

SECTION I: INTRODUCTION

Reduction of Adult Facility Per Diems

The Minnesota Department of Corrections (DOC) enjoys a reputation for excellence in the practice of corrections, but it also is known to operate with relatively high per diems. During the past four years, DOC cost-reduction efforts have prevented an additional increase of \$14 to the average adult operating per diem. Absorbing inflation through more efficient practices and increasing the number of beds within existing institutions at marginal costs accomplished this.

The legislature decreased the department's base budget for the FY00-01 biennium by \$5.8 million. The department has carefully managed cost-reduction initiatives to ensure that safety and security are maintained at correctional facilities.

Correctional services offered to offenders and the community will be fiscally efficient and of high quality.

Vision statement for DOC goal of operational effectiveness, Strategic Plan 2000

The agency has been challenged by the state legislature and the Ventura administration to reduce costs and lower adult institution per diems. The Governor's Big Plan goal, "State departments: best bang for the buck," and the budget principle to "Be fiscally conservative (never forget it's the people's money)" are key goals of the department's strategic plan. To accomplish these goals, the department has undertaken a "total approach" to cost-cutting initiatives. Such efforts include self-sufficiency of the department's industry program MINNCOR, reduction of central office staff, and reduced institution per diems.

As highlighted in the DOC strategic plan, the FY01 target goal is to drop Minnesota from the list of the five highest U.S. rankings in institution per diem costs. The vision target is for Minnesota to be out of the top ten U.S. rankings with respect to per diems. Consistent with the Governor's Big Plan goal "Minnesota: World Competitor," these goals are intended to allow the DOC to be competitive with correctional systems throughout the country.

National Consultants' Perspective

With a technical grant from the National Institute of Corrections, the DOC contracted with consultants Deborah Lamb-Mechanick, Ph.D., and Julianne Nelson, Ph.D., in March of 2000 to analyze adult inmate per diem costs. In the words of the consultants, the goal of this analysis was to "determine the array of factors that drive per diem costs and to project the effort of various changes in current DOC practices on these costs."

The two main findings of the consultants were 1) the DOC can safely increase populations at existing facilities at marginal costs, and 2) current facility staffing is adequate for this increased population. The consultants submitted a preliminary report to the department's executive staff on May 19, 2000, and presented the results to the administration, legislature and the department on July 19, 2000.

Commissioner Sheryl Ramstad Hvass appointed a Per Diem Reduction Committee chaired by Dennis Benson, Deputy Commissioner in charge of the Adult Facilities Division, and consisting of agency management, wardens, and facility staff. The

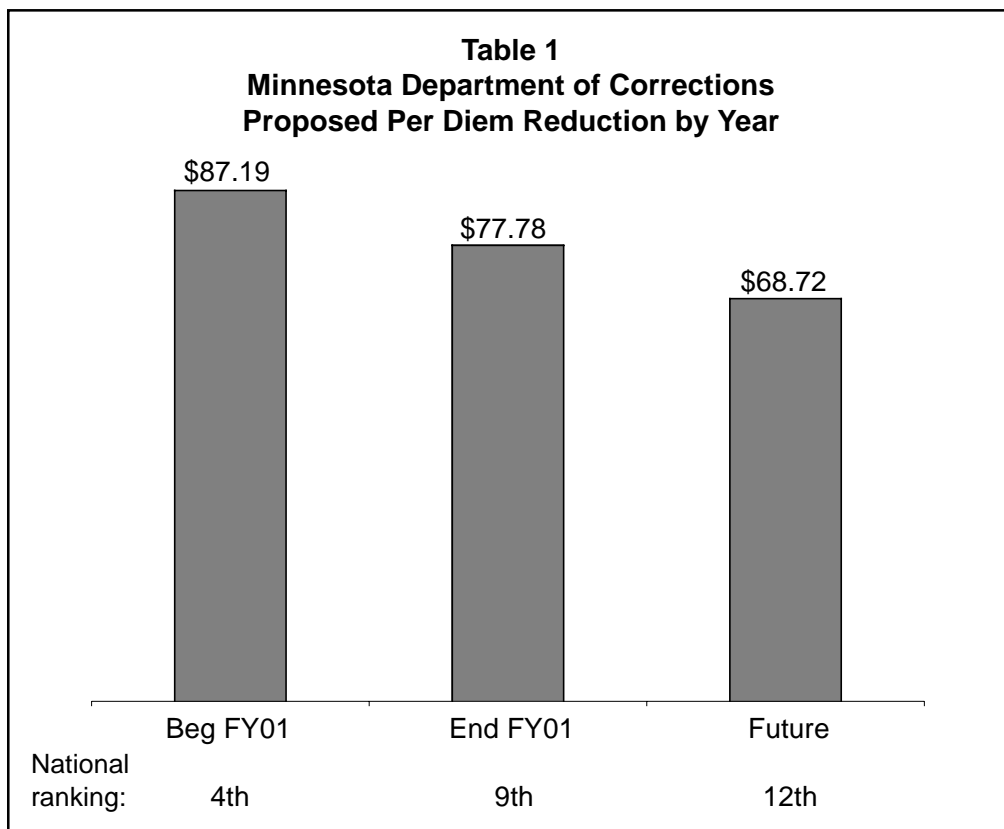
committee reviewed the 38 recommendations of the consultants, of which they accepted 35, as outlined in Appendix F. In addition, the committee extensively reviewed all the adult facilities and developed additional cost reduction initiatives for the commissioner. This yielded an additional ten recommendations, which are discussed in Appendix E.

The commissioner directed the Per Diem Reduction Committee to avoid reductions that would compromise security or public safety. Part of Minnesota's success in the area of safety can be attributed to management teams within inmate living units, which pay extraordinary attention to the daily activity of housing violent offenders. It is vital that future per diem initiatives do not compromise unit management effectiveness.

Per Diem Reduction Plan

Using the consultant and per diem committee recommendations, a comprehensive plan for per diem reductions has been developed. This plan provides for 502 new beds within the existing facilities at the existing budget without the Adult Facilities Division requesting any of the \$29 million that would have been set aside by the Department of Finance to pay for bed expansions. This is the first time in recent history that the department has not requested any caseload funding to cover the costs for the increase in population.

The proposed cost-cutting efforts would reduce facility operating per diems from \$87.19 to \$68.72 in the future, using today's dollars. This assumes that the DOC intake of new prison admissions would fill all available beds and all per diem reduction recommendations are implemented (See Table 1).



Department Goals

The target per diem for end of FY01 will achieve the strategic plan goal of getting out of the top five U.S. rankings in institution per diem costs, based on the *1999 Corrections Yearbook*. The vision target of getting out of the top ten U.S. rankings will be achieved when the plan is fully implemented. Because the base measurements for the per diems are so fluid (states calculate per diems differently and states' per diems change dramatically from year to year), the specific rankings are only estimates and may be affected by future per diems of other states.

In order to achieve the vision target of getting out of the top ten U.S. rankings in five years, the following efforts are being aggressively explored for future per diem reductions. Given the timelines of this report, specific cost savings of these initiatives could not be determined. The following areas will be included in the appropriate division work plans for analysis in FY01:

**Be fiscally conservative
— never forget it's the
people's money.**

*Budget principle of Ventura
administration*

- Further examine central office staffing for reductions
- Centralize institution canteen services agencywide
- Develop partnerships with federal institutions
- House all adult male short-term offenders (those serving less than one year) at the Minnesota Correctional Facility-Faribault to ensure cost-effective use of short-term offender programming
- Centrally coordinate agencywide coverage in the following areas:
 - Special Investigations
 - Psychology
- House geriatric population in the most cost-effective institution
- Centralize psychological services budget
- Restructure religious services by redeploying coordinators and ending religious services contracts
- Expand bed space at existing facilities to accommodate future legislative initiatives and sentencing enhancements, such as the DWI and mandatory minimum laws
- Explore further use of shared services between facilities within similar proximity

Measuring Results

Performance goals are being developed for each facility and the agency to ensure the provisions of this plan are met. The DOC Per Diem Reduction Committee will be meeting on a monthly basis to evaluate progress and determine additional cost-cutting initiatives.

All employees will be expected to assist in meeting the per diem reduction goals and the goals outlined in the strategic plan. Performance and compensation will be linked directly to the strategic plan. Within a few months, management will review all individual performance goals and standards for consistency and equity among managers. As such, performance-based salary increases will only be awarded if individuals meet individual performance goals.

SECTION II: PER DIEM REDUCTION COMPONENTS

Absorb Growth

Following the Governor's Big Plan theme of accountable, responsive and limited government, all facilities extensively reviewed existing physical design to plan efforts to safely increase capacities within existing facilities at marginal costs, which is considerably less than the current average facility per diem. This review identified over 500 additional beds at a marginal cost of under \$31 a day.

Agencywide Initiatives

In preparing for the per diem reduction plan, the agencywide initiatives followed the Governor's belief of being conservative. Four systemwide efforts crossing all facilities were reevaluated. MINNCOR, the DOC industry program, is in the last two years of its five-year plan to become self-sufficient. Health Care Services and contracts reexamined how the DOC conducts business, renegotiated contracts, and reviewed staffing ratios of RNs to LPNs/certified medical assistants. Outside education funding was sought, which also increased adult basic education services. The food service contract was renegotiated to lower overall meal preparation costs.

Institution Specific

Following the lead of the agencywide initiatives, each adult facility reexamined programs for efficiency and for the "Best Bang for the Buck." As a result, programs were restructured, reallocated, and eliminated. In addition, facilities developed plans to achieve consistent staffing across all adult facilities by developing a more efficient management template for all facilities and using a best practice model to raise ratios for lieutenants to correctional officers, correctional officers to inmates, case managers to inmates, and correctional program therapists to inmates.

Capital Investment

To continue per diem reductions in the future, the DOC proposes several capital efficiency efforts. These follow the Governor's budget belief of "Doing the right thing and doing it well." As these improvements will dramatically increase the efficiency with which the institutions are operating, the following three capital investment categories are critical components in achieving the department's goals:

- By implementing efficient technology in existing facilities, future cost savings can pay back the initial investment in less than ten years. The DOC has identified electronic locks at level 3 facilities, erecting perimeters with electronics inside the wall at St. Cloud, and adding electronics to Stillwater's wall as potential cost-efficiency efforts.

- Continue review and implementation of technological advances in correctional facilities to increase public safety and institution security.
- Increase beds within existing facilities at marginal costs. Over 700 additional beds have been identified for future bonding sessions, which will require additional operating expenses at marginal costs.

Legislative Agenda

To accomplish the per diem reduction plan, the following legislative changes will be needed, as detailed in Appendix B:

- Authorization to use savings for capital efficiencies. As the DOC implements the per diem reduction plan, onetime savings will be generated. The department is requesting to use some of these funds for electronic locks at level 3 facilities, perimeter fencing with electronics at St. Cloud, and electronics on the wall at Stillwater. The result will be increased per diem reductions by providing safer living units and eliminating inefficient tower posts.
- Inclusion of DOC in agencies covered by Health Care Rule 101. This will allow the department to use medical services that are in close proximity to the facilities outside the metropolitan area. The result will be effective use of local resources, while decreasing transportation costs and public risk.

Per Diem Reduction Plan Anticipated Results

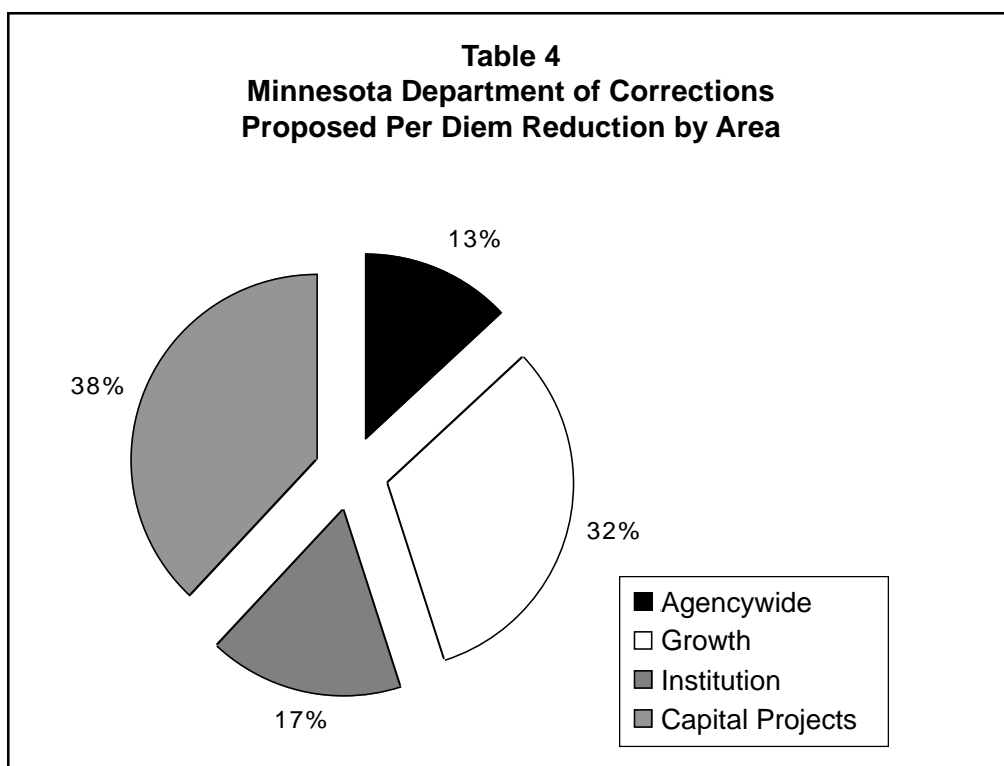
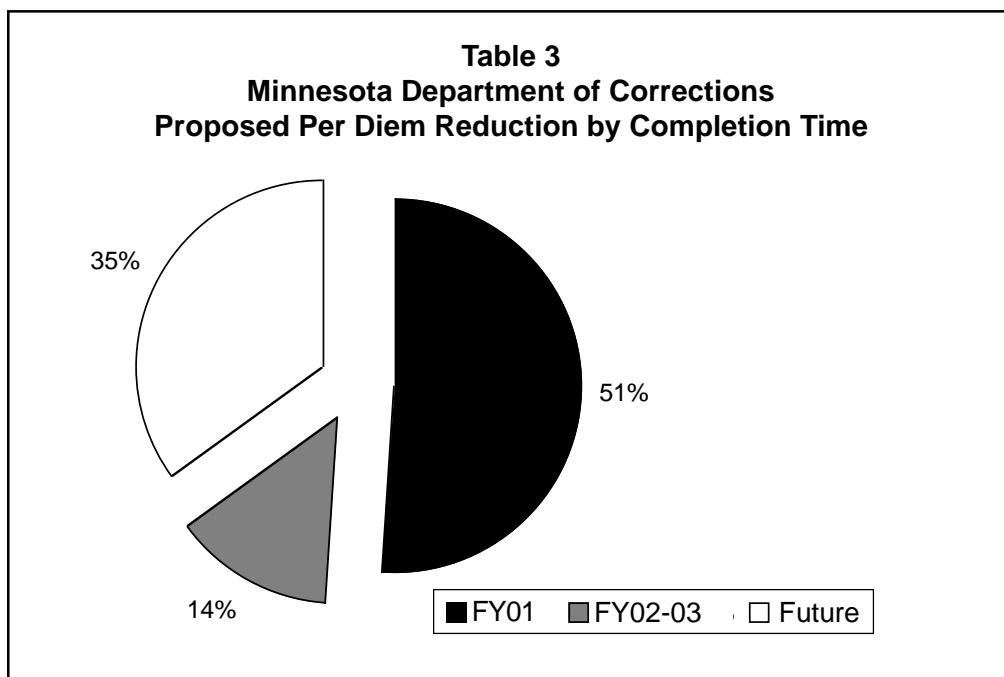
The department's adult facility per diem is expected to decrease nearly \$9.50 after the first year's per diem reduction efforts are implemented. Future reduction activities may yield another \$9 if the entire plan is implemented.

Table 2
Minnesota Department of Corrections
Proposed Per Diem Reduction by Category*
(in FY00 dollars)

	<u>FY01</u>	<u>Future</u>
Agencywide	(\$1.91)	(\$.50)
Growth	(\$5.71)	(\$.32)
Institutions	(\$1.80)	(\$1.25)
Capital Investments	--	(\$6.98)
Anticipated Savings	(\$9.42)	(\$9.05)

*Category descriptions and chart details located in Appendix A.

As outlined in Table 3, approximately half of the per diem reduction plan is anticipated to be in place by July 1, 2001. Again, future efforts are dependent on achieving all the initiatives in the per diem reduction plan. Nearly three-fourths of the planned per diem reduction is the result of adding beds and/or bonding beds with marginal operating costs, as shown in Table 4.



Facility Unfilled Positions

The per diem reduction committee recommendation in response to the consultants' report is to hold 186.4 positions unfilled over the next biennium. The base budget savings of these positions will be used to offset the growth costs in the next biennium, including personnel and operating costs associated with the growth of over 500 inmates. A listing of these positions by bargaining unit is outlined in Table 5 and detailed in Appendix C.

Table 5
Minnesota Department of Corrections
Unfilled Positions

Managers and Supervisors	36.5
MAPE — Case Managers	12.0
MAPE — Corrections Program Therapists	9.0
MAPE — Other	5.6
AFSCME — Corrections Officers	72.6
AFSCME — Other	27.0
Minnesota Nurses Association	20.7
SRSEA (Teachers Union)	3.0

Facility Management Unfilled Positions

Of the positions being held open (Table 5), nearly one-fifth are in manager and supervisor bargaining units. To accomplish this level of reduction in management positions, the DOC is moving towards a departmentwide standard template for facility administrative positions. Table 6 outlines the management positions being eliminated by attrition over the next three years.

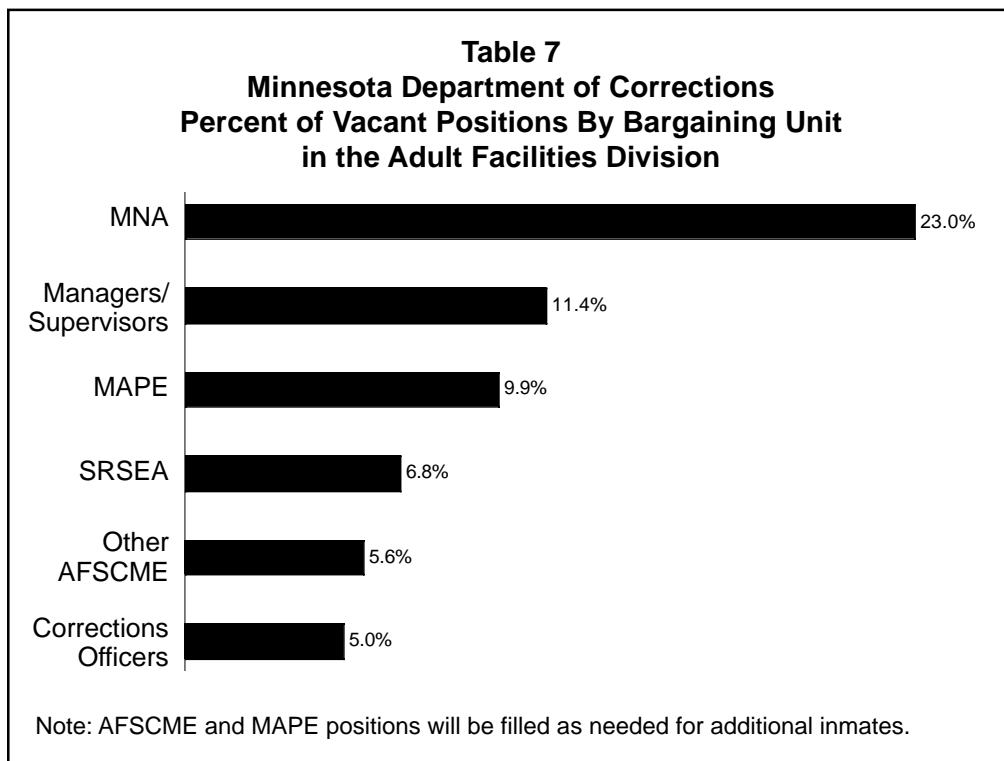
Table 6
Minnesota Department of Corrections
Management Position Reductions through Attrition by Facility*

	<i>Current Staffing</i>	<i>Proposed Staffing</i>	<i>Net Change</i>
Faribault	11	9	—2
Lino Lakes	9	8	—1
Oak Park Heights	7	6	—1
Rush City	8	7	—1
St. Cloud	9	7	—2
Shakopee	6	6	0
Stillwater	13	9	—4
Willow River/Moose Lake	9	8	—1
Total	72	60	—12

*Reflects a 17 percent reduction in facility administration.

Affected Bargaining Units

Table 7 shows the percent of vacant positions by bargaining unit as compared to the current number of employees in the Adult Facilities Division in each bargaining unit. There are over 70 correctional officer and over 10 nursing positions currently vacant due to current demand for these types of positions. It is anticipated that these positions will be held vacant until future expansions require these resources.



Capital Efficiency Project Details

As the base funding will be used in the future to fund growth, holding these positions open creates yearly savings. In an effort to continue per diem reduction efforts in the future, the per diem committee is requesting legislation that would allow the department to use this savings to fund capital efficiency and cost-effective capital bonding projects. Table 8 lists anticipated costs, and the anticipated savings with payback periods, for the proposed projects. Appendix D outlines each of the requested project in detail.

Table 8
Minnesota Department of Corrections
Proposed Five Capital Efficiency Projects

Estimated Costs	\$11,000,000
Annual Savings	\$ 1,448,038
FTEs Saved	31.6
Pay back (in years)	7.6

In addition to the above capital efficiency projects, the department will also be using these savings for technology enhancements. Examples include use of cameras and motion detectors and enhancements to information systems. The results will increase efficiency and reduce costs for the agency.

Increased Facility Capacities at Marginal Costs

The consultants' report recommends that the DOC can safely increase the number of inmates within existing facilities. The per diem committee carefully examined the existing capacities in each facility and recommends that 80 flex beds (beds kept open for maintenance, security and incompatibility reasons) be used to house inmates. Recent experience has been that the department has not needed as many flex beds, due to a large extent to centralized transportation. As a result, 80 additional beds are being added to the bed space plan without any additional funding requests.

Each facility was also asked to carefully review their existing structure to determine if beds could be added at marginal costs. A total of 422 beds at low marginal costs or through further use of multiple occupancy will be added in FY01 and FY02. The marginal costs of these beds will be funded with base savings from holding positions open, which pays for the operating costs of these new beds.

As the Minnesota prison population has increased between 200-300 prisoners annually and is expected to continue that trend, additional beds will be needed beyond the beds added within existing facilities. Some of the base cost savings generated through per diem reduction will be used to absorb growth and non-salary inflation for FY02 and FY03. Consequently, the next unit at Rush City and the 60 bed high-security unit at Oak Park Heights will be funded without requesting additional funding.

The State must reaffirm its commitment to quality service for its citizens, with success measured by actual outcomes rather than process, and to a cost-conscious state government.

Big Plan of Ventura-Schunk administration

SECTION III: CONCLUSION

The DOC will be making significant reduction efforts over the next three years to achieve the agency's strategic plan goal of getting out the top five U.S. prison per diem rankings in the next year and the vision target of getting out of the top ten within five years. To accomplish these goals, the DOC is completing per diem reductions efforts in the following areas:

- Through an extensive internal review at each facility, the DOC will increase the capacities of existing facilities by over 500 at low marginal costs.
- Agencywide and facility-specific per diem reduction recommendations contain cost-cutting initiatives that drive down per diems. The agencywide recommendations cover health care, education, MINNCOR, and food service activities. The facility specifically covers programming changes and management reductions.
- Following a national consultants' recommendation regarding DOC staffing, the department has identified 186 positions that will become vacant through attrition wherever possible. The savings for these 186 positions will be used for the personnel and operating expenses associated with future growth, including 500 beds at existing facilities, 60 high-security beds at Oak Park Heights, and a new unit at Rush City.
- To ensure that continued per diem reductions occur, the DOC will request legislative language to use per diem reduction savings to complete capital efficiency projects.
- As additional bed needs are examined, the DOC will request marginal operational and capital bonding funds for expansions at existing facilities.

Prevent future costs where possible.

*Budget Principle of
Ventura-Schunk
administration*

As a result of these initiatives, the department's budget request will not include the \$18 million set aside by the Department of Finance for the institutional caseload increase. Instead, the DOC will be funding these bed increases with operational savings resulting from the per diem reduction plan. This is the first time in the recent history of the department's budget that a caseload increase will not be requested.

Additionally, the DOC will continue to explore more per diem reduction initiatives for the upcoming biennium including shared services between facilities, centralizing programming, and expanding beds at marginal costs.

To measure goal progress and ensure results, the DOC will be reviewing progress on a monthly basis and recommending additional per diem reduction efforts. The *Per Diem Reduction Plan* will be supplemented to reflect progress.

APPENDIX A

Per Diem Reduction Plan Detailed Category Reductions and Descriptions (in 2000 dollars)

	<u>FY01</u>	<u>FY02-03</u>	<u>Future</u>
AGENCYWIDE	(\$1.91)	(\$.50)	(\$0.00)
Education	(.45)	(.00)	(.00)
MINNCOR	(.38)	(.35)	(.00)
Food Service Contract	(.11)	(.00)	(.00)
Health Care*	(.97)	(.15)	(.00)
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GROWTH	(\$5.71)	(\$.32)	(\$0.00)
Changing Capacity	(1.11)	(.00)	(.00)
Additional Beds	(4.60)	(.32)	(.00)
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INSTITUTIONS	(\$1.80)	(\$1.25)	(\$0.00)
Management Positions	(.07)	(.26)	(.00)
Lieutenant Reduction	(.15)	(.38)	(.00)
Case Manager Reduction	(.13)	(.11)	(.00)
Other Position Reduction	(1.35)	(.48)	(.00)
Program Reductions	(.10)	(.02)	(.00)
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CAPITAL INVESTMENTS	(\$0.00)	(\$0.60)	(\$6.38)
Efficiency Efforts	(.00)	(.60)	(.00)
Additional Beds	(.00)	(.00)	(6.38)
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* Anticipated health care contract based on increased prison populations is calculated in health care adjustment for FY02-03.			

Following are descriptions of the proposed per diem reduction categories as shown in Table 2.

AGENCYWIDE — These initiatives include all per diem reduction efforts administered by central office:

Education: The DOC has received approximately \$1.3 million in reimbursement from the Adult Basic Education (ABE) Consortium, which was created with new legislation this past year. A total of \$300,000 will be used for enhancing education in institutions, and one million dollars will reimburse facilities for current ABE education costs.

MINNCOR: The DOC's industry program is in the fourth year of their five-year plan to eliminate state subsidy for their operations.

Food Service Contract: The DOC has restructured the contract for food service, as per the consultants' recommendations.

Health Care: The per diem committee is recommending several cost-reduction efforts in health care that are consistent with the consultants' recommendations. In addition, the DOC health care unit has recommended additional action. Examples of health care efforts are renegotiating the CMS contract, seeking legislative changes, and reassigning staff.

GROWTH — These initiatives include current DOC efforts to increase the beds occupied in all adult correctional facilities:

Flex Beds: The DOC agrees with the consultants' recommendation to increase the beds used within the system. After careful examination of each facility and a review of bed usage over the past three years, a total of 73 male and seven female beds were added to the capacity.

Adding Beds: The DOC evaluated each facility for the use of new or expanded multiple-occupancy units within the existing structures. Through this review, a total of 358 male and 64 female beds were created.

INSTITUTIONS — These initiatives include all per diem reduction efforts recommended by facilities:

Staffing: The DOC extensively reviewed the consultants' report which concluded that "the absolute number of staff currently employed by the adult corrections division of the Minnesota DOC is sufficient to support a larger inmate population." As such, the consultants recommended reviewing staffing ratios of lieutenants, caseworkers and chemical dependency counselors. The per diem committee recommends reductions through attrition (retirement, current vacancies and reassignments) to reduce staffing levels. In addition, the committee recommends minimizing layoffs.

Program Reductions: The per diem committee also reviewed programs within each facility and made recommendations to reduce non-salary dollars.

CAPITAL INVESTMENTS — These include all reduction activities requiring legislative bonding or approval:

Efficiency Efforts: Capital projects requiring legislative bonding or approval that would generate future cost savings.

Additional Beds: The committee recommends that future bed expansions be made at existing facilities, ensuring that beds will be opened with marginal costs.

APPENDIX B

Per Diem Reduction Plan Legislative Initiatives

The following legislative initiatives will be proposed by the department to the 2001 legislative session to further reduce per diems:

■ **Authorization to use savings for capital efficiency projects, which are outlined in appendix D.**

To continue per diem reduction in the future, this proposed legislation requests authorization for the Department of Corrections to use per diem reduction savings to complete capital efficiency projects. These projects would range from erecting fences at St. Cloud, using technology (electronics on fences and other cost-efficiency technologies), and installing electronic locks at level 3 facilities. The result of these efficiencies will be future per diem reduction efforts.

■ **Include DOC in agencies covered by Rule 101.**

DHS Rule 101 requires Medicaid eligible providers and HMOs to participate as a provider or contractor in medical assistance, general assistance medical care, and MinnesotaCare programs as a condition of participating in health insurance plans and programs for state employees, PEIP, worker's compensation and MCHA. This initiative proposes to include the DOC population in the requirement.

APPENDIX C

Per Diem Reduction Plan Unfilled Positions

<i>Union</i>	<i>FY01</i>	<i>FY02</i>	<i>FY03</i>	<i>Total</i>
Managers and Supervisors	12.5	6.0	18.0	36.5
SRSEA (Teacher's Union)	1.0	2.0	0.0	3.0
Minnesota Nurses Association	5.7	15.0	0.0	20.7
MAPE – Case Managers	6.0	3.0	3.0	12.0
MAPE – Corr. Program Therapists	6.0	0.0	3.0	9.0
MAPE – Others	3.6	2.0	0.0	5.6
AFSCME – Correctional Officers	41.0	0.0	31.6	72.6
AFSCME – Other	<u>15.0</u>	<u>7.0</u>	<u>5.0</u>	<u>27.0</u>
TOTAL	90.8	35.0	60.6	186.4

Note: Unfilled corrections officer positions being held vacant will be filled through the course of institutional growth and the opening of new units over the next few years.

APPENDIX D

Per Diem Reduction Plan Capital Efficiency and Bonding Initiatives

■ **Electronics on Fencing at Stillwater.**

As a part of the Stillwater wall refinishing project, placing electronics (cameras and sensors) on the wall will allow for a reduction of staff on towers. It is estimated that five positions can be eliminated with this initiative, which provides a payback on investment in 6.5 years.

■ **Interior Fencing at St. Cloud with Electronics.**

Given the vast amount of space within the St. Cloud brick wall (55 acres), fencing off sections of the yard with fencing with electronics (cameras and sensors) will allow for a reduction of staff on towers. It is estimated that 5.6 positions can be eliminated with this initiative, which provides a payback on the investment in 13.6 years.

■ **Retrofitting Cells with Electronic Locks at Faribault, Lino Lakes and Moose Lake.**

Currently these three level 3 facilities are surpassing 1,000 inmates in each facility, which were not originally designed with lockable cells. Hennepin County Home School has received permission from the Fire Marshal and is currently retrofitting cells with electronic locks. The Department of Corrections is exploring the possibility of adding electronic locks to the three level 3 facilities. It is anticipated that 21 positions can be saved, which provides a payback in less than 6.2 years.

■ **Technology Efficiencies.**

The Department of Corrections has an institution technology committee that is reviewing technological efficiencies in delivering correctional services. The committee is expected to recommend projects that will increase efficiencies and/or reduce future costs in institutions (cameras, motion detectors, and enhancements to information systems).

Estimated capital costs are noted on page 16.

<i>Capital Efficiency Project — Facility</i>	<i>Estimated Capital Costs</i>	<i>Annual Cost Savings</i>	<i># of Positions Reassigned</i>	<i>Pay- back (yrs)</i>
Electronics on wall — Stillwater	\$1,500,000	\$229,120	5.0	6.5
Interior fence and electronics — St. Cloud	\$3,500,000	\$256,614	5.6	13.6
Retrofitting electronic locks				
Faribault	\$2,000,000	\$320,768	7.0	6.2
Lino Lakes	\$2,000,000	\$229,120	5.0	8.7
Moose Lake	\$2,000,000	\$412,416	9.0	4.8
Electronic locks and fences — Faribault, Lino Lakes, Moose Lake, St. Cloud, Stillwater	\$11,000,000	\$1,448,038	31.6	7.6
Note: In addition to the above capital efficiency projects, the department will use these savings for technology enhancements which will also increase efficiency and reduce costs.				

APPENDIX E

Per Diem Reduction Committee Recommendations

Following are the recommendations of the DOC Per Diem Reduction Committee for cost control:

RECOMMENDATION 1

Add beds to the system by increasing facility capacity. Based on bed usage over the past three years, the number of beds that are reserved for prison management; i.e., inmate movement, discipline, institution maintenance, etc., can be reduced. This results in an increase of 73 male and seven female beds in the system.

RECOMMENDATION 2

Increase institution capacity by expanding use of multiple-occupancy housing. This results in a total increase of 64 female and 358 male beds at marginal costs. Additionally, Oak Park Heights will build a new 60-bed, high-security unit (approved bonding).

RECOMMENDATION 3

Future bed expansions should be made at existing facilities, ensuring that beds will be opened with only marginal costs. Potential expansions include:

- Stillwater (150-bed segregation unit funded with VOITIS funds)
- St. Cloud (100-bed vocational unit)
- Faribault (400-bed new unit)
- Lino Lakes (78 beds by replacing two units with one efficient 200-bed unit)
- Shakopee (62-bed expansion)

RECOMMENDATION 4

The following bonding projects which would result in significant cost savings:

- St. Cloud (Interior perimeter/remove tower officers)
- Stillwater (Phase II – Wall project/remove tower officers)
- Faribault (Electronic locks/reduce night coverage)
- Lino Lakes (Electronic locks/reduce night coverage)
- Moose Lake (Electronic locks/reduce night coverage)

Improving electronic intruder detection systems would permit Stillwater and St. Cloud to eliminate 10.6 current tower positions. Renovating Faribault, Lino Lakes, and Moose Lake locks with electronics will reduce security staff on the first watch by 21 correctional officer positions.

RECOMMENDATION 5

Create staffing templates in support services and management areas in all facilities. (i.e., information technology, office services, records, maintenance, education, discipline, commissary, inventory control, and unit directors). This would ensure that facilities with similar numbers of staff and inmates have like numbers of positions in support service and management areas. Larger facilities may need more staff in certain areas, and smaller facilities should have fewer staff in these areas.

RECOMMENDATION 6

Centralize institution services (i.e., information technology, office services, records, maintenance, education, discipline, commissary, and inventory control). Economies of scale can be reached by sharing institution support services.

RECOMMENDATION 7

MINNCOR will complete its business plan in FY03. MINNCOR is on track in the third year of a five-year business plan to become self-sufficient.

RECOMMENDATION 8

Reevaluate programs based on outcomes. The DOC is compiling data to report outcomes in its strategic plan. This data will be used to alter or eliminate ineffective programming.

RECOMMENDATION 9

Continue to review all central office positions that impact the total per diem. The DOC has recently reviewed all positions in the central office. Each division will continue to evaluate the need for current staff complements.

RECOMMENDATION 10

Complete health care initiatives. The following initiatives reflect reduction measures planned for health care that are not specifically outlined in the consultants' recommendations:

- Regionalizing on-call psychologist duty and costs
- Funding health care positions at 96%
- Decreasing non-salary budget
- Elimination of three FTE's due to a new transcription process
- Eliminate lab and x-ray tech positions at Stillwater
- Limit HCV (Hepatitis C virus) screening

In addition, Health Services plans to pursue a legislative initiative to prioritize necessary health care services to contain costs while ensuring offender access to medical treatment.

APPENDIX F

Consultant Recommendations and DOC Responses

Using a grant from the National Institute of Corrections (NIC), the Minnesota DOC contracted with two consultants to review facility per diem costs. The consultants were Deborah Lamb-Mechanick, Ph.D., and Julianne Nelson, Ph.D.

The recommendations contained in their report, *Per Diem Cost Drivers: An Analysis of Adult Prison Facilities In Minnesota*, and the DOC responses to their recommendations are outlined in this section.

RECOMMENDATION 1

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).

Department's Response: Agree. Incorporating into division work plans.

RECOMMENDATION 2

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.

Department's Response: Agree. Incorporating into division work plans.

RECOMMENDATION 3

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.

Department's Response: Agree. Incorporating into division work plans.

RECOMMENDATION 4

Consider petitioning the Legislature for an exemption from sales tax.

Department's Response: Given the current political and economic climate in Minnesota, the department will continue to explore this initiative with other state agencies for future legislative sessions.

RECOMMENDATION 5

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%.

Department's Response: Agree. The DOC has used this approach to adding beds since 1996.

RECOMMENDATION 6

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

Department's Response: Agree. All DOC proposals for future bed expansion will be on the grounds of current facilities. Proposals are forthcoming to abandon inefficient housing units in favor of new buildings with correctionally-efficient architecture.

RECOMMENDATION 7

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

Department's Response: Agree. All DOC proposals for future bed expansion will be on the grounds of current facilities.

RECOMMENDATION 8

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. DOC supports present statutes, which prohibit double-cell bunking at DOC levels 5 and 6.

Department's Response: Agree that the two percent of beds set aside for transfer flexibility should be reduced and more beds should be occupied. The DOC has already incorporated this recommendation into the bed space plan and added 80 beds to the system's capacity.

RECOMMENDATION 9

Change current operating capacity to more accurately reflect available bed space.

Department's Response: Agree. Plans have been developed for adding 422 beds at existing facilities. Current legislation prohibiting double-cell bunking at levels 5 and 6 should remain intact.

RECOMMENDATION 10

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

Department's Response: Agree. National Institute of Corrections funds will be requested during FY01.

RECOMMENDATION 11

Recommend "fast-tracking" these (short-term) 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.

Department's Response: After reviewing this recommendation, the DOC determined that there is no cost savings associated with "fast tracking" short-term offenders.

RECOMMENDATION 12

Adoption of the MCF-Stillwater corrections officer to lieutenant staffing pattern. This could yield a total position reduction of 26 lieutenants for a savings of more than \$1.7 million.

Department's Response: Reviewed and substantially agree. Many lieutenant vacancies throughout the department will not be filled. The size and programs of some facilities require more lieutenants than the consultants propose; however, the DOC plans to eliminate 18 lieutenant positions within three years.

RECOMMENDATION 13

As a starting point for internal discussion, look to adopt new staffing patterns resulting in an inmate-to-corrections officer ratio that is similar to states with lower per diems. Given current inmate populations, this approach would imply that 216 corrections officer 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 corrections officer positions 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 the extent the ratios found in other states are appropriate for Minnesota.

Department's Response: Agree. The DOC is complying by cutting programs or adding beds without increasing staff. As a matter of sound correctional practice, we cannot totally comply with ratios in states with lower per diems because of facility structural differences.

RECOMMENDATION 14

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

Department's Response: Agree. Standardizing post assignments is important; however, management cannot arbitrarily make these decisions without negotiating with labor. This initiative will be explored further during FY01.

RECOMMENDATION 15

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

Department's Response: This recommendation has merit and will be explored in FY01. The DOC must carefully review this initiative for implications on such factors as early retirement and training requirements.

RECOMMENDATION 16

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

Department's Response: This is a negotiated benefit that cannot be unilaterally cut. Declining morale and loss of ability to enforce a professional and uniform appearance may offset the savings.

RECOMMENDATION 17

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.

Department's Response: Agree and under review. Case manager hiring is frozen until ratios cited in consultants' report are achieved.

RECOMMENDATION 18

We concur with the Case Manager Supervisor Committee on the following:

- 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 an 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 e-mail.
- Reduce transfers between facilities by doing complete needs assessment at intake and determining appropriate institution placement.
- Have research unit 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 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 complete 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.

Department's Response: Agree and incorporating into division work plans.

RECOMMENDATION 19

Revise case manager staffing patterns through technology and systems 1:100.

Overall, these changes should be implemented to adjust the number of case managers to reflect the time savings realized through new technology and other system changes. Reductions should achieve a ratio of one caseworker to 100 inmates as recommended by Henderson et al. If such a staffing pattern were adopted by the Minnesota DOC, costs would be reduced by an estimated \$825,000.

Department's Response: Agree. Case manager hiring is frozen until ratios cited in the consultants' report are reached, identifying the MCF-Stillwater as best practice model.

RECOMMENDATION 20

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

Department's Response: Agree. Incorporating into the health care work plan.

RECOMMENDATION 21

Consider health care alternatives such as privatizing all health care services, requiring detailed cost reports and issuing a new RFP with alternative contract forms.

Department's Response: Agree, and under review.

RECOMMENDATION 22

The new health care 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 preset fee;
- New treatments and technologies such as Hepatitis C treatment. The arbiter of what is and is not included in the future could possibly be external standards of practice such as the Centers for Disease Control (CDC).

Department's Response: Agree. Incorporating into the health care work plan.

RECOMMENDATION 23

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.

Department's Response: Agree. Currently converting nine positions to both LPN and certified medical assistants (CMAs). Significant planned position cuts in FTEs elsewhere in this initiative will reduce the number of conversions possible.

RECOMMENDATION 24

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 an annual savings of approximately \$500,000.

Department's Response: Agree in principle. Incorporating coverage reductions into the health care work plan.

RECOMMENDATION 25

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

Department’s Response: Under review.

RECOMMENDATION 26

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.

Department’s Response: Agree. Currently implementing.

RECOMMENDATION 27

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

Department’s Response: Agree. Incorporating into the health care work plan.

RECOMMENDATION 28

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);
- Emergency room visits and reasons (i.e., at Moose Lake 68 visits have been recorded in the first half of FY00. Twenty-one 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;
- 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.

Department’s Response: Agree. CMS has been directed to provide the data specified in the report.

RECOMMENDATION 29

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

Department's Response: Agree. Telemedicine pilot project is moving forward. Cost benefits will be evaluated.

RECOMMENDATION 30

Hepatitis C Virus (HCV) 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.

Department's Response: Agree. Currently expanding partnerships. Contract and housing recommendations will be incorporated into the work plan.

RECOMMENDATION 31

Minimally place radiological and laboratory service personnel under a comprehensive health services contract.

Department's Response: Agree. Currently reducing positions. Will evaluate inclusion of these services in future contracts.

RECOMMENDATION 32

Extend Minnesota Rule 101 (Medicaid) to require health providers to accept inmates.

Department's Response: CMS, the department's health care contractor, has negotiated a volume discount with some Minnesota health care providers and it continues to negotiate with other providers. As a result of these negotiations, lower rates are expected without this legislation.

RECOMMENDATION 33

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.

Department's Response: Agree. Incorporating into division work plans.

RECOMMENDATION 34

Consider reducing chemical dependency (CD) staffing to a ratio of at least 1:20, which could cut CD programming costs by more than \$1.2 million. These savings could be used to enhance aftercare programming.

Department's Response: Reviewing for FY01. There is a hiring freeze on filling vacant corrections program therapist positions.

RECOMMENDATION 35

The current food service contract should take the form of a cost plus fixed fee agreement, thereby allowing the state to monitor performance.

Department's Response: Done. The new contract is cost plus fixed fee.

RECOMMENDATION 36

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

Department's Response: Reviewing for FY01.

RECOMMENDATION 37

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.

Department's Response: Agree. However, the AFSCME contract does not permit incentive awards. Implementation would have to be funded from other sources.

RECOMMENDATION 38

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

Department's Response: Agree. However, instructions for budget planning come from the Governor's Office and Finance Department. Further, legislative appropriations have consistently been below negotiated wage increases. The DOC has not been successful in influencing budget instructions as recommended.

PER DIEM REDUCTION PLAN

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PER DIEM REDUCTION PLAN
FOR THE MINNESOTA
DEPARTMENT OF CORRECTIONS
ADULT FACILITIES DIVISION

October 2000

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