons need to be built but they ***must*** be staffed differently. Rush City is not a model due to its start-up period but it does not appear that the staffing patterns are likely to be far different from Stillwater.

Table 68: Minnesota CO Staffing Based on Change in Inmate to CO Ratio

Security Level	Comparison State	Comparison Inmate:CO Ratio	Facilities Affected	Current MN Inmate:CO Ratio	Current # of COs	Revised # of COs	Difference
Maximum	Ohio	2.43	OPH	1.87	186	154	32
Close	Washington	4.43	STW/STC	3.71	511	455	56
Medium	Ohio (highest staffed facility)	4.86	LL/ML	4.06	445	372	73
Medium/Min	Washington	5	FRB	4.24	230	195	35
Female	Washington	3.7	SHK	2.94	95	75	20
TOTAL							216

Using this set of scenarios, a total of 216 CO positions could be eliminated at $43,712 per position for a total estimated savings of $9,441,792. Clearly, all of these positions should not be eliminated. Given the projected growth rate for the inmate population, it is likely that at least some of these positions will be necessary in the near future. An immediate reduction in force (or RIF) followed by staffing-up for inmate population growth is likely to have serious negative consequences for the DOC and be a wasteful exercise -- in terms of future recruitment prospects and existing organizational expertise.

The Commissioner and her staff are charged with ensuring both cost-effective practices and public safety. However, public safety does not mean that current staffing patterns, positions and/or assignments (posts) should not come under serious scrutiny by the DOC or that personnel changes do not need to be made to reduce per diem costs. Nevertheless, responsibility for public safety and inmate security ultimately rests with the DOC: thus any personnel reductions should be made at the direction and discretion of the Commissioner.

Some alternatives to immediate RIFs include hiring freezes and early retirement incentives. Attrition will also naturally reduce the current staff complement. With projected retirements at approximately 22.4% over the next 5 years,[94] some staffing adjustments could be accomplished by the retirement of personnel without replacement. This change would need to be carefully monitored to balance inmate population shifts and retirement of

[94] The expected retirement rate at Stillwater is assumed to be representative of the system as a whole.

COs but with a planned CO-to-inmate ratio change this new balance could be phased-in gradually.

Recommendation: As a starting point for internal discussion, look to adopt new staffing patterns resulting in an inmate-to-CO ratio that is similar to states with lower per diems. Given current inmate populations, this approach would imply that 216 CO positions could be eliminated at $43,712 per position for a total estimated savings of $9,441,792. However, projected growth in inmate populations would make such a drastic action inadvisable – since many of the RIFed COs would have to be rehired in the near future. It is ultimately incumbent upon the Commissioner and her staff to establish new staffing patterns and determine to what extent the ratios found in other state are appropriate for Minnesota..

This leads us to examine CO staffing patterns in more detail within the State. The Minnesota DOC uses posts to determine CO staffing. A post is defined by the Minnesota DOC as an assignment that *must* be staffed by a CO for a specified number of days per week (either 5 or 7 days.) This means that an employee replacement factor must be used to ensure that these posts are covered. The necessary replacement factors as seen in Table 34 are calculated as 1.2 FTEs for a 5 day post and 1.7 for a 7 day post.

Table 35 displays the calculations performed using the posts per facility and their coverage supplied by the Minnesota DOC. We multiplied each post by its relevant replacement factor to calculate the number of FTEs necessary based on post and coverage. This figure was then subtracted from the current number of employees as of March 17, 2000. The difference from each facility sums to 136.8.

According to the Minnesota DOC, the difference between the assigned posts and the number of active employees is generally accounted for in Commissary and Minncor CO assignments. As an example of this Mr. Hermerding states that 27 COs are assigned to Minncor work stations in Stillwater. This number appears high initially. However, he further explains that many of the shops contained within the work area are of a dangerous nature and require a high degree of CO supervision. This is an excellent example of a structure that should be examined for further standardization and possible streamlining. If the inmates at work in these areas are at a high risk for misbehavior or violence they should perhaps be reassigned to another type of work. It may also be possible to increase the size of the work areas (now often accommodating only 4-15 inmates) and thereby effect an economy of scale.

Recommendation: Standardize all post assignments within a facility to reflect staffing requirements.

The Federal BOP and other states use a CO-worker model wherein all DOC facility employees are considered COs – function to respond to incidents, carry keys and are responsible for the security of their work area. this decreases the number of COs. In this scenario, a laundry worker with inmate workers is responsible for inmate accountability and security checks.[95] This decreases the number of COs that need to be assigned to work areas -- 27 COs in Stillwater prison industries alone.

Recommendation: Evaluate the possibility of using a model where all DOC employees function in security roles.

The Minnesota DOC could save $200 per year per uniformed employee if Corrections Officers and Lieutenants were required to provide their own work clothing. Given current staffing levels, the annual savings would be significant.

Recommendation: Consider elimination of the uniform allowance in the next contract negotiations. The annual savings from this would be roughly $334,400.

[95] ACA Publication

15.8. Case Management Staffing

The Case Manager Supervisory Committee has recommended that each institution examine its case management process point-by-point to determine whether functions can be eliminated or more efficiently performed through other methods. This should be done without delay. Ideally it could be accomplished by an internal working group of managers and employees, but if this is not possible due to union constraints, we concur with their recommendation that an objective outside agency could be retained to perform this function.

An extraordinary amount of case worker time is spent on clerical tasks according to the Case Management Supervisory Group. Per this group, a total of 27.39 Full Time Equivalents (FTEs) or 30.63% of the total time spent by Case Managers (based on a 40 hour per week work time) is spent typing reports. No where is the need to expedite implementation of COMS system to reduce repetitive typing then with this simple calculation: it was estimated that COMS can reduce the time it takes to process an inmate transfer from 2 hours to 15 minutes. This means that almost 18,000 hours of Case Manager time can be saved annually. This translates into more than 8.6 FTEs and an annual savings of more than $489,000.

Recommend: Implementation of the COMS module that will reduce Case Manager paperwork. This can result in a savings of approximately 18,000 hours of case manager time or 8.6 FTEs for an annual savings of $489,000.

We concur with the Case Manager Supervisor Committee to:

- *Establish e-mail connections with all agents to promote faster, more efficient communication on release planning.*
- *Have case managers retain cases throughout facility stay, rather than changing case managers each time the inmate moves to a different unit.*
- *Eliminate the 201 Transfer Form. Transfers could be facilitated without it, and staff could be notified of transfers and reasons for the transfer via email.*
- *Reduce transfers between facilities by doing complete needs assessment at intake and determining appropriate institution placement to minimize moves.*
- *Have research division track transfers to and from each facility, including reasons for transfers. After six months, the Case Manager Supervisor group would evaluate data and make recommendations to decrease transfers.*
- *Consider reducing the number of events that require case manager involvement; i.e., speaker's bureau, tours, providing training..*
- *Convert 35 Work Release Beds at Lino Lakes to minimum security beds, and eliminate one (1) case manager position.*
- *Jails should be required to complete DNA reviews/draws before offender is admitted to the DOC. This would eliminate the need to review the file and have the offender fill out the form.*
- *Legal call system - Require inmates to exhaust other methods of communication before staff are required to set up calls. This is in policy, but not consistently interpreted or enforced. Some facilities have a local legal call system in place, but all long-distance calls are case manager facilitated. This function currently consumes 1.4 FTEs in the 7 adult facilities.*

Recommendation: Overall, these changes should be implemented to adjust the number of Case Manager to reflect the time-savings realized through new technology and other system changes. Reductions should seek to a ratio of 1 Case Worker to 100 inmates as recommended by Henderson et. al[96] If such a staffing pattern were adopted by the Minnesota DOC this would reduce costs by an estimated $825,000.

15.9. Privatized Health Services

The Minnesota DOC recently privatized a portion of its health care services. It remains to be seen whether or not the creation of a hybrid inmate health care system has allowed

[96] 1997. Henderson, J.D., Ranch, W.H., and Phillips, R.L. Guidelines for the Development of a Security Program, 2nd Edition. ACA Publication.

Minnesota to realize all available efficiency gains. Contracting for medical expenses was expected to reduce in total health care costs to $9.28 per diem.[97] But, in FY 99, actual per diem costs were $11.14—higher than FY 98 costs of $10.62. This was driven in part by the construction of the infirmary at Oak Park Heights, but there are other cost-drivers at work which merit review.

We concur with the Citizen Advisory group that there is generally a need to measure quality of care through peer review processes with regular (at least quarterly) reports to the Commissioner.

Contracting for medical services is not always less expensive. The cost savings that can be realized from this type of arrangement are largely dependent upon the type of contract written, where the incentives for cost savings lie (including risk sharing arrangements) and the ability of the contractor to obtain favorable cost savings for services within the locale.

Minnesota DOC inmate psychotropic drug costs are almost twice that of comparable states. These drugs are purchased under a bulk purchasing arrangement and thus reflect utilization prescription patterns rather than regional price sensitivities. The only way to decrease these costs is to change prescriptive patterns, an unlikely scenario unless one provider manages the entire care system, including psychologists, nurses and psychiatrists.

Hybrid management structures wherein personnel are "serving more than one master" are often fraught with difficulties. Policies and procedures, lack of cooperation (cited in at least two facilities) are frequently a genuine issue resulting in staff friction and wasted resource use.

The primary opportunity for per diem savings in Minnesota through health care contracting for the State to examine the possibility of putting out an RFP that would provide health services on a manday fee[98] basis or to let a comprehensive care contract wherein all health services are privatized.

Given the risk-sharing form of the current CMS contract with the Minnesota DOC, the DOC should require monthly detailed direct and indirect cost data from CMS. This not only provides the DOC with assurances that expenditures are accurate but also provides both parties with the opportunity to examine the expenditures with an eye to future cost-efficiencies. All future contracts should have this requirement unless the contract is negotiated with a firm fixed manday fee that is substantially lower than current per diem health care costs.

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98 The term Manday fee refers to a fixed-fee per capita rate for comprehensive health care services.

Recommendation: Consider alternatives such as privatizing all health care services, requiring detailed costs reports and issuing a new RFP with alternative contract forms such as Manday fees.

The new RFP should explicitly cover such topics as :

- ***Inmate population growth--what, if any will the cap be. The contract may include the staffing requirements/patterns per 100 inmates to ensure that sudden, significant growth (i.e., DWI repeat offenders) is covered adequately;***
- ***How to cover new facilities at a pre-set fee.***
- ***New treatments and technologies such as Hepatitis C treatment. The arbiter of what is an is not included in the future could, possibly be external standards of practice such as the Centers for Disease Control (CDC).***

- Careful monitoring of Oak Park Heights infirmary is needed for over utilization resulting from early hospital discharge. These added costs *may* be offset by Overtime Security costs for inmates remaining as inpatients but this should be monitored as the use of these beds increases. Also a formal Utilization Review process for admission and especially discharge from these infirmary beds should be established.

15.10. Nurse Staffing and Workload

The 1996 Institutional Per Diem Task Force recommended that 27% of the Registered Nurse positions be converted to allied health care staff.[99] To date, less than 10% of the nursing positions (7 of 72 positions) are non-RN. Thus, continuation of the progress already made at Faribault and Lino Lakes in case mix to at least a 60/40 RN to LPN ratio could result in a significant savings: the conversion of a total of 24 positions at an annual savings of almost $500,000.

Recommendation: Review the current professional nurse staffing mix and consider alternatives such as adoption of a 60/40 RN to LPN staffing ratio. Conversion of 24 positions could save $500,000.

One method of reducing staff while maintaining service coverage is to examine the continued use of first shift coverage. Consideration should be given to the elimination of first shift nurse coverage at Lino Lakes, Stillwater , Faribault, Shakopee, and Rush City. To implement this change, inmate medications currently administered on the first watch could be reconfigured for administration on an alternate shift. Alternatively, a Licensed Practical Nurse could be retained to administer these drugs until the large number of psychotropic medications administered on "pill-line" (reported as over 350 medications at Stillwater) are reviewed for possible "Keep on Person" (KOP) use.

Recommendation: Consider elimination of first shift coverage at all but St. Cloud and Oak Park Heights. This policy change has the potential to eliminate 8.5 positions at a annual savings of almost $500,000.

Consideration should be given to consolidating RN Supervisory positions into one position to cover closely linked institutions. Such a shared administrative position will increase the likelihood of consistent service delivery, shared resources, and opportunities for continuous quality improvement. Alternatively it could be possible to create two regional directors rather than eight administrators, thereby saving 6 positions.

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[99] February 22, 1996 Institution Per Diem Cost Review Task Force, Per Diem Report '96. Minnesota Department of Corrections

We recommend a complete review of the current "KITE" system of sick call and medication renewals. An Organizational Performance Improvement/Continuous Quality Improvement structure, process and outcome analysis be employed ; with a focus on the time and costs associated with the current and proposed processes.

It is estimated that the cost-savings associated with changes in procedures leading to a more efficient system will result in sufficient staff savings to enable Chronic Care Clinics to be organized without additional staffing.

15.11. Health Care Data

The absence of information regarding the incidence of chronic illnesses, infectious diseases, as well as sick call patterns makes planning exceedingly difficult for CMS and the DOC administration. The need for accurate encounter data was stressed by the Citizen Advisory Committee for the Minnesota DOC and warrants repetition here.

The need for an automated system of prescription renewals is paramount and such a system should be developed as soon as possible with CMS.

It is understood that the COMS module for the health care units is in development and will not be implemented until later this year. It is imperative that the Minnesota DOC system be capable of interfacing with CMS to allow this prescription process to be streamlined.

The Texas DOC has implemented an extensive computerized pharmacy system that enables menu-driven pharmacy ordering using a light pen. Data on both the inmate and the health provider are entered using a card-reader system. The Texas model contains 3 primary components: data entry, medical alerts, formulary match-up and drug distribution (tracking and recording drug administration). This type of technology is available to the Minnesota DOC since they have such an identification card system for inmates already in place (for commissary use) and could adapt the cards for this pharmacy application.

It is recommended that the Minnesota DOC work with its current contractor, CMS, to obtain the following information to assess cost-effectiveness and prepare for future RFPs:

- *Consultant utilization, (specialty type and number of visits)*
- *ED visits and reasons (i.e., at Moose Lake 68 visits have been recorded in the first half of FY 00. 21 of these visits have no reasons for the encounter. This limits the usefulness of this data for peer review and as an indicator of resource utilization.)*
- *Hospital admissions, reasons, and average length of stay (ALOS) -- CMS should be capable of providing charge information as well as comparison to Medicare and Medicaid rates;*
- *Laboratory tests (remembering to project out the burden of DNA testing beginning July 1, 2000, as well as Hepatitis C testing and treatment);*
- *Chronic Care Statistics, including Standards of Care used throughout the Corrections Industry;*
- *Radiological testing and other non-invasive imaging frequency and charges;*
- *Pharmaceutical use.*

15.12. Telemedicine Utilization

Conversations with CMS revealed that while telemedicine technology is being used extensively in some of their other contracts (such as New York State) for remote sites, they question the cost-effectiveness of such a system in Minnesota given the infrastructure and provider costs within the State. On a test basis, it would appear that the highest benefit from telemedicine could be gained from the use by psychiatrists. However, CMS can not currently use out-of-state physicians, who might be more amenable to cost reductions to provide this psychiatric care. If an under-utilized and understaffed telemedicine system were developed, the potential cost savings, including security overtime, might be offset by technology costs. CMS states they have evaluated this issue and can provide a statement to the Minnesota DOC.

Recommendation: Carefully evaluate the actual cost-savings to be realized through the use of telemedicine.

15.13. Other Health Care Policies

We recommend housing all inmates receiving Hepatitis C treatment in a special unit at either St. Cloud or Oak Park Facilities. Placement at either of these facilities would support the first watch change discussed earlier by allowing the DOC to keep from having to staff other facilities with 24 hour staffing in the event of a reaction to these drugs. Additionally, it would reduce staff time by enabling protocols to become standardized at Oak Park or St. Cloud. Questions that arises in terms of cost include whether or not CMS has explicitly agreed to pay for:

- the $86,400 estimated screening costs,
- Hepatitis A & B vaccination at an estimated $60,000
- the diagnostic testing and follow-up care required by Hepatitis C treatment,

or whether these costs will be paid directly by the Minnesota DOC.

Since delays in Hepatitis C treatment for more than a year will not result in severe health consequences, it may be also possible to refer more inmates to Minnesota Care post incarceration rather than to bear the costs without additional special funding for this project (ideally to remove it from the overall per diem). According to the Director of Health Services for the Minnesota DOC, the Department is working with Minnesota Department of Health to obtain a grant for part of the diagnostic testing associated with the treatment of Hepatitis C inmates.

Recommendations:

Include Hepatitis C treatment as a requirement in the next RFP.

Continue exploration of partnership with VA and Department of Health prior to Hepatitis C treatment implementation.

House all inmates receiving Hepatitis C treatment in a special unit at St. Cloud or Oak Park Heights.

The cost burden for full time or even part time employees providing radiological and laboratory services to facilities other than St. Cloud and possibly Oak Park Heights is possibly unnecessary and could easily be added to a managed care contract or a separate contract for services on an as needed basis.

Recommendation: Minimally place Radiological and Laboratory service personnel under a comprehensive health services contract.

An extension of Minnesota Rule 101 requiring health care providers to take state employees as patients that would require all Health Providers accepting Medicaid funding to bill for correctional inmate care at Medicaid Rates would significantly reduce out-of pocket costs under the CMS contract and enable the state to share in the cost savings under the terms of this and future contracts under a risk and cost sharing provision in the contract.

Recommendation: Extend Minnesota Rule 101 to require Health Providers to accept inmates at Medicaid rates.

Other cost saving initiatives the Department is undertaking include working with

- the Veterans Administration Hospital to use that delivery system for service-connected illness;
- the Department of Human Services to enroll inmates in Medicaid and Minnesota Care, the general assistance medical care (include Veterans) program for the uninsured.

15.14. Offender Programming

The form, cost and type of programming needs to be defined by objective measures of strategically planned initiatives. The Minnesota DOC recently calculated the per diem impact of institutional program costs as $4.85. However, this figure reflects the *average cost if all inmates were enrolled in these programs.* The per diem cost for those actually participating in these programs is much substantially higher and varies considerably by program.

Recommendation: The Minnesota DOC should measure the cost per inmate actually involved in programming, and consistently monitor the success of programming in order to identify and implement the most efficient and effective interventions.

Recidivism is often used as an indicator of program success. The Florida DOC has developed a new method for calculating recidivism rates using all offense information in their "Offender Based Information System" to determine "whether and when a new offense was committed." Their new method uses survival analysis techniques to estimate the recidivism function at each month following release. This method requires an excellent tracking system and may be investigated as an alternative during the development and implementation of the COMS system.

One other general issue that the DOC is attempting to address is the fact that inmate program placement is often driven by sentence length and that transfers frequently

interrupt programming – when a slot is available, education may be interrupted in favor of CD program placement.

The 1999 Recidivism study found that chemical dependency (CD) treatment appeared to have an impact on recidivism rates for the first 6 months following release (rates of 12% treatment compared to 18% no treatment). This does not mean that these program are without effect but has implications for future measurement and ongoing evaluation of the effect of specific interventions and the need for follow-up treatment.

The question of measuring what works and what doesn't in CD treatment is becoming clearer. In a recently-published review of CD programs, the National Institute for Drug Abuse (NIDA) concluded that the Therapeutic Community model such as the one used in Minnesota can be quite effective in reducing drug use and recidivism to criminal behavior. However, the reviewers repeatedly emphasized that "treatment gains can be lost if inmates are returned to the general prison population after treatment (and) Research shows that relapse to drug use and recidivism to crime are significantly lower if the drug offender continues treatment after returning to the community." This need for planned transitions and post-treatment follow-up is one of the primary issues that needs to addressed by the Minnesota DOC.

The 1997 Program Committee recommended that the DOC should develop methods to determine the effectiveness of its chemical dependency programming and observed that the money spent on treatment efforts should impact positively on an offenders' adjustment during and after incarceration. The recent draft of the Minnesota Department of Corrections Chemical Dependency Intervention and Recovery System Strategic Plan Indicators represents an important effort to define such a method. We recommend that the list of proposed Chemical Dependency Treatment Program indicators differentiate between administrative data and indicators that measure program performance and operational effectiveness. We would encourage streamlining and reducing the number of indicators to 5-6 that will support ongoing cost benefit and outcome analysis. The proposed timeline of 3 years for the implementation of a cost-benefits analysis is somewhat lengthy; we would encourage the DOC to begin this process immediately. Further, the DOC needs to develop benchmarks against which performance is measured.

Recommendation: Consider reducing staffing to a ratio of at least 1:10, which could CD programming costs by more than $1.2 million. These savings could be used to enhance aftercare programming.

Sex Offender treatment was found to have a significant effect on recidivism in a recent study by the Minnesota DOC. Inmates who received sex offender treatment were significantly less likely to be rearrested, reconvicted and reincarcerated than those who did not participate in such a treatment program.

The cost of this Sex Offender treatment was $12.98 per day system-wide in addition to regular living per diem for those offenders participating in these programs. This is twice the cost of this programming reported by Iowa ($6.20 per diem cost) and almost three times that of Delaware who reported contract service costs of $3.44. The cost-driver for the system again appear to be staffing. Iowa reported having only half of the number of treatment staff as Minnesota. Reducing Minnesota treatment staff to the level of Iowa would save the State approximately

The 1997 Program Committee recommended that:

- educational assignments be more selective
- consequences be built into the system for those inmates who fail to complete programs that require investment by the state.

Although the Adult Facilities Education Strategic Plan contains a number of indicators that can effectively measure the impact of education programming, no targets have been set as yet. We recommend that targets be chosen and care again be taken to distinguish administrative goals from (such as produce electronic reports) from student achievement objectives (graduation rates or skills improvement).

15.15. Food Service

We recommend that the DOC contract with its food service provider take the form of a ***cost plus fixed fee*** agreement. This approach will allow the State to monitor overall performance more closely and to track expenditures on specific services more carefully. Our analysis suggests that this form of cost plus fixed fee contract could save the DOC at least $67,630 in the first year alone and roughly $207,000 over the three year life of the new contract (assuming a 2% annual increase in base wages).

Recommendation: The current food service contract should take the form of a cost plus fixed fee agreement; thereby allowing the State to monitor performance and

15.16. Corrections Technology

The use of recently-developed corrections technologies has the potential to reduce DOC expenditures on areas such as administration, inmate services and security. However, future cost reductions will only be realized if there is a trade-off in resource utilization: investments in new equipment must be accompanied by changes in staffing. Cost-benefit analysis techniques can be used to rank feasible alternatives and choose among them.

Innovations in administrative technology could help the DOC

- measure the performance of individual staff, programs, facilities, and the department as a whole;
- improve pre-release planning and post-release supervision of inmates
- streamline procurement; and
- improve communications - through email video-conferencing.

Newly-developed security technologies have the potential to increase the effectiveness of community corrections and/or lower within-prison security costs. Nevertheless, these technologies are not free. The ultimate choice among the feasible projects should be depend on a trade-off between initial investments, and future service improvements and staffing efficiencies.

15.17. Commissary

Cost efficiencies can be achieved without recourse to commissary privatization. A private provider of commissary management services would certainly test the effectiveness of existing inventory security measures and perhaps recommend limiting the number of hours and/or variety of products for sale. The DOC can itself undertake these innovations and thereby avoid both the need to pay a profit margin to the private provider and bear the on-going problems inherent in contract bidding and monitoring.

Potential savings can also be realized by reviewing the number of uniformed staff assigned to commissary duty. This review is a necessary element of cost-effectiveness, independent of the decision to privatize commissary functions.

Recommendation: Commissary operations should continue to be operated by the DOC with an effort to reduce the number of uniformed staff assigned to commissary duty and a review of hours of operation to maximize efficiency.

15.18. Bed-Planning

As the Minnesota DOC works to accommodate foreseeable increases in its inmate population, it will have to define and evaluate a number of options. Since most options will include both start-up costs and operating costs, the choice among feasible alternatives will force the DOC to make trade-offs between one-time, up-front costs and recurring annual costs. Projects can be evaluated on the basis of their net present value, i.e., the difference between the present discounted value of future benefits and costs. This

approach allows the analyst to treat construction and other start-up costs as one-time only expenditures.

The basic stages of net present value analysis are as follows.

1. Define feasible alternatives.
2. Characterize each of the feasible alternatives in terms of annual operating cost, initial construction/renovation cost, and transition costs (if any).
3. Identify differences (if any) in the benefits of the available alternatives.
4. Compute the net present value of the feasible alternatives using the state's conventional discount rate for capital projects

When computing the net present value of a proposed project, it is necessary to adjust for changes over time in the price of goods and/or services. This inflation adjustment can be done either by estimating future prices and using an observed rate of interest as a discount factor, or by using currently-observed prices and adjusting the discount factor for expected inflation. If estimates of future prices are used to define future benefits and costs, then the discount rate will generally be at least as high as the state's average interest rate for newly issued debt (i.e., its average borrowing rate for new projects). If current prices are used to specify future benefits and costs, then the expected rate of inflation should be subtracted from the discount rate.

15.19. Conclusion

The "take-home" message of this entire analysis is that there are a number of areas that the State of Minnesota and the Minnesota DOC should consider in planning for its future. The goal of reducing the current per diem cost for adult facilities can be realized through innovation and a belief that cost effective practices are valued by the DOC. One example of rewarding such behaviors is to promote employee involvement through incentive awards.

Recommendation: Develop and implement substantial employee incentive awards for cost-saving innovations. This process is aided through the current AFSCME contract mechanism as detailed in Section 14.2.

The growing salary shortfall is also an issue that requires attention. It can only be accommodated by cutting positions (while leaving funding for staff salaries untouched), holding positions open indefinitely, and/or cutting current expenses, including repair and maintenance projects. To the extent that negotiated wage increases exceed the growth rate of the DOC budget allotment, funds will have to be transferred among accounts to

meet payroll obligations. It is essential to have an accounting system in place that will enable DOC management to make these adjustments as efficiently as possible. Furthermore, meaningful changes in facility staffing patterns will only be feasible if the positions that remain after reorganization are *fully funded.*

Recommendation: Annual increases in the DOC budget should be consistent with negotiated wage increases for actual positions.

If the stakeholders of the system, including members of DOC management, union employees, and legislators, work together then substantial per diem reductions can be achieved. The $14 Million (or $7.00 per diem) reduction detailed in this study should serve only as a starting point for discussion and action. Given the short time frame in which this study was conducted, it is inevitable that there are areas that we did not examine in depth and that could be further explored with an eye toward streamlining.

First and foremost, it is critical that a systematic method for the collection and analysis of information be implemented. Goals that are measurable and substantive must be set in advance in order for DOC staff to know what the objectives are. The need to operate in a cost efficient and effective manner must also be championed by the Department. The goal is not to eliminate programs and reduce the safety of inmates, staff, and the general public, but rather the purpose is to provide services in the most efficient and effective manner possible.

This report has demonstrated that there is no need to increase staffing as the Minnesota inmate population grows, *as long as* the State builds more efficient prison complexes rather than attempting to continue to retrofit inefficient non-prison facilities into the prison system. Ultimately, the Department's resource allocation – including staffing patterns, programming, and facility design – must be determined by the Commissioner and her staff within the context of a commitment to cost-effective government. A positive approach to the issue of per diem reduction, rather than an adversarial one, is what is needed at this point.

Appendix A: FY99 Program Budget, Fund 100 Expenses & Obligations – Per Diem Summary

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, w/o RC	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Fund 100 Allotments										$301,589	
Mgmt Serv	$7.47	$6.37	$13.27	$13.21	$11.43	$6.89	$9.54	$12.36	$8.66		$8.83
Inmate Serv	$9.31	$12.83	$15.33	$17.43	$8.59	$8.58	$11.47	$13.59	$10.70		$10.70
Food Serv	$4.29	$4.55	$4.90	$10.24	$4.58	$3.90	$4.47	$6.18	$4.55		$4.55
Education	$2.60	$2.58	$6.02	$5.16	$2.61	$2.79	$6.18	$3.06	$3.38		$3.38
Work Prg	$0.15	$0.19	$0.00	$0.11	$0.00	$0.00	$0.00	$0.00	$0.06		$0.06
Security	$31.84	$36.06	$47.69	$41.92	$32.56	$32.64	$45.18	$72.00	$38.43		$38.43
Prog Serv	$2.28	$7.01	$4.84	$3.37	$2.61	$1.45	$2.04	$1.73	$3.08		$3.08
Util & Maint	$8.21	$7.96	$15.74	$18.50	$12.22	$9.40	$10.19	$20.32	$10.61		$10.61
Per Diem (w/o HC)	$66.15	$77.55	$107.79	$109.94	$74.59	$65.65	$89.08	$129.25	$79.47		$79.64
Health Care	$9.58	$8.66	$11.91	$7.85	$8.05	$8.97	$9.67	$19.86	$9.87		$9.87
Per Diem (w/ HC)	$75.73	$86.21	$119.71	$117.79	$82.64	$74.62	$98.74	$149.11	$89.34		$89.51
Minncor	$2.30	$0.00	$3.60	$0.00	$1.91	$2.24	$0.94	$2.62	$1.68		$1.68
Per Diem (w/HC & Minncor)	**$78.03**	**$86.21**	**$123.30**	**$117.79**	**$84.55**	**$76.86**	**$99.69**	**$151.73**	**$91.03**		**$91.19**

Appendix B: FY 99 Program Budget, Fund 100 Expenditures and Obligations -- Per Diem Detail

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
										$301,589	
Management Services:											
Info Services Sal.	$0.42	$0.53	$1.61	$2.19	$0.36	$0.55	$0.71	$1.19	$0.64		
Other Mgmt Sal.	$4.97	$4.46	$9.01	$7.88	$4.47	$5.29	$5.66	$8.99	$5.50		
Mgmt. Salaries	***$5.39***	***$4.99***	***$10.62***	***$10.07***	***$4.84***	***$5.84***	***$6.36***	***$10.18***	***$6.14***		
Gen. Staff Support	$0.68	$0.84	$1.64	$1.27	$0.61	$0.87	$1.39	$1.79	$0.98		
Info Services C.E.	$0.54	$0.16	$0.34	$1.57	$0.74	$0.03	$0.39	$0.06	$0.33		
Other Mgmt. C.E.	$0.85	$0.38	$0.67	$0.30	$5.24	$0.15	$1.40	$0.33	$1.22		
Mgmt. Cur. Exp.	***$2.08***	***$1.38***	***$2.65***	***$3.14***	***$6.60***	***$1.05***	***$3.18***	***$2.18***	***$2.52***		
Mgmt. Total, Fd 100	**$7.47**	**$6.37**	**$13.27**	**$13.21**	**$11.43**	**$6.89**	**$9.54**	**$12.36**	**$8.66**		**$8.82**
Inmate Services:											
Pers Inm Sup Sal	$0.53	$1.87	$1.43	$0.00	$1.21	$1.38	$0.52	$4.72	$1.39		
Inm Rec Mgmt Sal	$0.57	$1.87	$1.01	$2.51	$0.87	$1.23	$1.01	$0.74	$1.12		
Case Mgmt Sal	$2.81	$2.37	$4.06	$5.42	$1.90	$2.06	$2.65	$2.78	$2.51		
Psych Services	$0.77	$0.51	$0.74	$0.00	$0.62	$0.79	$1.42	$0.00	$0.73		
Reception Sal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.18	$0.00	$0.16		
Transport Sal	$0.90	$0.98	$1.08	$0.00	$0.68	$0.00	$0.00	$0.00	$0.49		
Other Inm Sup Sal	$0.37	$0.51	$2.97	$0.00	$0.43	$0.46	$0.49	$1.57	$0.65		
Inmate Services Sal	***$5.95***	***$8.10***	***$11.28***	***$7.93***	***$5.70***	***$5.93***	***$7.27***	***$9.81***	***$7.05***		
Pers Inm Sup CE	$0.38	$1.95	$2.01	$4.28	$0.75	$0.85	$2.37	$1.61	$1.32		
Transport CE	$0.46	$0.22	$0.30	$0.61	$0.25	$0.14	$0.22	$0.36	$0.27		
Inmate Compensation	$2.04	$2.19	$0.89	$2.43	$1.41	$1.14	$0.92	$1.26	$1.51		
Other Inm Sup CE	$0.48	$0.37	$0.86	$2.18	$0.48	$0.52	$0.68	$0.55	$0.55		
Inmate Services CE	***$3.36***	***$4.74***	***$4.05***	***$9.50***	***$2.89***	***$2.65***	***$4.20***	***$3.78***	***$3.65***		
Inm Serv. Total, Fd 100	**$9.31**	**$12.83**	**$15.33**	**$17.43**	**$8.59**	**$8.58**	**$11.47**	**$13.59**	**$10.70**		**$10.70**
Food Services:											

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Food Prep Sal	$0.00	$0.23	$0.00	$1.67	$0.61	$0.00	$1.27	$0.00	$0.32		
Food Prep CE	$1.34	$1.10	$1.93	$3.35	$1.10	$0.92	$0.37	$2.91	$1.20		
Food Provisions CE	$2.96	$3.21	$2.96	$5.23	$2.87	$2.97	$2.83	$3.27	$3.03		
Food Cur. Expenses	$4.29	$4.32	$4.90	$8.58	$3.97	$3.90	$3.20	$6.18	$4.23		
Food Total, Fd 100	$4.29	$4.55	$4.90	$10.24	$4.58	$3.90	$4.47	$6.18	$4.55		$4.55
Education:											
Ed Admin Sal	$0.42	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		
Ed Academic Sal	$0.00	$1.02	$2.21	$4.69	$1.30	$1.17	$3.48	$1.65	$1.40		
Ed Vocat Sal	$0.00	$0.10	$3.10	$0.00	$0.00	$0.00	$2.29	$0.00	$0.49		
Adult Literacy Sal	$0.00	$0.32	$0.00	$0.00	$0.00	$0.14	$0.05	$0.00	$0.10		
Education Salaries	$0.42	$1.43	$5.31	$4.69	$1.30	$1.31	$5.82	$1.65	$2.07		
Ed Admin CE	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		
Ed Academic CE	$0.12	$0.21	$0.35	$0.33	$0.13	$0.18	$0.15	$1.25	$0.25		
Ed Vocat CE	$2.01	$0.87	$0.35	$0.14	$1.14	$1.26	$0.12	$0.00	$1.00		
Adult Literacy CE	$0.04	$0.07	$0.02	$0.00	$0.04	$0.05	$0.08	$0.16	$0.06		
Education Cur Expenses	$2.18	$1.15	$0.72	$0.47	$1.31	$1.48	$0.35	$1.41	$1.31		
Educat Total, Fd 100	$2.60	$2.58	$6.02	$5.16	$2.61	$2.79	$6.18	$3.06	$3.38		$3.38
Work Program:											
Wk Prog Total, Fd 100	$0.15	$0.19	-$0.06	$0.11	$0.00	$0.00	$0.00	$0.00	$0.06		$0.06
Security:											
Investigations Unit Sal	$0.25	$0.32	$0.35	$0.00	$0.05	$0.22	$0.47	$0.75	$0.29		
Due Process Sal	$0.60	$0.57	$0.86	$0.00	$0.58	$0.34	$0.38	$1.20	$0.55		
Living Unit Sal	$12.99	$17.84	$22.19	$41.49	$12.23	$10.42	$18.02	$24.81	$15.55		
Reserve Salaries	$0.00	$1.00	$0.13	$0.00	$0.00	$1.18	$1.37	$0.00	$0.65		
Security Laws 94 Sal	$0.00	$0.00	$0.00	$0.00	$0.00	$4.20	$4.12	$9.40	$2.18		
Other Security Sal	$17.43	$15.66	$23.73	$0.00	$18.44	$16.10	$20.20	$35.22	$18.61		
Security Salaries	$31.28	$35.39	$47.26	$41.49	$31.29	$32.44	$44.56	$71.38	$37.84		

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Investigations CE	$0.01	$0.03	$0.00	$0.00	$0.03	$0.01	$0.02	$0.01	$0.02		
Due Process CE	$0.02	$0.04	$0.05	$0.03	$0.03	$0.04	$0.03	$0.06	$0.04		
Living Units CE	$0.11	$0.20	$0.11	$0.17	$0.82	$0.04	$0.32	$0.10	$0.24		
Other Security CE	$0.42	$0.38	$0.26	$0.23	$0.38	$0.10	$0.25	$0.45	$0.30		
Security Cur Expenses	***$0.56***	***$0.66***	***$0.43***	***$0.42***	***$1.26***	***$0.20***	***$0.62***	***$0.62***	***$0.59***		
Security Total, Fd 100	**$31.84**	**$36.06**	**$47.69**	**$41.92**	**$32.56**	**$32.64**	**$45.18**	**$72.00**	**$38.43**		**$38.43**
Program Services:											
Sex Offender Tx Sal	$0.00	$2.27	$0.46	$0.00	$1.17	$0.00	$0.00	$0.00	$0.60		
CD Tx Sal	$0.96	$3.33	$0.77	$3.25	$0.00	$0.63	$0.90	$0.00	$1.14		
Religious Serv Sal	$0.29	$0.31	$0.58	$0.00	$0.21	$0.26	$0.40	$0.42	$0.31		
Recreation Sal	$0.98	$0.88	$0.96	$0.00	$0.87	$0.51	$0.68	$1.31	$0.80		
Other Prog Sal	$0.00	$0.00	$1.44	$0.00	$0.00	$0.00	$0.00	$0.00	$0.07		
Program Salaries	***$2.23***	***$6.79***	***$4.21***	***$3.25***	***$2.25***	***$1.40***	***$1.98***	***$1.73***	***$2.92***		
Sex Offender Tx CE	$0.00	$0.05	$0.06	$0.00	$0.01	$0.00	$0.00	$0.00	$0.01		
CD Tx CE	$0.03	$0.13	$0.05	$0.13	$0.00	$0.01	$0.03	$0.00	$0.04		
Other Prog CE	$0.02	$0.03	$0.51	$0.00	$0.35	$0.04	$0.03	$0.00	$0.10		
Program Cur Expenses	***$0.05***	***$0.22***	***$0.63***	***$0.13***	***$0.36***	***$0.05***	***$0.06***	***$0.00***	***$0.15***		
Program Total, Fd 100	**$2.28**	**$7.01**	**$4.84**	**$3.37**	**$2.61**	**$1.45**	**$2.04**	**$1.73**	**$3.08**		**$3.08**
Utilities & Maintenance:											
U & M Salaries	*$4.91*	*$3.62*	*$6.45*	*$3.51*	*$5.13*	*$3.26*	*$4.95*	*$7.41*	*$4.56*		
U & M Cur Expenses	*$2.49*	*$2.09*	*$3.89*	*$6.83*	*$3.57*	*$4.05*	*$2.41*	*$4.83*	*$3.20*		
U & M Repair & Replace	*$0.80*	*$2.26*	*$5.40*	*$8.17*	*$3.51*	*$2.09*	*$2.83*	*$8.08*	*$2.85*		
Util & Maint Total, Fd 100	**$8.21**	**$7.96**	**$15.74**	**$18.50**	**$12.22**	**$9.40**	**$10.19**	**$20.32**	**$10.61**		**$10.61**
Fund 100 Total (no Health Care)	**$66.15**	**$77.55**	**$107.74**	**$109.94**	**$74.59**	**$65.65**	**$89.08**	**$129.25**	**$79.47**	**$0.00**	**$79.62**

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Health Care											
Medical Services	$3.10	$2.88	$3.95	$2.53	$2.36	$3.10	$2.71	$7.19	$3.22		
Intake Medical	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.59	$0.00	$0.08		
Dental Services	$0.73	$0.46	$0.91	$0.00	$0.37	$0.55	$0.97	$0.47	$0.61		
Intake Dental	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.08	$0.00	$0.01		
Mental Health	$0.00	$0.00	$1.74	$0.00	$0.00	$0.00	$0.00	$6.88	$0.56		
Special Needs	$0.43	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.08		
Central Office	$5.32	$5.32	$5.32	$5.32	$5.32	$5.32	$5.32	$5.32	$5.32		
Medical Total (Inst.)	***$9.58***	***$8.66***	***$11.91***	***$7.85***	***$8.05***	***$8.97***	***$9.67***	***$19.86***	***$9.87***		***$9.87***
Fund 100 Total (with Health Care)	**$75.73**	**$86.21**	**$119.65**	**$117.79**	**$82.64**	**$74.62**	**$98.74**	**$149.11**	**$89.35**		**$89.50**
Minncor	**$2.30**	**$0.00**	**$3.60**	**$0.00**	**$1.91**	**$2.24**	**$0.94**	**$2.62**	**$1.68**		**$1.68**
Fund 100 Total (with HC & Minncor)	**$78.03**	**$86.21**	**$123.25**	**$117.79**	**$84.55**	**$76.86**	**$99.69**	**$151.73**	**$91.03**		**$91.18**

Appendix C: FY 99 Program Budget, Fund 100 Expenses & Obligations – Detailed Spending Levels

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Management Services:											
Info Services Sal.	150,440	193,871	163,721	59,868	97,251	252,904	194,184	162,601	1,274,840		
Other Mgmt Sal.	1,769,383	1,630,326	917,955	215,803	1,203,620	2,439,183	1,554,796	1,223,906	10,954,971	223,915	
Mgmt. Salaries	***1,919,823***	***1,824,196***	***1,081,676***	***275,671***	***1,300,870***	***2,692,087***	***1,748,980***	***1,386,507***	***12,229,811***		
Gen. Staff Support	242,452	306,178	167,167	34,682	165,292	401,123	382,866	243,054	1,942,813		
Info Services C.E.	193,481	56,912	34,290	43,041	199,151	11,855	105,913	8,334	652,977		
Other Mgmt. C.E.	303,333	139,361	68,080	8,112	1,410,477	69,187	384,613	45,351	2,428,515	77,674	
Mgmt. Cur. Exp.	***739,265***	***502,451***	***269,537***	***85,836***	***1,774,920***	***482,165***	***873,392***	***296,739***	***5,024,305***		
Mgmt. Total, Fd 100	**2,659,089**	**2,326,648**	**1,351,212**	**361,507**	**3,075,791**	**3,174,252**	**2,622,372**	**1,683,246**	**17,254,116**	**301,589**	**17,555,705**
Inmate Services:											
Pers Inm Sup Sal	189,762	681,473	145,580	0	325,368	634,885	142,697	643,219	2,762,983		
Inm Rec Mgmt Sal	204,175	683,803	102,384	68,634	233,693	568,001	276,772	100,959	2,238,422		
Case Mgmt Sal	998,350	865,000	413,247	148,509	510,297	951,163	729,323	377,905	4,993,793		
Psych Services	274,373	186,479	74,918	0	166,018	365,714	390,531	0	1,458,034		
Reception Sal	0	0	0	0	0	0	323,800	0	323,800		
Transport Sal	319,124	357,604	109,719	0	184,079	0	0	0	970,526		
Other Inm Sup Sal	133,227	184,911	302,590	0	115,146	213,074	135,070	214,001	1,298,020		
Inmate Services Sal	***2,119,011***	***2,959,271***	***1,148,439***	***217,143***	***1,534,601***	***2,732,836***	***1,998,193***	***1,336,084***	***14,045,578***		
Pers Inm Sup CE	136,046	712,312	204,298	117,071	202,487	390,073	652,155	218,789	2,633,231		
Transport CE	162,817	79,103	30,231	16,740	67,469	64,197	60,166	48,566	529,289		
Inmate Compensation	725,431	801,637	90,320	66,593	378,848	527,067	253,242	172,100	3,015,237		
Other Inm Sup CE	170,300	136,991	87,770	59,580	127,980	241,803	188,208	75,041	1,087,673		
Inmate Services CE	***1,194,594***	***1,730,043***	***412,619***	***259,984***	***776,784***	***1,223,140***	***1,153,770***	***514,496***	***7,265,430***		
Inm Serv. Total, Fd 100	**3,313,605**	**4,689,313**	**1,561,058**	**477,127**	**2,311,385**	**3,955,976**	**3,151,963**	**1,850,580**	**21,311,008**		**21,311,008**

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Food Services:											
Food Prep Sal	*0*	*84,062*	*0*	*45,590*	*162,876*	*0*	*348,680*	*0*	*641,208*		
Food Prep CE	475,368	403,691	197,038	91,654	295,213	425,448	101,189	395,583	2,385,184		
Food Provisions CE	1,051,689	1,173,735	301,913	143,210	772,621	1,370,806	778,228	445,674	6,037,877		
Food Cur. Expenses	*1,527,057*	*1,577,426*	*498,952*	*234,864*	*1,067,834*	*1,796,254*	*879,416*	*841,257*	*8,423,061*		
Food Total, Fd 100	**1,527,057**	**1,661,489**	**498,952**	**280,454**	**1,230,710**	**1,796,254**	**1,228,097**	**841,257**	**9,064,269**		**9,064,269**
Education:											
Ed Admin Sal	149,234										
Ed Academic Sal		371,163	224,597	128,351	348,608	537,533	955,345	224,180	2,789,777		
Ed Vocat Sal		36,715	316,012				629,652		982,379		
Adult Literacy Sal		116,259				65,382	14,959		196,599		
Education Salaries	**149,234**	**524,136**	**540,609**	**128,351**	**348,608**	**602,914**	**1,599,957**	**224,180**	**4,117,990**		
Ed Admin CE	2,893								2,893		
Ed Academic CE	41,124	77,962	35,177	9,137	33,782	80,966	42,381	170,047	490,575		
Ed Vocat CE	716,216	317,250	35,301	3,736	307,903	579,000	33,638		1,993,043		
Adult Literacy CE	14,851	24,531	2,361		10,498	23,231	21,499	21,938	118,909		
Education Cur Expenses	**775,084**	**419,742**	**72,839**	**12,873**	**352,183**	**683,197**	**97,518**	**191,985**	**2,605,420**		
Educat Total, Fd 100	**924,318**	**943,879**	**613,448**	**141,224**	**700,791**	**1,286,111**	**1,697,475**	**416,165**	**6,723,410**		**6,723,410**
Work Program:											
Wk Prog Total, Fd 100	**52,785**	**70,149**	**-5,658**	**3,053**	**0**	**0**	**703**	**0**	**121,033**		**121,033**
Security:											
Investigations Unit Sal	88,680	118,236	35,253	0	12,718	100,672	127,968	101,560	585,087		
Due Process Sal	214,798	209,195	87,123	0	155,529	154,533	104,376	163,962	1,089,516		
Living Unit Sal	4,624,443	6,518,074	2,259,682	1,135,808	3,289,882	4,803,456	4,954,020	3,377,981	30,963,345		
Reserve Salaries	0	365,166	13,632	0	0	541,964	376,555	0	1,297,317		

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Security Laws 94 Sal	0	0	0	0	0	1,933,977	1,133,517	1,280,204	4,347,697		
Other Security Sal	6,202,576	5,720,565	2,417,017	0	4,959,941	7,420,620	5,551,840	4,794,543	37,067,101		
Security Salaries	***11,130,496***	***12,931,236***	***4,812,706***	***1,135,808***	***8,418,071***	***14,955,220***	***12,248,276***	***9,718,250***	**75,350,064**		
Investigations CE	5,078	12,658	213	0	8,290	5,529	6,582	999	39,348		
Due Process CE	8,712	15,769	5,119	719	8,024	20,124	8,625	8,338	75,430		
Living Units CE	39,080	74,246	11,372	4,642	221,034	17,429	86,909	13,452	468,163		
Other Security CE	147,947	139,957	26,604	6,269	102,384	47,833	68,185	61,724	600,902		
Security Cur Expenses	***200,817***	***242,629***	***43,307***	***11,629***	***339,731***	***90,915***	***170,301***	***84,512***	**1,183,844**		**76,533,907**
Security Total, Fd 100	**11,331,314**	**13,173,865**	**4,856,014**	**1,147,438**	**8,757,802**	**15,046,136**	**12,418,577**	**9,802,762**	**76,533,907**		
Program Services:											
Sex Off Tx Sal	0	827,722	46,844	0	314,151	0	0	0	1,188,718		
CD Tx Sal	342,338	1,217,770	78,275	88,836	0	291,381	247,523	0	2,266,123		
Religious Serv Sal	101,536	114,172	59,462	0	56,972	120,902	111,148	57,015	621,207		
Recreation Sal	350,430	320,655	97,592	0	233,372	235,141	186,044	178,739	1,601,973		
Other Prog Sal	0	0	146,854	0	0	0	0	0	146,854		
Program Salaries	***794,303***	***2,480,319***	***429,027***	***88,836***	***604,496***	***647,425***	***544,715***	***235,753***	**5,824,874**		
Sex Off Tx CE	0	19,666	6,614	0	2,890	0	0	0	29,170		
CD Tx CE	11,810	47,653	5,192	3,446	0	2,333	8,028	0	78,461		
Other Prog CE	6,399	12,339	52,271	0	94,546	19,047	8,266	383	193,251		
Program Cur Expenses	***18,209***	***79,658***	***64,078***	***3,446***	***97,436***	***21,380***	***16,293***	***383***	**300,882**		**6,125,755**
Program Total, Fd 100	**812,512**	**2,559,976**	**493,105**	**92,282**	**701,931**	**668,805**	**561,008**	**236,136**	**6,125,755**		
Utilities & Maintenance:											
U & M Salaries	1,748,737	1,322,073	657,116	96,037	1,380,731	1,502,819	1,361,405	1,009,452	9,078,369		
U & M Cur Expenses	887,348	761,967	396,511	186,972	961,655	1,867,299	663,167	657,412	6,382,331		
U & M Repair & Replace	284,530	824,293	549,597	223,526	944,890	964,426	777,301	1,099,513	5,668,076		

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, Operating Facilities	RC	Total, with RC
ADP	975	1001	279	75	737	1263	753	373	5456	0	5456
Util & Maint Total, Fd 100	2,920,615	2,908,334	1,603,224	506,535	3,287,276	4,334,544	2,801,873	2,766,376	21,128,776		21,128,776
Fund 100 Total (no Health Care)	23,541,293	28,333,653	10,971,356	3,009,620	20,065,685	30,262,078	24,482,067	17,596,522	158,262,275	301,589	158,563,864
Per Diem (w/out HC)	$66.15	$77.55	$107.74	$109.94	$74.59	$65.65	$89.08	$129.25	$79.47	N/A	$79.62
Health Care											
Medical Services	1,101,517	1,051,645	402,169	69,232	635,201	1,429,468	744,693	978,371	6,412,295		
Intake Medical							160,830		160,830		
Dental Services	261,402	168,490	92,511	0	99,533	254,404	267,753	64,522	1,208,615		
Intake Dental							21,187		21,187		
Mental Health			176,710					936,932	1,113,642		
Special Needs	152,201								152,201		
Central Office	1,893,255	1,943,742	541,762	145,635	1,431,107	2,452,493	1,462,175	724,291	10,594,461		
Medical Total (Inst.)	3,408,374	3,163,877	1,213,152	214,867	2,165,841	4,136,366	2,656,638	2,704,116	19,663,230		19,663,230
Fund 100 Total (with Health Care)	26,949,667	31,497,530	12,184,508	3,224,487	22,231,526	34,398,443	27,138,706	20,300,638	177,925,504	301,589	178,227,093
Per Diem (w/ HC)	$75.73	$86.21	$119.65	$117.79	$82.64	$74.62	$98.74	$149.11	$89.35	N/A	$89.50
Minncor	819,269	0	366,553		513,294	1,032,548	259,242	356,596	3,347,502		3,347,502
Fund 100 Total (with HC & Minncor)	27,768,936	31,497,530	12,551,061	3,224,487	22,744,820	35,430,991	27,397,948	20,657,234	181,273,006	301,589	181,574,595
Per Diem (w/HC & Minncor)	$78.03	$86.21	$123.25	$117.79	$84.55	$76.86	$99.69	$151.73	$91.03	N/A	$91.18

Appendix D: FY 00 Per Diem Allotments – Per Diem Summary

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL, w/o RC	RC	Total, with RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Fund 100 Allotments											
Mgmt Serv	$7.22	$9.16	$14.72	$11.59	$9.06	$6.33	$7.89	$13.72	$8.62	$50.13	$9.84
Inmate Serv	$9.12	$9.76	$14.34	$17.99	$9.24	$8.60	$11.43	$14.25	$10.19	$20.39	$10.49
Food Serv	$4.58	$4.54	$4.51	$10.28	$5.11	$4.22	$4.56	$6.01	$4.73	$5.65	$4.75
Education	$2.29	$2.52	$4.71	$5.14	$2.62	$2.49	$6.13	$3.35	$3.19	$2.66	$3.17
Work Prg	$0.16	$0.19	$0.31	$0.17	$0.00	$0.00	$0.00	$0.00	$0.09	$0.00	$0.08
Security	$30.23	$35.23	$41.64	$41.40	$33.13	$33.53	$45.07	$79.79	$38.16	$49.66	$38.49
Prog Serv	$2.37	$7.34	$4.76	$3.32	$2.68	$1.55	$2.34	$2.08	$3.26	$2.28	$3.23
Util & Maint	$9.08	$6.61	$9.48	$7.13	$10.11	$7.78	$9.22	$15.00	$8.86	$27.94	$9.42
Per Diem (w/o HC)	**$65.06**	**$75.34**	**$94.47**	**$97.02**	**$71.94**	**$64.50**	**$86.64**	**$134.20**	**$77.10**	**$158.71**	**$79.49**
Health Care	$9.93	$9.16	$12.26	$8.36	$8.77	$9.39	$10.82	$32.78	$11.14	$17.05	$11.32
Per Diem (w/ HC)	**$74.99**	**$84.50**	**$106.73**	**$105.38**	**$80.71**	**$73.89**	**$97.47**	**$166.99**	**$88.25**	**$175.77**	**$90.81**
Minncor	$1.47	$0.00	$2.28	$0.00	$1.30	$1.56	$0.94	$2.27	$1.20	$0.00	1.1695896
Per Diem (w/HC & Minncor)	**$76.46**	**$84.50**	**$109.01**	**$105.38**	**$82.02**	**$75.45**	**$98.40**	**$169.26**	**$89.45**	**$175.77**	**$91.98**

Appendix E: FY 00 Per Diem Allotments – Detail

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL w/o RC	RC	TOTAL w/ RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Management Services:											
Info Services Sal.	$0.50	$0.58	$1.85	$1.93	$0.55	$0.58	$0.75	$1.46	$0.73	$1.58	$0.76
Other Mgmt Sal.	$5.26	$6.92	$9.27	$8.01	$4.50	$4.96	$6.03	$10.05	$6.06	$12.33	$6.25
Mgmt. Salaries	$5.77	$7.50	$11.12	$9.94	$5.05	$5.55	$6.79	$11.52	$6.80	$13.91	$7.00
Gen. Staff Support	$0.59	$0.82	$0.93	$1.10	$0.80	$0.61	$0.81	$1.75	$0.79	$3.19	$0.86
Info Services C.E.	$0.09	$0.10	$0.28	$0.22	$0.31	$0.02	$0.04	$0.07	$0.11	$0.57	$0.13
Other Mgmt. C.E.	$0.78	$0.74	$2.39	$0.33	$2.90	$0.15	$0.25	$0.39	$0.92	$32.46	$1.84
Mgmt. Cur. Exp.	$1.45	$1.66	$3.60	$1.65	$4.01	$0.78	$1.10	$2.21	$1.83	$36.22	$2.83
Mgmt. Total, Fd 100	**$7.22**	**$9.16**	**$14.72**	**$11.59**	**$9.06**	**$6.33**	**$7.89**	**$13.72**	**$8.62**	**$50.13**	**$9.84**
Inmate Services:											
Pers Inm Sup Sal	$0.54	$0.63	$1.46	$0.00	$1.10	$1.34	$0.59	$5.45	$1.17	$3.25	$1.23
Inm Rec Mgmt Sal	$0.56	$0.00	$0.99	$2.40	$0.83	$1.33	$1.08	$0.86	$0.81	$1.07	$0.82
Case Mgmt Sal	$2.70	$2.69	$3.95	$5.24	$2.30	$2.10	$2.76	$3.25	$2.66	$1.10	$2.61
Psych Services	$0.77	$0.62	$0.89	$0.00	$0.69	$0.82	$1.47	$0.00	$0.79	$1.29	$0.80
Reception Sal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.35	$0.00	$0.18	$0.00	$0.18
Transport Sal	$0.84	$0.86	$0.88	$0.00	$0.38	$0.00	$0.00	$0.00	$0.42	$1.21	$0.44
Other Inm Sup Sal	$0.42	$0.55	$3.02	$0.00	$0.41	$0.49	$0.50	$1.54	$0.69	$1.82	$0.72
Inmate Services Sal	*$5.84*	*$5.35*	*$11.18*	*$7.64*	*$5.71*	*$6.08*	*$7.76*	*$11.10*	$6.71	$9.73	$6.80
Pers Inm Sup CE	$0.60	$1.56	$1.36	$4.11	$1.28	$0.75	$1.92	$0.94	$1.20	$3.01	$1.25
Transport CE	$0.23	$0.23	$0.28	$0.68	$0.31	$0.14	$0.10	$0.35	$0.22	$0.80	$0.24
Inmate Compensation	$1.82	$2.20	$0.81	$2.40	$1.41	$1.05	$1.12	$1.41	$1.49	$5.58	$1.61
Other Inm Sup CE	$0.63	$0.42	$0.70	$3.16	$0.53	$0.58	$0.53	$0.45	$0.58	$1.27	$0.60
Inmate Services CE	*$3.28*	*$4.41*	*$3.16*	*$10.35*	*$3.53*	*$2.52*	*$3.68*	*$3.15*	$3.49	$10.66	$3.70
Inm Serv. Total, Fd 100	**$9.12**	**$9.76**	**$14.34**	**$17.99**	**$9.24**	**$8.60**	**$11.43**	**$14.25**	**$10.19**	**$20.39**	**$10.49**
Food Services:											
Food Prep Sal	*$0.00*	*$0.23*	*$0.00*	*$1.65*	*$0.49*	*$0.00*	*$1.30*	*$0.00*	$0.31	$0.00	$0.30

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL w/o RC	RC	TOTAL w/ RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Food Prep CE	$1.29	$1.03	$1.61	$3.63	$1.28	$0.93	$0.14	$2.61	$1.14	$3.35	$1.20
Food Provisions CE	$3.29	$3.27	$2.91	$5.00	$3.34	$3.29	$3.11	$3.40	$3.28	$2.31	$3.25
Food Cur. Expenses	*$4.58*	*$4.31*	*$4.51*	*$8.63*	*$4.62*	*$4.22*	*$3.25*	*$6.01*	$4.42	$5.65	$4.45
Food Total, Fd 100	**$4.58**	**$4.54**	**$4.51**	**$10.28**	**$5.11**	**$4.22**	**$4.56**	**$6.01**	**$4.73**	**$5.65**	**$4.75**
Education:											
Ed Admin Sal	$0.41	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.08	$0.00	$0.07
Ed Academic Sal	$0.00	$1.12	$1.72	$4.80	$1.43	$1.07	$3.31	$1.81	$1.37	$1.10	$1.36
Ed Vocat Sal	$0.00	$0.10	$2.41	$0.00	$0.00	$0.00	$2.37	$0.00	$0.48	$0.00	$0.47
Adult Literacy Sal	$0.00	$0.35	$0.00	$0.00	$0.00	$0.15	$0.06	$0.50	$0.14	$0.00	$0.13
Education Salaries	*$0.41*	*$1.56*	*$4.14*	*$4.80*	*$1.43*	*$1.22*	*$5.74*	*$2.32*	$2.06	$1.10	$2.03
Ed Admin CE	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Ed Academic CE	$0.01	$0.16	$0.22	$0.17	$0.12	$0.06	$0.13	$1.01	$0.16	$0.48	$0.17
Ed Vocat CE	$1.86	$0.71	$0.33	$0.17	$1.04	$1.16	$0.15	$0.00	$0.92	$0.00	$0.89
Adult Literacy CE	$0.01	$0.08	$0.02	$0.00	$0.04	$0.05	$0.11	$0.02	$0.05	$1.08	$0.08
Education Cur Expenses	*$1.88*	*$0.95*	*$0.57*	*$0.34*	*$1.20*	*$1.27*	*$0.39*	*$1.03*	$1.13	$1.56	$1.14
Educat Total, Fd 100	**$2.29**	**$2.52**	**$4.71**	**$5.14**	**$2.62**	**$2.49**	**$6.13**	**$3.35**	**$3.19**	**$2.66**	**$3.17**
Work Program:											
Wk Prog Total, Fd 100	**$0.16**	**$0.19**	**$0.31**	**$0.17**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	$0.09	$0.00	$0.08
Security:											
Investigations Unit Sal	$0.26	$0.33	$0.45	$0.00	$0.00	$0.23	$0.49	$0.94	$0.31	$1.35	$0.34
Due Process Sal	$0.60	$0.51	$0.78	$0.00	$0.56	$0.35	$0.39	$1.35	$0.54	$0.88	$0.55
Living Unit Sal	$13.17	$17.00	$19.14	$40.94	$9.20	$10.78	$17.91	$27.81	$15.05	$14.91	$15.04
Reserve Salaries	$0.00	$0.87	$0.00	$0.00	$0.00	$0.81	$0.84	$0.00	$0.45	$0.00	$0.44
Security Laws 94 Sal	$0.00	$0.00	$0.00	$0.00	$0.00	$4.38	$4.18	$10.26	$2.18	$0.00	$2.11
Other Security Sal	$15.18	$15.76	$20.93	$0.00	$22.68	$16.80	$20.91	$39.03	$19.07	$30.53	$19.40
Security Salaries	*$29.20*	*$34.47*	*$41.29*	*$40.94*	*$32.44*	*$33.35*	*$44.72*	*$79.39*	$37.59	$47.67	$37.89
Investigations CE	$0.02	$0.02	$0.04	$0.00	$0.04	$0.01	$0.01	$0.02	$0.02	$0.06	$0.02
Due Process CE	$0.04	$0.05	$0.08	$0.09	$0.04	$0.03	$0.03	$0.06	$0.04	$0.18	$0.05

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL w/o RC	RC	TOTAL w/ RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Living Units CE	$0.11	$0.24	$0.09	$0.21	$0.27	$0.05	$0.19	$0.08	$0.15	$0.16	$0.15
Other Security CE	$0.86	$0.45	$0.14	$0.17	$0.33	$0.08	$0.12	$0.23	$0.35	$1.59	$0.38
Security Cur Expenses	*$1.03*	*$0.76*	*$0.35*	*$0.46*	*$0.68*	*$0.18*	*$0.36*	*$0.40*	$0.56	$1.99	$0.60
Security Total, Fd 100	**$30.23**	**$35.23**	**$41.64**	**$41.40**	**$33.13**	**$33.53**	**$45.07**	**$79.79**	**$38.16**	**$49.66**	**$38.49**
Program Services:											
Sex Offender Tx Sal	$0.00	$2.33	$0.45	$0.00	$1.15	$0.00	$0.00	$0.00	$0.61	$0.00	$0.59
CD Tx Sal	$1.07	$3.51	$0.91	$3.27	$0.00	$0.69	$1.16	$0.00	$1.24	$0.00	$1.21
Religious Serv Sal	$0.28	$0.32	$0.52	$0.00	$0.21	$0.28	$0.42	$0.51	$0.32	$0.48	$0.32
Recreation Sal	$1.00	$0.94	$0.87	$0.00	$0.87	$0.55	$0.74	$1.57	$0.85	$1.56	$0.87
Other Prog Sal	$0.00	$0.00	$1.29	$0.00	$0.00	$0.00	$0.00	$0.00	$0.08	$0.00	$0.07
Program Salaries	*$2.35*	*$7.09*	*$4.04*	*$3.27*	*$2.23*	*$1.52*	*$2.32*	*$2.08*	$3.10	$2.04	$3.07
Sex Offender Tx CE	$0.00	$0.07	$0.05	$0.00	$0.02	$0.00	$0.00	$0.00	$0.02	$0.00	$0.02
CD Tx CE	$0.01	$0.14	$0.06	$0.05	$0.00	$0.00	$0.01	$0.00	$0.03	$0.00	$0.03
Other Prog CE	$0.01	$0.04	$0.61	$0.00	$0.43	$0.03	$0.01	$0.00	$0.11	$0.24	$0.12
Program Cur Expenses	*$0.02*	*$0.24*	*$0.72*	*$0.05*	*$0.45*	*$0.03*	*$0.02*	*$0.00*	$0.16	$0.24	$0.17
Program Total, Fd 100	**$2.37**	**$7.34**	**$4.76**	**$3.32**	**$2.68**	**$1.55**	**$2.34**	**$2.08**	**$3.26**	**$2.28**	**$3.23**
Utilities & Maintenance:											
U & M Salaries	*$4.66*	*$3.94*	*$5.63*	*$3.53*	*$4.88*	*$3.47*	*$5.31*	*$8.36*	$4.65	$13.40	$4.90
U & M Cur Expenses	*$3.58*	*$2.22*	*$3.15*	*$3.08*	*$3.41*	*$2.94*	*$2.91*	*$5.44*	$3.16	$14.22	$3.48
U & M Repair & Replace	*$0.85*	*$0.46*	*$0.70*	*$0.51*	*$1.82*	*$1.37*	*$1.00*	*$1.20*	$1.06	$0.32	$1.04
Util & Maint Total, Fd 100	**$9.08**	**$6.61**	**$9.48**	**$7.13**	**$10.11**	**$7.78**	**$9.22**	**$15.00**	**$8.86**	**$27.94**	**$9.42**
Fund 100 Total (no Health Care)	$65.06	$75.34	$94.47	$97.02	$71.94	$64.50	$86.64	$134.20	$77.10	$158.71	$79.49
Health Care											
Medical Services	$3.09	$2.80	$4.32	$2.71	$2.61	$3.17	$2.24	$9.33	$3.32	$9.27	$3.50
Intake Medical	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.79	$0.00	$0.24	$0.00	$0.23
Dental Services	$0.76	$0.70	$0.91	$0.00	$0.52	$0.57	$0.14	$0.79	$0.59	$2.13	$0.63

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL w/o RC	RC	TOTAL w/ RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Intake Dental	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.00	$0.00	$0.14	$0.00	$0.13
Mental Health	$0.00	$0.00	$1.38	$0.00	$0.00	$0.00	$0.00	$12.26	$0.83	$0.00	$0.81
Special Needs	$0.43	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.08	$0.00	$0.08
Infirmary	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$4.75	$0.29	$0.00	$0.28
Central Office	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65	$5.65
Medical Total (Inst.)	**$9.93**	**$9.16**	**$12.26**	**$8.36**	**$8.77**	**$9.39**	**$10.82**	**$32.78**	**$11.14**	**$17.05**	**$11.32**
Per Diem (w/ HC)	$74.99	$84.50	$106.73	$105.38	$80.71	$73.89	$97.47	$166.99	$88.25	$175.77	$90.81
Minncor	$1.47	$0.00	$2.28	$0.00	$1.30	$1.56	$0.94	$2.27	$1.20	$0.00	$1.17
Per Diem (w/HC & Minncor)	$76.46	$84.50	$109.01	$105.38	$82.02	$75.45	$98.40	$169.26	$89.45	$175.77	$91.98

Appendix F: FY 00 Allotment Levels – Detail

	FRB	LL	SHK	WR	ML	STW	SCL	OPH	TOTAL w/o RC	RC	TOTAL w/ RC
ADP	1051	1035	337	80	803	1282	771	350	5709	172	5881
Management Services:											
Info Services Sal.	192,965	219,000	227,000	56,385	159,800	272,400	212,000	186,800	1,526,350	99,000	1,625,350
Other Mgmt Sal.	2,018,976	2,615,200	1,140,760	233,840	1,319,832	2,322,825	1,698,300	1,284,473	12,634,206	774,000	13,408,206
Mgmt. Salaries	*2,211,941*	*2,834,200*	*1,367,760*	*290,225*	*1,479,632*	*2,595,225*	*1,910,300*	*1,471,273*	14,160,556	*873,000*	15,033,556
Gen. Staff Support	225,462	311,000	115,000	32,000	235,000	286,135	228,427	223,000	1,656,024	200,000	1,856,024
Info Services C.E.	33,453	36,500	34,200	6,500	91,500	11,500	12,000	9,500	235,153	36,000	271,153
Other Mgmt. C.E.	298,413	277,955	294,150	9,700	848,650	68,800	70,500	49,530	1,917,698	2,038,000	3,955,698
Mgmt. Cur. Exp.	*557,328*	*625,455*	*443,350*	*48,200*	*1,175,150*	*366,435*	*310,927*	*282,030*	*3,808,875*	*2,274,000*	*6,082,875*
Mgmt. Total, Fd 100	**2,769,269**	**3,459,655**	**1,811,110**	**338,425**	**2,654,782**	**2,961,660**	**2,221,227**	**1,753,303**	**17,969,431**	**3,147,000**	**21,116,431**
Inmate Services:											
Pers Inm Sup Sal	207,541	237,200	179,000	0	321,700	628,944	165,000	696,003	2,435,389	204,000	2,639,389
Inm Rec Mgmt Sal	214,759	0	121,500	70,000	242,710	621,300	303,700	109,400	1,683,369	67,000	1,750,369
Case Mgmt Sal	1,037,197	1,017,700	486,000	153,000	673,944	981,893	778,000	415,015	5,542,749	69,000	5,611,749
Psych Services	296,514	234,300	109,100	0	203,662	382,300	415,000	0	1,640,876	81,000	1,721,876
Reception Sal	0	0	0	0	0	0	379,000	0	379,000	0	379,000
Transport Sal	323,391	325,300	108,000	0	112,600	0	0	0	869,291	76,000	945,291
Other Inm Sup Sal	160,695	206,070	371,700	0	120,400	229,700	142,000	197,000	1,427,565	114,000	1,541,565
Inmate Services Sal	*2,240,097*	*2,020,570*	*1,375,300*	*223,000*	*1,675,016*	*2,844,137*	*2,182,700*	*1,417,418*	13,978,239	*611,000*	14,589,239
Pers Inm Sup CE	231,943	590,000	167,100	120,000	375,500	351,000	541,173	120,500	2,497,216	189,000	2,686,216
Transport CE	89,048	86,000	34,400	20,000	90,000	66,000	29,000	45,000	459,448	50,000	509,448
Inmate Compensation	697,039	830,000	100,000	70,000	413,000	493,000	315,000	180,000	3,098,039	350,000	3,448,039
Other Inm Sup CE	239,896	159,903	86,700	92,300	154,703	270,941	149,403	56,905	1,210,751	80,000	1,290,751
Inmate Services CE	*1,257,926*	*1,665,903*	*388,200*	*302,300*	*1,033,203*	*1,180,941*	*1,034,576*	*402,405*	*7,265,454*	*669,000*	*7,934,454*
Inm Serv. Total, Fd 100	**3,498,023**	**3,686,473**	**1,763,500**	**525,300**	**2,708,219**	**4,025,079**	**3,217,276**	**1,819,823**	**21,243,693**	**1,280,000**	**22,523,693**

Food Services:											
Food Prep Sal	*0*	86,400		*48,100*	*142,300*		*367,000*		643,800		643,800
Food Prep CE	496,227	390,000	197,500	106,000	375,500	437,000	40,000	333,700	2,375,927	210,000	2,585,927
Food Provisions CE	1,262,093	1,236,875	357,800	146,000	978,750	1,539,500	875,900	434,700	6,831,618	145,000	6,976,618
Food Cur. Expenses	*1,758,320*	*1,626,875*	*555,300*	*252,000*	*1,354,250*	*1,976,500*	*915,900*	*768,400*	*9,207,545*	*355,000*	*9,562,545*
Food Total, Fd 100	**1,758,320**	**1,713,275**	**555,300**	**300,100**	**1,496,550**	**1,976,500**	**1,282,900**	**768,400**	**9,851,345**	**355,000**	**10,206,345**
Education:											
Ed Admin Sal	157,266								157,266		157,266
Ed Academic Sal		422,000	212,000	140,215	417,853	499,646	932,500	231,800	2,856,014	69,000	2,925,014
Ed Vocat Sal		38,500	296,800			0	666,000		1,001,300		1,001,300
Adult Literacy Sal		130,500	0			69,700	17,000	64,300	281,500		281,500
Education Salaries	*157,266*	*591,000*	*508,800*	*140,215*	*417,853*	*569,346*	*1,615,500*	*296,100*	4,296,080	*69,000*	4,365,080
Ed Admin CE	2,350								2,350		2,350
Ed Academic CE	4,366	60,000	27,200	5,000	35,500	28,055	36,500	129,100	325,721	30,000	355,721
Ed Vocat CE	712,587	270,000	41,050	5,000	305,000	545,000	42,000		1,920,637		1,920,637
Adult Literacy CE	2,987	30,000	2,400	0	11,000	23,500	30,000	2,500	102,387	68,000	170,387
Education CE	*722,290*	*360,000*	*70,650*	*10,000*	*351,500*	*596,555*	*108,500*	*131,600*	*2,351,095*	*98,000*	*2,449,095*
Educat Total, Fd 100	**879,556**	**951,000**	**579,450**	**150,215**	**769,353**	**1,165,901**	**1,724,000**	**427,700**	**6,647,175**	**167,000**	**6,814,175**
Work Program:											
Wk Prog Total, Fd 100	**61,962**	**72,300**	**38,000**	**5,000**	**0**	**0**	**0**	**0**	**177,262**	**0**	**177,262**
Security:											
Investigations Unit Sal	97,883	124,100	54,800		0	105,500	137,000	119,800	639,083	85,000	724,083
Due Process Sal	229,476	194,500	95,500	0	164,600	162,600	109,000	172,500	1,128,176	55,000	1,183,176
Living Unit Sal	5,053,630	6,421,000	2,353,900	1,195,360	2,695,646	5,045,686	5,040,000	3,552,149	31,357,371	936,000	32,293,371
Reserve Salaries	0	329,000	0		0	380,877	236,000	0	945,877	0	945,877
Security Laws 94 Sal	0	0	0		0	2,049,122	1,177,000	1,311,278	4,537,400		4,537,400
Other Security Sal	5,822,330	5,953,000	2,574,800	0	6,648,508	7,860,543	5,885,000	4,986,212	39,730,393	1,916,740	41,647,133
Security Salaries	*11,203,319*	*13,021,600*	*5,079,000*	*1,195,360*	*9,508,754*	*15,604,328*	*12,584,000*	*10,141,939*	78,338,300	*2,992,740*	81,331,040

Investigations CE	7,656	8,700	5,000		12,000	5,900	2,000	2,800	44,056	4,000	48,056
Due Process CE	15,595	17,000	9,500	2,500	12,200	15,400	9,000	7,800	88,995	11,000	99,995
Living Units CE	40,450	92,000	10,600	6,000	78,500	25,700	54,000	10,000	317,250	10,000	327,250
Other Security CE	330,520	169,000	17,500	5,000	98,000	37,500	35,000	30,000	722,520	100,000	822,520
Security Cur Expenses	*394,221*	*286,700*	*42,600*	*13,500*	*200,700*	*84,500*	*100,000*	*50,600*	1,172,821	*125,000*	1,297,821
Security Total, Fd 100	**11,597,540**	**13,308,300**	**5,121,600**	**1,208,860**	**9,709,454**	**15,688,828**	**12,684,000**	**10,192,539**	**79,511,121**	**3,117,740**	**82,628,861**
Program Services:											
Sex Offender Tx Sal	0	878,700	55,900	0	336,665	0	0	0	1,271,265	0	1,271,265
CD Tx Sal	409,267	1,327,500	112,000	95,400	0	323,249	326,000	0	2,593,416	0	2,593,416
Religious Serv Sal	107,462	119,600	63,600	0	60,800	129,477	118,000	65,500	664,439	30,000	694,439
Recreation Sal	384,840	354,000	106,500	0	255,200	256,309	207,500	200,300	1,764,649	98,000	1,862,649
Other Prog Sal	0	0	158,600	0	0	0	0	0	158,600	0	158,600
Program Salaries	*901,569*	*2,679,800*	*496,600*	*95,400*	*652,665*	*709,035*	*651,500*	*265,800*	6,452,369	*128,000*	6,580,369
Sex Offender Tx CE	0	25,000	6,700	0	6,000	0	0	0	37,700	0	37,700
CD Tx CE	2,812	52,400	7,400	1,500	0	2,100	2,000	0	68,212	0	68,212
Other Prog CE	4,405	15,000	74,500	0	126,000	13,460	4,000	500	237,865	15,000	252,865
Program Cur Expenses	*7,217*	*92,400*	*88,600*	*1,500*	*132,000*	*15,560*	*6,000*	*500*	343,777	*15,000*	358,777
Program Total, Fd 100	**908,786**	**2,772,200**	**585,200**	**96,900**	**784,665**	**724,595**	**657,500**	**266,300**	**6,796,146**	**143,000**	**6,939,146**

Util& Maintenance:											
U & M Salaries	1,787,027	1,486,700	693,000	103,200	1,428,880	1,623,929	1,495,000	1,068,100	9,685,836	841,260	10,527,096
U & M Cur Expenses	1,372,417	840,000	387,000	90,000	1,000,000	1,375,005	819,000	695,500	6,578,922	893,000	7,471,922
U & M Repair & Replace	325,000	172,000	86,000	15,000	533,038	640,000	282,000	153,000	2,206,038	20,000	2,226,038
Util & Maint Total, Fd 100	**3,484,444**	**2,498,700**	**1,166,000**	**208,200**	**2,961,918**	**3,638,934**	**2,596,000**	**1,916,600**	**18,470,796**	**1,754,260**	**20,225,056**
Fund 100 Total (no Health Care)	24,957,900	28,461,903	11,620,160	2,833,000	21,084,941	30,181,496	24,382,903	17,144,665	160,666,968	9,964,000	170,630,968
Per Diem (w/out HC)	$65.06	$75.34	$94.47	$97.02	$71.94	$64.50	$86.64	$134.20	$77.10	$158.71	$79.49
Health Care											
Medical Services	1,185,500	1,058,660	531,061	79,242	763,760	1,484,700	631,000	1,192,179	6,926,102	582,000	7,508,102
Intake Medical							504,230		504,230		504,230
Dental Services	290,760	266,000	112,000		151,500	266,000	39,000	100,550	1,225,810	134,000	1,359,810
Intake Dental							281,432		281,432		281,432
Mental Health			170,300					1,566,694	1,736,994		1,736,994
Special Needs	166,300								166,300		166,300
Infirmary								607,050	607,050		607,050
Central Office	2,167,425	2,134,429	694,978	164,980	1,655,987	2,643,805	1,589,995	721,788	11,773,385	354,707	12,128,092
Medical Total (Inst.)	**3,809,985**	**3,459,089**	**1,508,339**	**244,222**	**2,571,247**	**4,394,505**	**3,045,657**	**4,188,261**	**23,221,303**	**1,070,707**	24,292,010
Medical per Diem	$9.93	$9.16	$12.26	$8.36	$8.77	$9.39	$10.82	$32.78	$11.14	$17.05	$11.32
Fund 100 Total (with Health Care)	**28,767,885**	**31,920,992**	**13,128,499**	**3,077,222**	**23,656,188**	**34,576,001**	**27,428,560**	**21,332,926**	**183,888,272**	**11,034,707**	**194,922,979**
Per Diem (w/ HC)	$74.99	$84.50	$106.73	$105.38	$80.71	$73.89	$97.47	$166.99	$88.25	$175.77	$90.81
Minncor	**565,000**	**0**	**280,000**	**0**	**382,000**	**730,000**	**263,600**	**290,000**	**2,510,600**	**0**	**2,510,600**
Fund 100 Total (with HC & Minncor)	**29,332,885**	**31,920,992**	**13,408,499**	**3,077,222**	**24,038,188**	**35,306,001**	**27,692,160**	**21,622,926**	**186,398,872**	**11,034,707**	**197,433,579**
Per Diem (w/HC & Minncor)	$76.46	$84.50	$109.01	$105.38	$82.02	$75.45	$98.40	$169.26	$89.45	$175.77	$91.98

Appendix G: BEST FOOD Service Bid Analysis

2088	*Director*			*Assistant Director*			*Cook Supervisor*			*Truck Driver*			*Cashier*		
	FTE	Avg Rate per Hr	Total	FTE	Avg Rate per Hr	Total	FTE	Avg Rate per Hr	Total	FTE	Avg Rate per Hr	Total	FTE	Avg Rate per Hr	Total
FRB	1	22.5	$46,980	2	14.25	$59,508	6	10.75	$134,676	1	10.75	$22,446	0	0	$0
LL	1	22.5	$46,980	1	14.25	$29,754	5	12	$125,280	0	0	$0	0	0	$0
OPH	1	18	$37,584	1	13.5	$28,188	3	11	$68,904	0	0	$0	1	8.25	$17,226
RC	1	20.75	$43,326	1	16	$33,408	2	13	$54,288	0	0	$0	0	0	$0
SHK	1	14.25	$29,754	1	12	$25,056	1	10.5	$21,924	0	0	$0	0	0	$0
STL	2	22.5	$93,960	1	14.25	$29,754	4	10.75	$89,784	0	0	$0	1	8.25	$17,226
WR/ML	2	15.5	$64,728	1	13.75	$28,710	6	10.75	$134,676	0	0	$0	0	0	$0
TOTAL	*9*	*$19.43 (avg)*	*$363,312*	*8*	*$14.00 (avg)*	*$234,378*	*27*	*$11.25 (avg)*	*$629,532*	*1*	*10.75 (avg)*	*$22,446*	*2*	*$8.25 (avg)*	*$34,452*

Bid Analysis

	Our Total Wage Estimate	Salaries Bid by BEST	Variance: Our Wage Rates v. Sal. Bid by BEST	"Other Svc Rel Costs" Best	MGMT Fee Bid by Best	Total Cost Bid by Best
FRB	$263,610	$383,374	$119,764	$10,780	$15,000	*$ 409,154*
LL	$202,014	$261,266	$59,252	$7,472	$15,000	*$ 283,738*
OPH	$151,902	$200,294	$48,392	$4,258	$15,000	*$ 219,552*
RC	$131,022	$157,512	$26,490	$4,732	$15,000	*$ 177,244*
SHK	$76,734	$107,517	$30,783	$3,352	$15,000	*$ 125,869*
STL	$230,724	$269,493	$38,769	$10,748	$15,000	*$ 295,241*
WR/ML	$228,114	$213,709	-$14,405	$14,774	$15,000	*$ 243,483*
	$1,284,120	*$1,593,165*	*$309,045*	*$56,116*	*$ 105,000*	*$ 1,754,281*

Year 1 Savings (FY 2001):	**$67,630**	**Stillwater Food Service Director Savings**	**$46,980**	**Variance as % of Our Wage Estimate**	**Other Relevant Costs as % of Our Wage Estimate**	**MGMT Fee as % of Our Wage Estimate**	**MGMT Fee + Other Cost + Variance as % of Our Wage Est.**
Year 2 Savings (FY 2002):	**$68,983**	**WR/ML Food Service Dir. Savings**	**$32,364**	**24.07%**	**4.37%**	**8.18%**	**36.61%**
Year 3 Savings (FY 2003)	**$70,363**	**Sum of Food Service Dir. Savings**	**$79,344**		**Oth Costs as % of Best's Sal. Bid**	**MGMT Fee as % of Sal. Bid**	
Total Savings (undiscounted)	**$206,976**				**3.52%**	**6.59%**	

Savings computed assuming a 2% annual increase in base wages.