



**COST EFFICIENCY ANALYSIS:
PHILADELPHIA DEPARTMENT OF PRISONS
FINAL REPORT – FEBRUARY 28, 2019**

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Executive Summary

The Philadelphia Department of Prisons (PDP) is a cost-effective user of City of Philadelphia (City) resources within the context of its performance objectives and the constraints under which it must operate. While potential opportunities are available to achieve some savings, the overall PDP budget supports an efficient approach to management of the City's correctional system.

PDP spending patterns did not develop in a vacuum. They largely stem from the policies, professional standards, and operational priorities established by Department leadership. For example, the specific performance requirements and staffing levels established by the PDP in its medical contract drive both the current level of spending for the program, as well as the high quality of service provided. Constraints and obligations created by factors such as the system's current physical plant and current collective bargaining agreements also shape system resource needs.

Benchmark Comparisons. In order to provide a framework for closer evaluation of PDP spending, CGL examined key operational metrics for a group of metropolitan jail systems similar in size to Philadelphia. This group of benchmark systems included Cook County, Illinois; Miami-Dade County, Florida; Dallas County, Texas; and San Bernardino County, California. Key findings include:

- The PDP annual per capita cost of incarceration ranks among the lowest of the comparison group.
- The PDP ratio of inmates to correctional officers is at the median for the benchmark systems. However, average officer salaries are low by comparison. The amount of overtime per officer in Philadelphia is the highest in the comparison group by a significant margin. This rate of overtime use in conjunction with its relatively high ratio of inmates to correctional officers suggests the PDP is understaffed relative to the other systems under review.
- The PDP's annual health care costs per inmate ranks next to last, exceeding only Dade County. Health care costs in the other systems reviewed range from 17 to 30 percent higher than Philadelphia.
- The PDP has the highest cost per meal of the comparison jail systems.

Staffing. The outline and content of PDP policies governing the assignment and deployment of security staff is consistent with best practices in the industry. The Department has an effective policy governing security staff deployment and produces a comprehensive post plan on an annual basis. Management regularly updates the plan to make adjustments for workload and operational changes, takes into account available resources, and assigns those resources in an effective manner, consistent with PDP policies and labor agreements.

The 2018 Post Plan revision resulted in a net reduction of 212 posts, made possible primarily by the closure of the House of Correction (HOC) and population reductions at the Alternative & Special Detention Unit (ASD). Within this net reduction, the revised post plan accommodated a substantial



increase in staffing at the Detention Center (DC) and the creation of a Medical Transport Unit (MTU). The MTU program has used redeployed staff from the closure of the HOC to achieve substantial reductions in overtime. At current staffing levels, the program will save 23,604 hours of overtime on an annual basis. This represents approximately 60 percent of the need for correctional officer supervision of medical escorts.

Despite the success of the MTU, the creation of post responsibilities not included in the Post Plan continues to exacerbate staffing shortfalls and increase overtime. The new program of out-of-cell behavioral therapy for segregation inmates is an example of the creation of a significant operational responsibility not recognized in the Post Plan. Collective bargaining agreements also place substantial restrictions on staff deployment decisions and impede management's ability to reallocate staffing to areas of operational need. This again forces reliance upon overtime.

The Post Plan clearly delineates those job assignments throughout PDP facilities required to assure security and service delivery. However, the Plan also contains a number of correctional officer and supervisory posts that appear administrative in nature. If the job duties associated with these posts do not require correctional officer training, potential reassignment to civilian staff could achieve some efficiencies.

Finally, the use of sick time and Family Medical Leave Act (FMLA) time appears to be a serious issue for the PDP. Correctional officers use 27.8 days of sick time and FMLA leave per year on average. This is in addition to their vacation and personal leave. This level of staff absence from duty again forces reliance on overtime to fill required post assignments.

PhilaCor. In FY 2018, PhilaCor reported revenues of \$737,808 and direct operational expenses of \$507,653, producing a profit of \$230,155. However, if the costs of personnel assigned to PhilaCor are included, this profit turns into a loss of at least \$1.3 million. This raises the issue of whether the benefit of the program is worth the \$1.3 million true cost to the Department and the opportunity cost of 29 staff that could be deployed to other programs or security assignments.

Health Care. The PDP has developed a high-quality system of jail health care delivery. System costs are a direct function of the specific standards, staffing, and protocols detailed by the PDP in its Request for Proposal (RFP) for services. The structure of the RFP provides an effective means for vendors to price out the level of services required by the Department in a competitive environment, which acts as an overall constraint on cost. Given the favorable experience the PDP has achieved with its current approach to contracting for health care, significant changes in procurement strategy are not advisable. However, while the fundamental approach adopted by the PDP for health care services is sound and has produced outstanding results, encouraging more competition among potential vendors within this framework may help contain future prices.

Other Contracts. Outside of health care, the two largest contracts in support of PDP operations are for dietary services and facility maintenance. Each contract was bid competitively through an RFP process. The cost of these contracts, as in the case of health care, is a direct function of the specific services required in the RFP. The only realistic way to achieve significant savings in the food service or



facility maintenance contracts is to change contract scope requirements to lower the service quality levels. The current price of these contracts represents the market's competitive assessment of the cost of the service levels required by the PDP.

Budget Presentation. The PDP faces the challenge of explaining and justifying its budget requests at a time of a falling inmate population. While the reduction in the jail population is a clear public benefit, policymakers in a time of constrained resources are apt to view jail population reduction as an opportunity to save money or reallocate resources to other priorities. Their expectation is that substantial reductions in the jail population should produce commensurate reductions in the PDP budget. Such an approach makes the fundamental error of using average costs to project savings, which usually results in overestimating any savings related to a change in jail population. Those costs that vary directly with the number of inmates are marginal costs, and typically represent a fraction of average costs.

The more complicated cases are longer-term significant population reductions like those that the PDP has experienced. The cost savings of population reductions on a scale sufficient to close a facility, such as the HOC, are relatively straightforward to calculate and present. However, the cost impact of a population reduction of 200 inmates is not necessarily clear and depends on assumptions made on how that reduction is operationalized. Given the likelihood of continued fluctuation in the inmate population and the need to explain the operational transition to the PDP's Facility Master Plan, the PDP needs a clear approach to explaining the interplay of population levels, facility space, and different types of cost in budget development.

Recommendations. The following recommendations address potential opportunities to achieve additional efficiencies:

1. The formation of the MTU has proven to be successful in reducing overtime and partially lifting the burden of the facilities managing community medical transports. The Department should fill current vacant positions in the unit to address the workload managed by the facilities on an overtime basis. The need still exists to staff outside medical clinics and inpatient hospitalizations, relieving the burden on facility staff to work the overtime required to staff the posts.
2. Explore the feasibility of establishing a secure ward in a local community hospital to reduce medical transport/supervision staffing needs.
3. Modify the Post Plan as needed when new programs are created that require significant, ongoing custody supervision responsibilities, and seek funded staff positions to support these functions.
4. As the system's inmate population continues to fall, optimize the efficient use of officers by maintaining housing unit population levels at the maximum authorized ratio for a single officer post.

5. Phase out the use of correctional officers in administrative duties. The PDP assigns a substantial number of correctional officers to administrative functions normally performed by civilian staff. Develop a policy that requires that as these positions become vacant in the future, they will be filled by civilian staff.
6. Review supervisory posts to ensure that associated duties require assignment of a ranked officer. If a civilian can perform the duties consistent with PDP requirements, modify the Post Plan accordingly.
7. Reduce the administration of the ASD to one deputy warden, reporting directly to a warden of one of the larger facilities.
8. Adopt techniques used by correctional systems to address FMLA and sick time abuse:
 - Examine each case for possible pattern abuse, meaning discharge of the leave in conjunction with days off or on weekends, holidays, and special occasions.
 - Ensure that medical certification is up-to-date and renewed frequently.
 - Require written leave requests for all absences.
 - Train supervisors to monitor the attendance of their subordinates and question them on the reason for their absences.
 - Ensure that call in procedures are being followed.
 - Consider the establishment of a Sick Leave Management Division with health care personnel and supervisors to examine employees, review their medical certification for thoroughness, and confer with the personal health care provider to obtain answers to questions about the medical certification. The unit can include supervisors whose job it is to conduct wellness checks in the community. (New York City Department of Correction has embarked on such a program with some success.)
 - Require the ill employee to remain at home during the absence with the exception of attending medical appointments or other approved reasons.
9. Conduct a detailed review of non-housing unit posts to identify potential efficiencies, opportunities for savings, as well as unmet needs. The review should assess post utility and the time required to conduct the various tasks of each non-housing unit post.
10. PhilaCor and Department managers should conduct a formal review of the industries program to determine if certain programs or shops are financially viable going forward and/or providing job and work skills to assist in offender re-entry. Staffing levels should be reviewed as part of this process to ensure that the positions are productive and meeting the goals of the



program. A cost/benefit analysis that compares the relative merits of PhilaCor programs with other rehabilitative programs should be conducted to identify the best use of PDP resources.

11. In the next RFP cycle, request proposals for medical and behavioral health services under a single contract, while allowing vendors to submit alternative proposals for each service separately at their option.
12. PDP budget and executive staff need to develop a set of operational assumptions to guide presentation of the budget impact of future changes in system population levels and the phase-in of the PDP's Facility Master Plan.



Benchmarking

Meaningful comparisons between local prison systems are difficult to make. Insofar as local jail systems mirror the unique socioeconomic factors, crime trends, and justice system policies of their communities, “apples to apples” comparisons are often difficult. Moreover, jurisdictions vary to a great degree in the amount and quality of data they collect or are willing to make available to the public. Organization and assignment of operational responsibilities also can make comparisons difficult. For example, many jurisdictions provide maintenance services to their jail systems through a county facility management agency that does not allocate its costs among user agencies. Large counties or cities often assign responsibility for jail health care to public health departments or local hospitals, rather than to the corrections department. Accordingly, an awareness of the challenges and limitations of inter-jail system comparisons needs to inform any assessment of the relative performance or spending patterns of seemingly similar jail systems.

For this analysis, we compared PDP cost and operational metrics with the four other correctional systems of roughly similar size. The five systems range in average daily inmate population (ADP) from a low of 4,171 in Dade County, to a high of 5,900 in Cook County. The PDP ranks in the middle on the population size and budget.

Comparison Jail Systems: Budget & ADP

	FY 2018 Budget	2018 ADP
Philadelphia	\$ 256,009,803	5,302
Cook County, IL	\$ 363,274,089	5,900
Dade County, FL	\$ 362,064,000	4,171
San Bernardino County, CA	\$ 241,135,201	5,290
Dallas County, TX	\$ 120,005,078	5,000

Dade County is the only other county to include facility maintenance costs in the correctional operations budget. Dallas County also does not report clinical health care costs, as these are entirely borne by the local public hospital. As a result, the data presented significantly understate total operational costs for Cook, San Bernardino, and Dallas relative to Philadelphia. In order to enlarge the sample for metrics where one or more of the comparison group systems did not provide data, we have included three large California counties (Riverside, Sacramento, and Santa Clara) with jail populations ranging from 3,400 to 3,800 in the analysis where necessary.

Findings:

The PDP annual per capita cost of incarceration ranks among the lowest of the comparison group, even though the other systems do not include facility maintenance expenditures in their reported budgets.



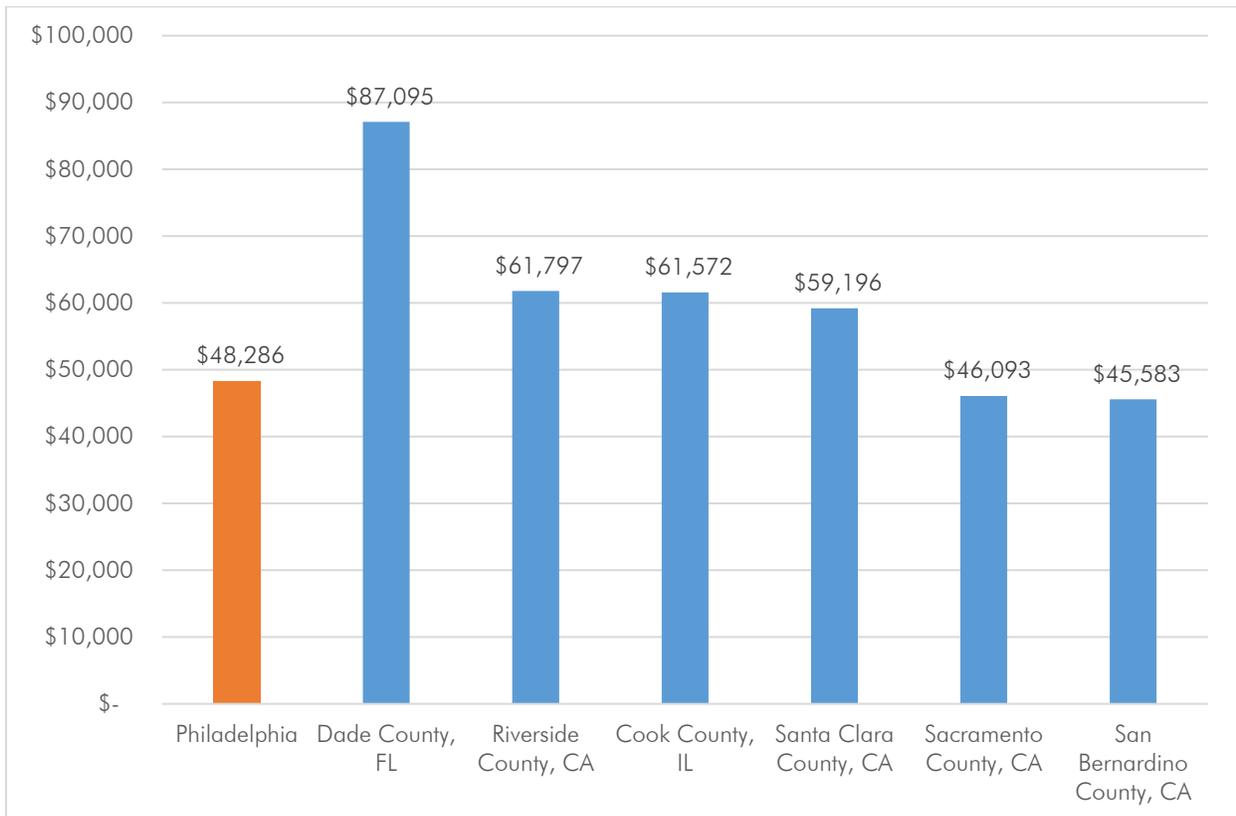
The PDP ratio of inmates to correctional officers is at the median for the benchmark systems. Average officer salary levels are low. The level of overtime per officer is the highest in the comparison group by a significant margin. The rate of overtime use in conjunction with a relatively high ratio of inmates to correctional officers suggests the PDP is understaffed relative to the other systems under review.

The PDP’s annual health care cost per inmate ranks next to last, exceeding only Dade County. Cook, Sacramento, and Riverside health care costs range from 17 to 30 percent higher than Philadelphia.

The PDP has the highest cost per meal of the comparison jail systems.

The average annual cost of incarceration per inmate shows Philadelphia ranking toward the bottom of the comparison group, well below Dade and Cook Counties, at a similar level as San Bernardino and Sacramento Counties, which have the lowest costs. It is also important to note that the per capita cost of incarceration for all of these counties, with the exception of Dade, does not include all of the operating costs that the PDP includes in its budget. An adjustment for this difference would likely place the PDP cost per inmate at the bottom of the comparison group.

Annual Cost of Incarceration per Inmate

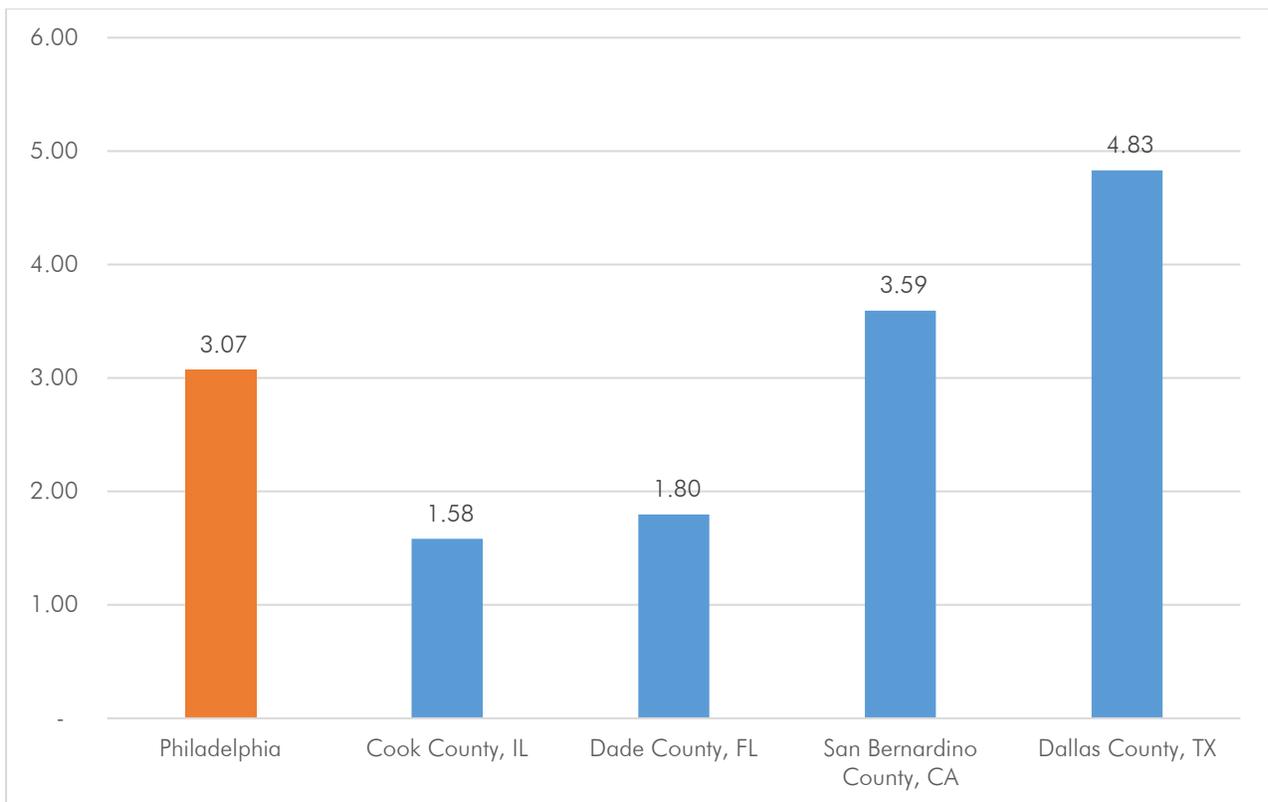




Spending on staffing is the primary driver of correctional system operating cost, typically making up 60-70 percent of a system’s budget. The two key factors that determine staff spending are the number of staff required by the system and their level of compensation. In order to control for population size, we looked at the ratio of inmates to correctional officers to assess approaches to staffing. Again, Philadelphia ranks in the middle of the comparison group for the number of inmates per correctional officer. The PDP officers have twice as many inmates per correctional officer as does Cook County and 70 percent more than Dade County. Conversely, the PDP inmate-to-staff ratio is 17 percent below that of San Bernardino County and 57 percent below Dallas County.

Significant differences in physical plants, operational policies, and programs among these jurisdictions drive much of this variation. For example, the Cook County Department of Corrections manages 11 distinct facilities, as opposed to Dallas County, which manages a comparable number of inmates in three facilities. Dallas County has a large, secure hospital ward in the community dedicated for its use. San Bernardino County has a housing unit staffing policy that requires one officer to supervise 140 inmates. The following figure displays the range of inmate-to-correctional officer staffing ratios among the comparison group.

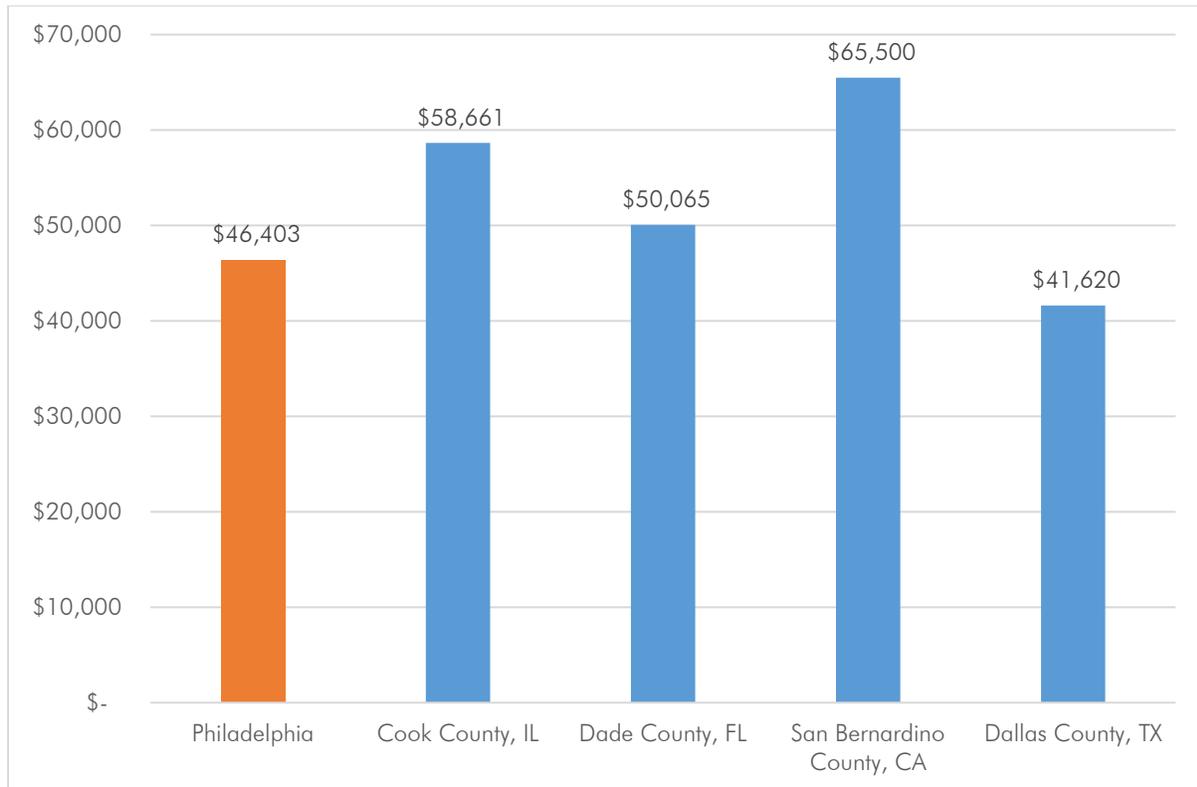
Inmate-to-Correctional Officer Staffing Ratios





Salary levels for correctional officers are a major factor in the relative cost of staffing. The average salary level for PDP custody staff ranks relatively low in the comparison group, exceeding only salary levels in Dallas County.

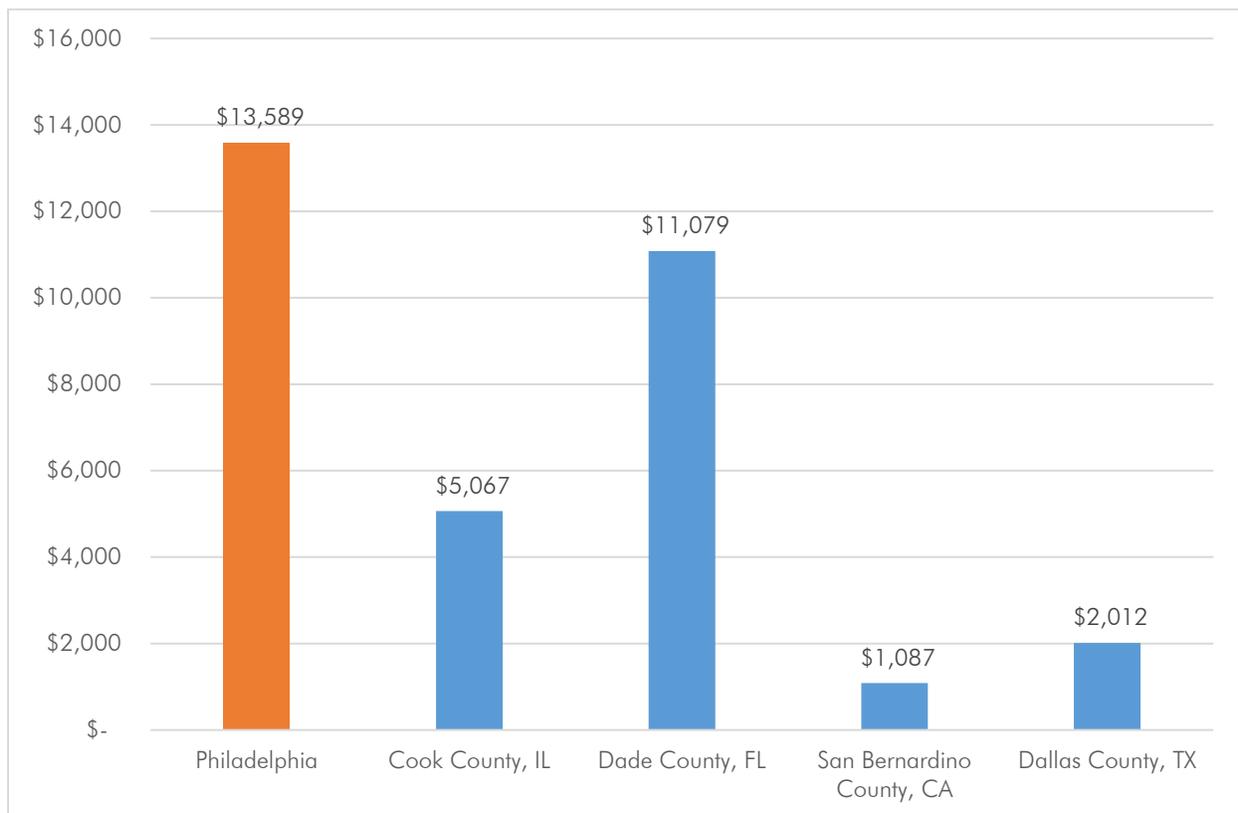
Average Correctional Officer Salaries





The amount of overtime incurred per officer is a rough proxy for disparities between operational responsibilities and available staff resources. To the extent that available staffing levels are insufficient to fill required posts, the amount of overtime required per officer will increase. Philadelphia has the highest rate of overtime use by this metric, 22 percent higher than Dade County, and far higher than the other systems reviewed here, which have much lower levels of reliance on overtime. This level of overtime use, in conjunction with its high ratio of inmates to correctional officers, indicates that the PDP is likely understaffed relative to the other systems under review.

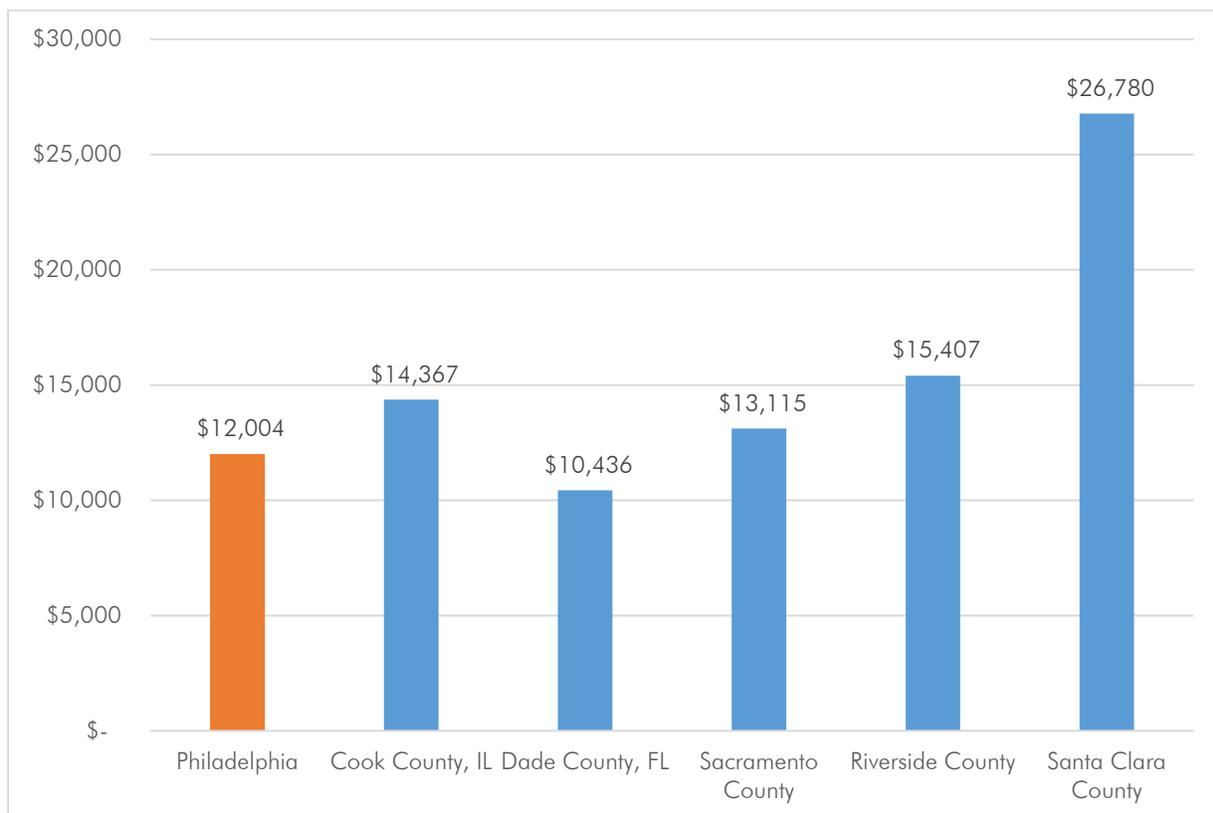
Annual Overtime per Correction Officer





Outside of personnel costs, health care spending is a powerful driver of spending. Recent initiatives across correctional systems to improve the quality of correctional health care services have resulted in this cost sector increasing in unit cost, even as inmate populations have begun to decline in many jurisdictions. In the comparison group of counties, Dallas and San Bernardino do not report jail health care expenditures. In order to provide more context, we have instead included data from three large California counties—Riverside, Sacramento, and Santa Clara—each with jail populations ranging from 3,400 to 3,800 inmates. In this group of counties, Philadelphia’s annual health care costs per inmate ranks next to last, exceeding only Dade County. Cook, Sacramento, and Riverside Counties’ health care costs range from 17 to 30 percent higher than Philadelphia. Santa Clara County is the clear outlier, with some of the highest per capita jail health care costs nationally, at more than twice the cost of health care in Philadelphia.

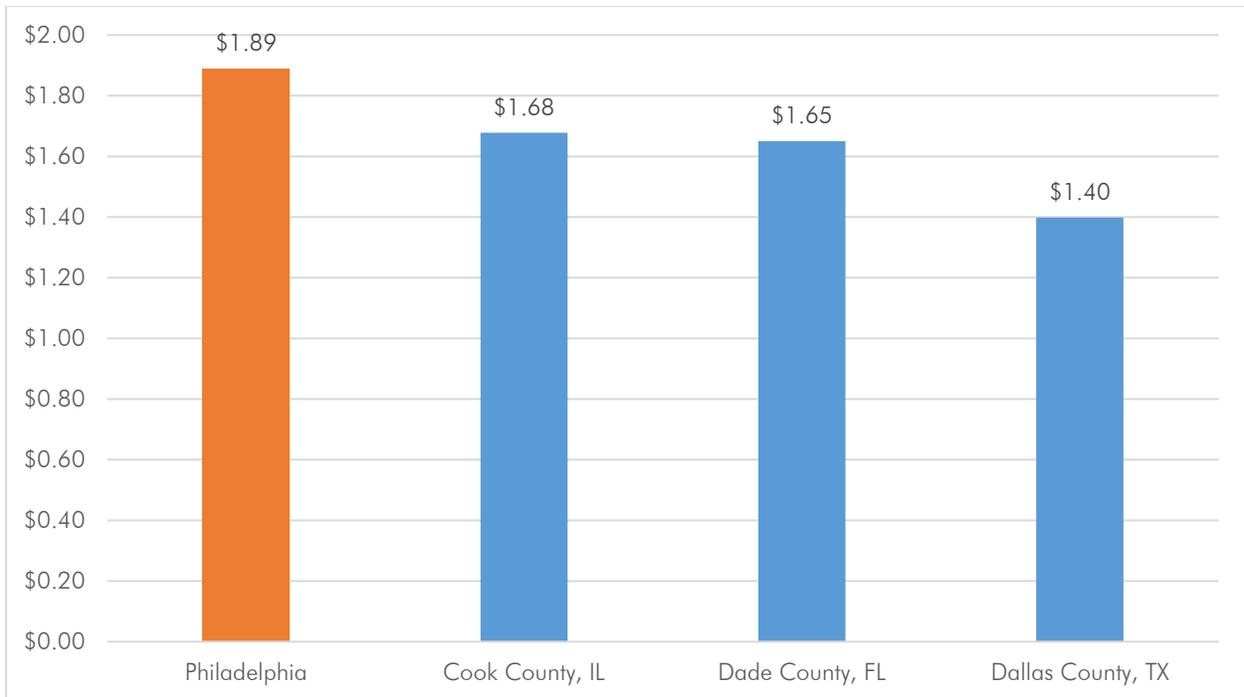
Annual Health Care Costs per Inmate





The cost of food service is another significant cost center and basis for comparison. All of the counties reviewed here contract for dietary service except Dallas County, which manages food service in-house, purchasing its own food and preparing meals with county staff. San Bernardino does not report staff costs for food services and is not included in this analysis. Reported data shows that Philadelphia has the highest cost per meal of these jail systems at \$1.89 per meal.

Cost per Meal





Staffing

Security Staffing Policy. Policy Number 1.C.3, Subject: Security Staff Deployment, effective March 8, 2013, guides security staff deployment. The policy describes as its purpose “to provide a standardized security staff deployment format for the Philadelphia Prison System (PPS)”. The policy outlines procedures and practices regarding the staffing of the institutions, the development of a post plan, calculating the shift relief factor, and producing the daily roster. The policy requires the Commissioner approve a post plan for every facility at least once per fiscal year, which lists all posts and identifies each post as either Fixed Mandatory (M), Movable Mandatory (MM), or Optional (O).

Fixed Mandatory posts must be staffed at all times and may not be closed except in an emergency. Movable Mandatory posts must be also staffed; however, personnel in the status may be temporarily assigned to other duties during the course of a shift. The policy also suggests that post activities or schedules may not be interrupted or curtailed due to the redeployment of officers on MM posts. Optional posts may be closed to assure adequate staffing of M and MM posts.

The Staffing Unit manages the Department Post Plan, making adjustments as workload changes require the addition or deletion of posts. Security staffing managed by the unit includes correction officers, sergeants, lieutenants, and captains. This unit also calculates the post relief factor, which projects staffing requirements taking into account officer availability for assignment.

Finding: The outline and content of PDP policies governing the assignment and deployment of security staff is consistent with best practices in the industry. The Department has an effective policy governing security staff deployment, and produces a comprehensive post plan on an annual basis. Management regularly updates the plan to make adjustments for workload and operational changes, takes into account available resources, and assigns those resources in an effective manner, consistent with PDP policies and labor agreements.

Security Post Plan. In the past year, the Staffing Unit revised the post plan to reflect the closing of the House of Correction (HOC). The post plan previously in effect authorized 2,032 security posts within the Department. This included staffing at six correctional facilities, as well as ancillary units that provide support such as inmate transportation, intake/release operations, and certain administrative functions. The post plan assigned 254 positions to the HOC, of which 229 were filled. The facility’s subsequent closure resulted in reassignment of these staff in 2018. Corresponding post adjustments made in July 2018 resulted in a revised total of 1,820 authorized posts as noted below.

July 2018 PDP Security Staffing	Post Plan	Filled	Staffing Shortage
Alternative & Special Detention (ASD)	131	135	-3.85
Curran Fromhold (CFCF)	664	623	40.81
Detention Center (DC)	273	253	20.14
Philadelphia Industrial Correction Center (PICC)	276	249	27.15



July 2018 PDP Security Staffing	Post Plan	Filled	Staffing Shortage
Riverside Correction Facility (RCF)	214	210	4.22
Executive Office (EO)	80	76	4.10
Classification Movement Registration (CMR)	72	61	11.13
Transportation	44	29	14.73
Medical Transportation Unit (MTU)	66	55	10.58
TOTAL	1,820	1,691	129

These 2018 changes reflected workload changes and a planned redeployment of staff to reduce the use of overtime. A reduced population in the minimum-security Alternative & Special Detention (ASD) unit enabled a reduction in posts from 178 to 131. Other notable changes included an increase in posts at the Detention Center (DC) from 246 in 2017, to 273 in 2018—an increase of 27 posts. Additional modest increases in posts occurred at the other facilities as well, including a total of four additional posts at Curran Fromhold (CFCF), six posts at Philadelphia Industrial Correctional Center (PICC), five posts at Riverside Correctional Facility (RCF) and one post at the Executive Office Classification Movement and Registration Unit (EO CMR). The most significant change was the allocation of 66 posts and 55 staff to a new Medical Transport Unit (MTU), intended to reduce overtime.

At the time of the revised plan, the PDP had 1,691 filled security positions, which was 129 short of the post plan of 1,820 posts required by the staffing plan. This represents a reduction in vacancies of 307 positions. The Department’s budget assumes a 7 percent vacancy rate, which corresponds to 1,685 filled security positions on average. The current level of filled positions falls within this 7 percent vacancy rate, and training class graduates should be sufficient to address future attrition, which averages 11 to 12 separations per month.

Finding: The 2018 Post Plan revision resulted in a net reduction of 212 posts, made possible primarily by the closure of the HOC and population reductions at ASD. Within this net reduction, the revised post plan accommodated a substantial increase in staffing at the Detention Center (DC) and the creation of a Medical Transport Unit (MTU).

Medical Transport Unit. The post plan historically has not adequately addressed a number of PDP inmate transport functions. Security coverage for inmates transported to outside hospitals or treated in specialty clinics is a major driver of staffing costs. PDP policy requires the assignment of two officers to each inmate on outside medical trips for the protection of the public and safety of the medical personnel. The temporary transfer of inmates to receive medical treatment in one of the other facilities, most notably the DC, also drives transport staffing needs. Until recently, transportation for medical reasons was managed as a temporary assignment by facility staff assigned to a regular post. This workload obligation has not been covered by specific authorized posts and, as a result, the



majority of the transportation trips required staff to be hired on overtime to supervise these inmates in the community.

The number of medical transportation and supervision hours incurred is significant. As the table below demonstrates, the number of correctional officer hours of service to manage inmates seen by medical personnel, either on the grounds of the facilities or in the community, is an important cost driver. A sample of 2018 data shows the average number of hours correctional officers work this function exceeds 9,800 hours per month. Without specific posts assigned to these functions, the majority of those hours have been supplied through overtime hiring.

Medical Supervision in the Community and On-Site Clinics - Staff Hours 2018	External Clinics	Internal Clinics	Hospital	Average
July	2,086.5	1,175.0	6,166.5	3,142.6
August	1,774.5	980.0	7,503	3,419.2
September	2,035.5	1,070.5	6,767.5	3,291.2
Three-Month Average	1,965.5	1,075.2	6,812.3	9,853.0

The closing of the HOC provided a unique opportunity for the Department to address ongoing staffing needs with an eye towards reducing the amount of overtime expenditures and lessening the burden on staff. To this end, the PDP established the MTU with an authorized assignment of 66 posts. At the time of this analysis, the MTU had 55 assigned officers/supervisors with 11 positions vacant. This staffing complement provides MTU staff sufficient to supervise the equivalent of five inmates in the community 24 hours per day, seven days per week. Additionally, staff manage external clinics, as well as internal clinic transfers on the PDP complex.

The MTU became operational in April 2018 and has had a positive impact on overtime reduction. The table below documents the number of hours of service provided by MTU employees for the period of June 2018 to September 2018.

MTU Coverage Hours 2018	External Clinics	Internal Clinics	Hospital	Average
June	586.0	496.0	2,752.0	3,834.0
July	627.5	1,040.0	4,056.0	5,723.5
August	604.5	928.0	4,420.0	5,952.5
September	872.0	1,040.0	4,115.0	6,027.0
Three-Month Average	701.3	1,002.7	4,197.0	5,901.0

While MTU staff are able to provide security coverage for 97 percent of the hours required for internal clinics, the MTU was able to cover only 43 percent of required external clinic coverage and 61

percent of hospital coverage. This unmet workload continues to cause overtime hiring as demand exceeds available staff resources.

Finding: The MTU program has used redeployed staff from the closure of the HOC to achieve substantial reductions in overtime. At current staffing levels, the program will save 23,604 hours of overtime on an annual basis. This represents approximately 60 percent of the need for correctional officer supervision of medical escorts.

Recommendation: The formation of the MTU has proven to be successful in reducing overtime and partially lifting the burden of the facilities managing community medical transports. The Department should fill current vacant positions in the unit to address the workload managed by the facilities on an overtime basis. The need still exists to staff outside medical clinics and inpatient hospitalizations, relieving the burden on facility staff to work the overtime required to staff the posts.

Significant cost and allocation of staff is required to supervise inmates admitted to community hospitals. As the data above reflects, officers average 6,800 hours each month supervising these inmates. This can mean from 4 to 5 inmates supervised by from 8 to 10 correctional officers at any given time. A number of jurisdictions, through negotiations with community hospitals, have established secure hospital wards to reduce the staff requirements and provide enhanced public safety. Development of a secure ward would entail capital expenditures to install sallyports for controlled entry and other security hardware; however, the cost savings from establishing fixed posts to supervise multiple inmates secured in such a unit would be considerable.

Recommendation: Explore the feasibility of establishing a secure ward in a local community hospital to reduce medical transport/supervision staffing needs.

Unfunded Activities. Data provided by the Department's CORESTAR Unit indicates that there are between 6,500 and 7,000 hours of unfunded work activities that take place within the Department's facilities during a 14-day pay period. Activities are considered unfunded when there are no approved posts on the post plan to address the need. At times, command staff may "flex" officers in MM posts to work some of these unfunded activities, but if their primary duties require their presence, they will not be available to address the need. When staff are unavailable for re-deployment, hiring of staff on overtime occurs. Examples of unfunded activities that lack a specific post assignment include:

- Inmates considered a threat to commit suicide require an officer to observe them directly. Monthly data indicates approximately 1,000 hours of officer time dedicated to observing suicidal inmates.
- Special detail activity authorized by wardens averaged 434 hours per pay period.
- Providing supervision to programs, which includes education, mental health, and visitation, averages 870 hours per pay period.

- Transportation of inmates to outside hospitals not covered by the MTU continues to be an issue, with over 500 hours of supervision provided by facility staff per month.
- Wardens interviewed expressed concern that program initiatives create unfunded staff supervision demands. For example, the new program to increase out-of-cell time for inmates in segregated housing requires escort of inmates from their cells to a classroom in small groups to meet with a clinician. The risk profile of these inmates requires close supervision. The deployment major estimated that this program could require from 8 to 12 additional posts in the future once fully implemented.

Not all of these functions justify additional full-time posts. Duties with irregular demand for supervision should be managed with overtime. However, the post plan should recognize those new programs that create regular, ongoing staff duties in sufficient volume as to require a full-time post assignment.

Recommendation: Modify the post plan as needed when new programs are created that require significant, ongoing custody supervision responsibilities, and seek funded staff positions to support these functions.

Impact of Labor Agreements. AFSCME District Council 33, Local 159 and 1637 represent correctional officers and certain supervisors in contract negotiations governing wages, hours, and working conditions. With regard to staffing, agreements between the PDP and bargaining unit members provide guidelines and restrictions on the staffing of facilities. Two key decisions continue to have a profound impact on the staffing of housing units. The first, a 1987 order applied to the facilities in operation at that time (does not include the CFCF or RCF) requires that for every 58 inmates there be one correctional officer assigned to a living unit. Placement of the 59th inmate in the housing unit requires the assignment of a second officer.

A labor dispute in 1996 followed the activation of the CFCF. CFCF consists of a number of 32-cell housing units, double-bunked to house 64 inmates. The labor dispute resulted in arbitration that ultimately required a staffing level of one officer for every 64 inmates in a housing unit. Upon admission of the 65th inmate, a second officer is required. This decision holds today, and the ratio requirements are in place and followed. Upon completion of the RCF, the post roster for that facility followed the same ratio requirement of 64 inmates to one officer.

The CFCF operates with further restrictions that apply to housing unit staffing. At present, most of the facility's housing units exceed 64 inmates, thereby requiring assignment of two officers. The facility has four housing units per floor that surround a rotunda with a control room staffed by a correctional officer. The custom and practice agreed to by management and the union requires the presence of at least two roving correctional officers per floor; however, there must be five rovers available for two floors to support normal operations. These rovers provide support to the housing unit officers, especially in the event of an emergency, as they are the primary responders. This requirement restricts management from deploying staff based on changes in the workload and activity levels. In the event that there are insufficient personnel available on a given shift, normal operations are suspended, and



staff confine inmates to their cells under restricted movement. Restricted movement does allow for some movement to visitation and certain activities, but does not allow for housing unit recreation.

There are considerable costs associated with these restrictions on staff deployment. Rigid procedures restricting management discretion limit the flexible use of staff to meet workload demands. For example, if there is a workload reduction in a given area, even if temporary, supervisors are reluctant to reassign staff to an area in need of additional staff support because it may cause a labor reaction to file a grievance. Absent this flexibility, the only option available to managers to address workload issues is to hire staff on overtime, or to the extent possible, reduce housing unit population levels to levels that require only one officer.

Finding: Collective bargaining agreements place substantial restrictions on staff deployment decisions and impede management's ability to reallocate staffing to areas of operational need. This exacerbates reliance upon overtime.

Post reductions in response to changes in workload can lead to significant savings. As census reductions occur, the Department should gain economies through consolidation of inmate housing. For example, at the CFCF, an examination of the Housing Unit Assignment Plan at the time of this review showed that medium and close housing units housed 1,818 inmates in 25 housing units. Those 25 units contained 172 vacant beds. Vacancies are defined as the difference between the headcount and 80 beds, which is listed as the capacity of the units. These housing units do not include disciplinary segregation, intake units, or the protective custody unit. Reducing the inmate census to 64 inmates in a unit results in a savings of two posts plus relief (3.4 positions) by reducing the officer staff from two officers to one to supervise the housing unit. This also complies with the arbitration decision which regulates the assignment of officers to inmate housing based upon the size of the census. Where possible, the Department should consider reducing the inmate census in CFCF medium and close security housing units to 64 or less, provided the classification unit determines that such consolidations can occur without a negative impact on safety and security.

Recommendation: As the system's inmate population continues to fall, optimize the efficient use of officers by maintaining housing unit population levels at the maximum authorized ratio for a single officer post.

Executive Office Positions. Executive Office (EO) posts are primarily support positions that perform a variety of functions. Examples of EO officer post assignments include staff training, providing security supervision to the PhilaCor industries operations, conducting background checks of new employee candidates, conducting fire and safety inspections, emergency services, inmate discipline, overseeing commissary operations, management information systems, managing the warehouse, and other support functions. There are 80 full-time equivalent (FTE) EO positions listed on the post plan. The majority of these are five-day posts, however management information systems (MIS) operate seven days per week on all shifts. All of these positions are designated MM.



Classification Movement and Registration (CMR) posts provide support to intake/release operations. There are 72 FTE positions in this category, all of which are MM. These personnel conduct classification of inmates, calculate sentences and apply good time, support courts, process new admissions, scan documents, enter court information, handle bench warrants, work with victims, and a number of other functions related to intake/release.

The Transportation Unit has responsibility for the transportation and escort of inmates, as well as supervision of trash removal and perimeter patrol duties. These are traditional jail complex functions. The unit has 43.73 FTEs assigned to these functions.

Many of the functions assigned to these posts do not necessarily require correctional officer training. Posts/assignments that appear administrative in nature, but that require correctional officer staffing include:

Post	FTE
Administration Officer 1	1.0
Commissary Officer	1.0
Contracts	4.0
MIS Officer 1	5.1
MIS Officer 2	5.1
MIS Officer 3	5.1
MIS Officer 4	2.8
Warehouse Officer 1	1.0
Warehouse Officer 2	1.0
Uniform Supply Officer 1	1.0
CMR posts	72.1
TOTAL	99.2

In most jail systems civilian staff perform these functions. Posts assigned to correctional officers typically mandate direct contact/oversight of inmates, management of custody supervision, or require knowledge/experience with correctional officer duties with training. Civilian staff typically have lower compensation costs than custody staff. Limiting assignment of administrative duties to civilian staff would lower the cost of these functions and free up correctional officers for assignment to custody staffing issues, further reducing overtime.

Recommendation: Phase out the use of correctional officers in administrative duties. The PDP assigns a substantial number of correctional officers to administrative functions normally performed by civilian staff. Develop a policy that requires that as these positions become vacant in the future, they will be filled by civilian staff.

Supervisory Posts. Supervisory posts consist of sergeants, lieutenants, and captains. Sergeants are first line supervisors in institutions, typically required to cover seven post assignments on all three shifts in



order to provide direct supervision of correctional facility operations. Sergeants also assist unit managers, typically lieutenants, in managing housing units and providing staff supervision. There are additional sergeant positions assigned to administrative posts and specialty posts such as kitchen, fire safety, visitation, details, work release, investigations, background checks, K-9 Program, community relations, transportation, management information systems, CERT Team, records functions, victim/witness, auditors, training instructors, Prison Rape Elimination Act compliance, MTU supervision, and CORESTAR. There are 144 sergeant FTE positions.

Lieutenants operate as unit managers, shift supervisors, staff deployment officers, work release supervisor, CERT Team, transportation, trainers, management information systems, MTU, policy development, classification, CORESTAR, community relations, criminal intelligence, and investigators. There are 76 lieutenant posts listed on the post plan.

Captain positions function as chiefs of security, shift commanders, system administrators, commanders, CORESTAR, training, T time administration, and A&D reception. The post plan includes 31.67 captain FTEs.

The vast majority of supervisory posts provide vital supervision of essential operational functions. However, there are a small number of sergeant and lieutenant posts that appear administrative in nature. The following table summarizes these posts.

Post	FTE
Sergeants	
ASDCU Administration	1.0
Community Relations	1.0
Comm. Office	1.0
MIS	4.0
Record Room	5.1
Registrar	1.0
Lieutenants	
Comm. Office	1.0
Research & Development	2.0
Policy	1.0
Classification	1.0
TOTAL	18.1

Recommendation: Review supervisory posts to ensure that associated duties require assignment of a ranked officer. If a civilian can perform the duties consistent with PDP requirements, modify the post plan accordingly.

Alternative Special Detention. The census at the ASD Unit has decreased in recent years, as shown in the following table.



Fiscal Year	Average of ASD Census
2014	718
2015	485
2016	371
2017	379
2018	348

Recent census data indicates continued reductions in the average daily population (ADP). Despite these reductions, the ASD performs an important role in the PDP as it is the only minimum-security placement option for males and also houses inmates on work release in the community.

Staffing levels at the facility in FY 2017 were 172 staff. Staff reductions implemented during FY 2018 resulted in the current level of 153 staff. In addition to reductions in the correctional officer ranks, three sergeants, one captain, and an administrative technician position were eliminated. The table below lists remaining ASD positions.

Alternative & Special Detention

Correctional Captain	2
Correctional Lieutenant	8
Correctional Officer	112
Correctional Sergeant	15
Deputy Warden	2
Social Work Supervisor	2
Social Work Services Manager	8
Secretary	1
Warden	1
Word Processing Specialist 2	2
TOTAL	153

A review of the staffing structure and staffing level of ASD indicates that there may be an opportunity for additional savings. Although it is a physically separated unit, it is in close proximity to the other facilities on the complex. The facility has been reduced in size and, as a result, a staff and workload analysis may find that additional positions can be eliminated without compromising the mission and productivity of the facility. One option to consider is to reduce the management staff from a warden and two deputy wardens to one deputy warden reporting to one of the wardens of the larger facilities. The facility can still operate independently with regard to its mission, but for administrative purposes report to a warden that is not directly assigned to the facility. This model would still leave in place two captains and eight lieutenants available to provide administrative supervision.

Recommendation: Reduce the administration of the ASD to one deputy warden, reporting directly a warden of one of the larger facilities.

Sick Leave, Family Medical Leave Act (FMLA), and Attendance. One of the most significant drivers of staff cost is absenteeism within the security ranks. Because the vast majority of staffing posts are required to be staffed in order to maintain safety and security in the institutions, when an officer or supervisor calls in sick, or otherwise fails to report to duty, the supervisors handling deployment must seek out an off-duty officer to work overtime. Overtime use exceeded \$30 million per year in recent years, and much of these expenditures are related to backfilling positions on overtime to sustain operations.

The Department has a sick leave policy in place, issued by the city in January 1993 and amended July 1, 1994. The policy established rules and regulations governing the appropriate use of sick leave, and one of its goals was to reduce abuse of sick leave. The policy lists notification requirements for intended absence, medical certification requirements for absences more than two consecutive workdays, and the establishment of an “Excessive Use of Sick Leave List” that requires those on the list to submit medical certification for use of all sick leave until such time the employee is removed from the list. The policy further outlines the required content of the medical certificate and penalties for those who violate the provisions of the rules and regulations noted in the policy.

The Department also issued a procedural directive regarding “Enforcement of City Wide Sick Leave Rules and Regulations” effective April 16, 2012. This procedural directive provides guidelines for the placement of an individual on the Excessive Use of Sick Leave List for those that use eight uncertified sick leave days in a calendar year. For those who are absent beyond the eight sick days and continue to be absent without a medical certificate, disciplinary procedures are outlined.

The issue of excessive sick leave use was also addressed in arbitration between AFSCME District Council 33, Local 159 and Local 1637 and the City of Philadelphia. In that decision, the arbitrators wrote that “the city had presented compelling evidence regarding attendance issues at the Philadelphia Department of Prisons (PDP), including the problem of employees who leave sick after being notified of mandatory overtime following their shift”. The Arbitration Panel also referenced that excessive overtime may contribute to extensive sick leave usage. The decision also outlined procedures regulating the discipline of employees who fail to report for duty and are considered absent without leave (AWOL).

The Family Medical Leave Act (FMLA), enacted in 1993, requires that employers provide staff with job-protected and unpaid leave for qualified medical and family reasons. FMLA benefits are afforded to all PDP employees. FMLA allows for discharge of paid leave or unpaid leave for medical reasons affecting the individual employee or certain family members. The manner in which the leave program is administered allows for extended leave or incremental leave depending on the individual circumstances. The program is difficult to regulate because, once the employee receives medical certification, they can discharge the leave until they exceed the limit or the certification runs out. FMLA may be used up to 60 days per year for approved absences.

Virtually all PDP managers interviewed for this project expressed concern about employee attendance and suspected abuse of both sick leave and FMLA leave, indicating that the controls available are insufficient to manage the process. The absence levels are significant and contribute greatly to overtime cost and instability of staffing a correctional facility. These managers of course recognized that legitimate use of this leave time is appropriate, however suspect that abuse levels are quite high. The PDP has 489 individuals with approved medical certification for FMLA out of a workforce of approximately 2,200. At 22 percent of the workforce, this is one of the highest levels of FMLA utilization in a jail system that the project team has seen.

Sick leave usage within the Department seems to support the concerns of management staff that benefit leave time is excessive. The data on correctional staff indicates that each employee uses on average 13.91 paid sick days per year. Staff use an average of 0.93 days to go off the payroll after running out of leave and are considered AWOL. FMLA usage is similarly high at 12.96 days. The average officer, in addition to their vacation and personal leave, is absent 27.8 days per year.

The Department has made considerable effort in the collective bargaining process to strengthen the controls over sick leave use. Some concessions have been gained, and the City of Philadelphia, as well as the Commissioner of the PDP, have put sick leave regulations in place. Yet absenteeism continues to drive up spending through its impact on overtime.

Attendance concerns exist in the vast majority of correctional organizations in the U.S. The availability of benefit leave along with insufficient controls often leads to abuse. The problem is exacerbated by the nature of corrections work. It can be highly stressful dealing with difficult inmates, and the demands placed on employees to work unwelcomed overtime can lead to absenteeism. There is no easy solution to this problem; however, updating sick leave policy and negotiating controls with labor groups are partial solutions that should be carried out on an ongoing basis.

Recommendation: There are a number of techniques used by correctional systems to address FMLA and sick time abuse:

- *Examine each case for possible pattern abuse, meaning discharge of the leave in conjunction with days off or on weekends, holidays, and special occasions.*
- *Ensure that medical certification is up to date and renewed frequently.*
- *Require written leave requests for all absences.*
- *Train supervisors to monitor the attendance of their subordinates and question them on the reason for their absences.*
- *Ensure that call-in procedures are being followed*
- *Consider the establishment of a Sick Leave Management Division with health care personnel and supervisors to examine employees, review their medical*

certification for thoroughness, and confer with the personal health care provider to obtain answers to questions about the medical certification. The unit can include supervisors whose job it is to conduct wellness checks in the community. (New York City Department of Correction has embarked on such a program with some success.)

- *Require the ill employee to remain at home during the absence with the exception of attending medical appointments or other approved reasons.*

The bottom line is to commit resources and provide training for staff to closely monitor potential sick leave abuse. A well-designed sick leave management program can have some positive impact on attendance and pay for itself by reduction of overtime.

Security Staffing Review. While current labor contracts establish firm housing unit staffing ratios and requirements, the post plan still contains a large number of posts over which the Department maintains management discretion. To maximize efficiency, the Department should conduct a detailed analysis of non-housing unit posts that would go beyond the traditional establishment of a post plan based on policy and past practice, but that would assess post utility and the time required to conduct the various tasks of a post. A strategy to control costs and improve performance should be multifaceted. It should entail gaining efficiencies from a deep examination of Department programs and services, as well as adding resources where required. There are times when it is more efficient to utilize overtime versus creation of a post to manage an activity, especially for those types of activities that are unpredictable as to when they will occur. Such a review is the next logical step in refining the PDP's management of staff resources.

Recommendation: Conduct a detailed review of non-housing unit posts to identify potential efficiencies, opportunities for savings, as well as unmet needs. The review should assess post utility and the time required to conduct the various tasks of each non-housing unit post.



PhilaCor Industries

The PhilaCor industries program is a training program designed to teach inmates work skills and equip them with job skills and work ethic. The program assists inmates with their re-entry into the community by preparing them for gainful employment. The program dates back to 1933. PhilaCor funds a portion of its operations through a revolving fund, with revenues from the sale of products retained for the purchasing of materials and equipment needed for the manufacture of their products. PhilaCor product lines employ roughly 159 inmates on average.

PhilaCor revenues in FY 2018 were \$737,808. The previous year’s revenue was significantly higher, totaling \$1,047,292. Direct operational expenses for materials and supplies in FY 2018 totaled \$507,653, producing a reported profit for the year. However, this does not reflect the cost of salaries to manage the programs, which are paid for from a different fund. There are 29 staff assigned to PhilaCor programs. Nine of these 29 staff are correctional officers who provide security in the industrial buildings. In addition, 13 shop supervisors provide instruction and oversee the individual shops. Additional staff manage the operations and provide administrative support. The table below provides detail on those salary expenses, not including benefits.

Title	Cost
Account Clerk (1)	\$ 38,575
Administrative Specialist II (1)	\$ 63,491
Clerk Typist 2 (1)	\$ 35,105
Corr. Industries Asst. Director (1)	\$ 49,321
Corr. Industries Director (1)	\$ 72,397
Correctional Officer (9)	\$ 429,324
Industries Shop Supervisor (13)	\$ 724,135
PhilaCor Director (1)	\$ 61,866
Word Processing Specialist 2 (1)	\$ 37,413
Total Salary Costs	\$ 1,511,627

If personnel costs are included, sales and revenue are not sufficient to cover the costs of industries operations, and in fact show a loss of at least \$1.3 million in FY 2018. While these programs do provide useful skills and assist with preparing offenders for their return to the community, the larger question is whether the benefit of the program is worth the \$1.3 million true cost to the Department and the opportunity cost of 29 staff that could be deployed to other programs or security assignments.

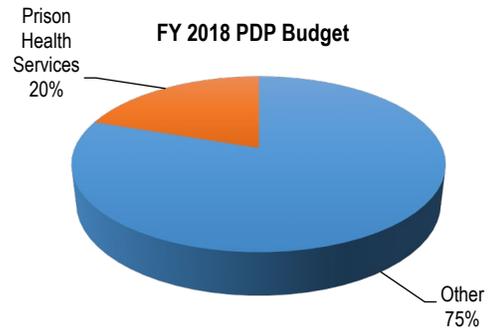
Recommendation: PhilaCor and Department managers should conduct a formal review of the industries program to determine if certain programs or shops are financially viable going forward and/or providing job and work skills to assist in offender re-entry. Staffing levels should be reviewed as part of this process to ensure that the positions are productive and meeting the goals of the program. A cost/benefit



analysis that compares the relative merits of PhilaCor programs with other rehabilitative programs should be conducted to identify the best use of PDP resources.

Health Care

Background. The PDP spends \$63 million per year on inmate health care services. As of FY 2018, the provision of inmate health care amounts to nearly one-fourth (24.6 percent) of PDP’s total annual operating budget authority. Our research confirms that during the period between FY 2013 and FY 2018, the percentage of inmate health care services represented, on average, 25.8 percent of the annual budget; in FY 2013 the percentage was 29.3 percent.



Similar to 20 states in the U.S. and many local jail systems, the PDP has historically operated under a contracted-provision approach, meaning that it has outsourced the management and delivery of health care to a third party. PDP’s management has reasoned that this model has, and continues to remain, the most cost-effective methodology to offer consistent, quality health care to its inmate population.

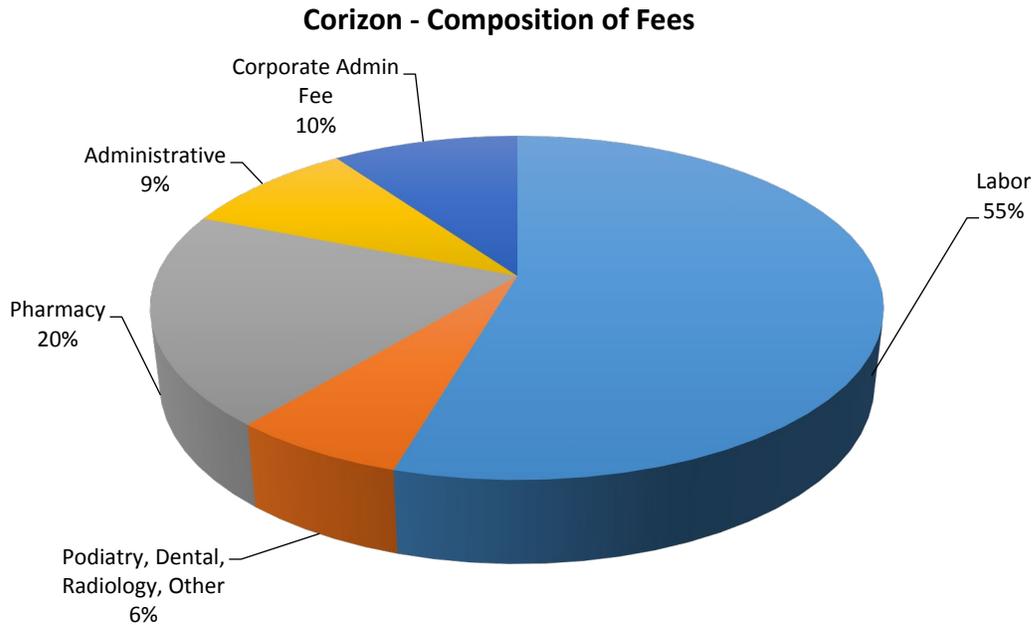
PDP contracts with two vendors for inmate health care services:

Vendor	Nature of Services
Corizon Health, Inc.	Physical Health Services
MHM Services, Inc.	Mental Health

For approximately two decades, PDP has contracted with Corizon Health, Inc., (Corizon) which was formed as a result of a merger between Correctional Medical Services, Inc. and Prison Health Services, Inc. in 2011. Under a bifurcated procurement approach, PDP contracts with MHM Services, Inc. (MHM) for mental health services.

Corizon is the largest professional services contract procured by PDP (FY 2018 annual cost: \$48,632,051); MHM is the fourth largest professional services contract (FY 2018 annual cost: \$13,488,450).

CGL reviewed both the historical pricing of the Corizon contract and the composition of costs.



Approximately 55 percent of the annual contract fees relating to physical medical care services are comprised of personnel costs. This is consistent with prior years and with similar contracts in comparable systems. As administrative and corporate fees are also fixed (nearly 75 percent of the contract costs are fixed and not of a variable nature), a reduction in the inmate population will not translate into a proportional reduction in either the cost per inmate or overall costs. The MHM contract has a similar structure. Both contracts require payment of incurred expenses only, so that if positions are not filled, 100% of consequent savings accrue to the City

Under the City’s procurement rules, PDP issues a request for proposal (RFP) to receive bids from interested firms to provide these services. As part of this procurement exercise, PDP stipulates the minimal staffing requirements (including the required labor category and number of labor hours). The number of FTEs under both contracts have remained relatively consistent since FY 2010 in spite of the fact that PDP has observed reductions in its inmate population since FY 2013 (as noted above).

Services. The standout characteristic of health care services in the PDP as provided by Corizon and MHM, is the outstanding, high quality of the program services provided. The system has achieved National Commission on Correctional Health Care accreditation, which is the gold standard against which correctional health care services are measured. Staffing levels enable achievement of the benchmark professional performance standards in timeliness of assessment, sick call, and treatment protocols. Management use of quality improvement methodologies is sophisticated and well-conceived. Program managers make good use of the excellent data and performance metrics produced by the system. Program savings from the reduction in the inmate census in recent years have been reinvested into the system to address emergent issues. New programs such as Medication Assisted Treatment (MAT) and weekly out-of-cell behavioral health therapy for inmates in segregation have been implemented in a timely, effective manner.

This is in stark contrast with most large metropolitan correctional systems, where inadequate service from poorly managed, underfunded correctional health care systems has resulted in very costly litigation intended to reform dysfunctional systems. Providing quality medical and mental health care is one of the most difficult challenges facing correctional system managers today. While no system is perfect, the PDP has developed a sound, sustainable system for delivery of good quality jail health care that substantially decreases the City's potential risk for litigation.

Cost. An assessment of cost-effectiveness is difficult in isolation of performance considerations. As noted in the previous comparison of benchmark systems, PDP's cost for health care per inmate is somewhat higher than Dade County, while lower than costs experienced in Cook County. To put this in context, Dade County emerged from years of litigation and federal oversight over jail health care in 2016 and just settled a \$730,000 lawsuit last year with a former inmate who suffered kidney failure as a result of deficient health care at the jail. Cook County similarly has in the last two years emerged from nearly 20 years of federal oversight of health care services. All three of the California counties included in the comparison have much higher per capita costs than Philadelphia, but are all facing litigation and potential federal monitoring of their health care programs.

The best explanation of the costs of the Corizon and MHM contracts is that they are the predictable outcome of the extremely detailed, prescriptive requirements of the RFP developed by the PDP. The RFP sets out the staffing, services, policies, and performance standards required of the vendor in specific detail. The level of detail provides vendors with the information required to avoid any misunderstanding or confusion regarding the services or the quality that PDP requires in its health care system. The RFP and the contract is very transparent in defining the cost of staffing, services, administration, and profit. In this way, the relationship between service levels/required staffing and price is readily discernible.

Finding: The PDP has developed a high quality system of jail health care delivery. System costs are a direct function of the specific standards, staffing, and protocols detailed by the PDP in its RFP for services. The structure of the RFP provides an effective means for vendors to price out the level of services required by the Department in a competitive environment, which acts as an overall constraint on cost.

Cost Containment Approaches. Given the favorable experience the PDP has achieved with its current approach to contracting for health care, significant changes in procurement strategy are not advisable. However, there are potential adjustments in contract approach that could facilitate cost containment without potential impairment of service quality.

The most important factor in a successful competitive procurement is to create conditions for maximum competitive pressure on potential bidders, to ensure their best quality proposal at the lowest price. Corizon has been the vendor of choice for the PDP since it began contracting for health care services more than 20 years ago. This level of continuity is highly unusual in the correctional health care industry, where vendor turnover at the end of each contract cycle is common, and has at least the potential to foster complacency on the part of the vendor. Complacency in turn can lead to less



aggressive pricing in RFP responses. The PDP needs to ensure that potential vendors, including Corizon, view the next health care RFP as completely wide open in order to maximize competition.

One means to signal openness to new vendors and/or approaches would be to consolidate both medical and mental health services under one RFP, requiring vendors to bid on the entire package, with the option to bid each service separately as an alternate. To the extent that the overall structure of service requirements and provisions remain essentially the same, this is a somewhat cosmetic change, but still sends a message to the market that Philadelphia is interested in potential change. The approach benefits PDP as well by simplifying contract management and lines of accountability. Program service delivery could also potentially benefit from closer integration of the medical and behavioral health programs.

Recommendation: In the next RFP cycle, request proposals for medical and behavioral health services under a single contract, while allowing vendors to submit alternative proposals for each service separately at their option.

The fundamental approach adopted by the PDP in contracting for health care services is sound and has produced outstanding results. Encouraging more competition among potential vendors within this framework may help contain future price levels.

Contracts

Outside of health care, the two largest contracts in support of PDP operations are for dietary services and facility maintenance. Each contract was bid competitively through an RFP process. The food service contract was awarded to GD Correctional Service, with a first year face value of \$14.5 million. The facilities maintenance contract was awarded to US Facilities in the amount of \$12.1 million for the first year. The cost of these contracts, as in the case of health care, is a direct function of the specific services required in the RFP.

This is most readily apparent in the food service contract. From FY 2013 through FY 2017, the cost per meal of the PDP's food service contract grew from \$1.389 to \$1.518, an average annual increase of 2.7 percent. Because of a change in nutritional standards stipulated in the RFP pursuant to a mayoral executive order, the contract price jumped to \$1.885, a 24 percent increase in one year. Although the contract was competitively bid, the market effectively priced the quality of service required by the PDP, resulting in the substantial increase in cost.

The US Facilities contract in similar fashion specifies staffing requirements, both on-site and 24 hours/7 days per week availability, qualifications, and responsibilities in such a way as to provide a very clear definition of the scopes of service required by the PDP. The resulting bids are the competitive responses to a very clear, well-defined set of requirements.

Finding: The only realistic way to achieve significant savings in the food service or facility maintenance contracts is to change contract scope requirements to lower the service quality levels. The current price of these contracts represents the market's competitive assessment of the cost of the service levels required by the PDP.

Budget Presentation

The PDP faces the challenge of explaining and justifying its budget requests at a time of a falling inmate population. While the reduction in the jail population is a clear public benefit, policymakers in a time of constrained resources are apt to view jail population reduction as an opportunity to save money or reallocate resources to other priorities. Their expectation is that substantial reductions in the jail population should produce commensurate reductions in the PDP budget.

Such an approach makes the fundamental error of using average costs to project savings, which usually results in overestimating any savings related to a change in jail population. The average cost of incarcerating an inmate is calculated by dividing the total cost of the prison system by total number of inmates housed on average. This includes fixed costs—such as administration, utilities, and other expenses that do not change in response to relatively small changes in the number of inmates in the system. These small changes primarily affect expenses such as food and clothing, as these costs directly relate to the number of inmates requiring service. These costs that vary directly with the number of inmates are marginal costs, and typically represent a fraction of average costs.

The problem with using average costs in evaluating budget needs is apparent in cases where the jail population begins to increase. No policymaker would accept an argument that an increasing jail system population justifies budget increases calculated based on the average cost per inmate. They would logically point out that increases in the inmate population do not necessarily translate into a need for more staff or more utility usage. In the same vein, a reduction in the jail population is better characterized as a taxpayer benefit, as opposed to a taxpayer savings. Most reductions in jail population do not reduce resource needs, but they may result in a benefit through less crowded facilities that are safer for both staff and inmates.

The more complicated cases are longer-term, significant population reductions like those that the PDP has experienced. The cost savings of population reductions on a scale sufficient to close a facility such as the HOC are relatively straightforward to calculate. However, the cost impact of a population reduction of 200 inmates is not necessarily clear and depends on assumptions made on how that reduction is operationalized. Whether the population reductions can be sufficiently consolidated to allow for the closing of a housing unit versus spreading the reduction out over all facilities will make a major difference in the presentation of the cost impact. Given the likelihood of continued fluctuation in the inmate population and the need to explain the operational transition to the Department's Facility Master Plan, the PDP needs a clear approach to explaining the interplay of population levels, facility space, and different types of cost in budget development.

Recommendation: PDP budget and executive staff need to develop a set of operational assumptions to guide presentation of the budget impact of future changes in system population levels and the phase-in of the PDP's Facility Master Plan.