



The Florida Senate

Interim Project Report 2000-43

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Committee on Fiscal Policy

Senator Roberto Casas, Chairman

REVISED FUNDING METHODOLOGY FOR THE DEPARTMENT OF CORRECTIONS

SUMMARY

Florida's prison system spends over \$1 billion annually to house its prisoners. Approximately three-quarters of this amount is for security and basic care (food, medical, clothing), with only about seven percent for discretionary programs (education, substance abuse counseling and treatment).

Over the past four years, projections of the inmate population have been revised downward with concomitant budget reductions to the Department of Corrections budget. The reductions were believed to be temporary as it was assumed the prison population would reach its originally projected growth.

This interim project report proposes a means to analyze future funding issues for the Department of Corrections. It proposes development of a two-tier model in which expenditures which are grouped as "basic" or "discretionary". The former are a function of the design and resultant staffing patterns of prison facilities. The latter are a function of discrete legislative decisions concerning the level of inmate programs to be available within the prison system.

was finally terminated in December 1994. When the early release programs were at their worst, some inmates were being released after having served about one-third of their sentences.

Spurred by public demand to permanently close the revolving door and in response to several high-profile crimes, the 1995 Legislature passed three bills that fundamentally altered the criminal justice system. Chapter 95-294, L.O.F., mandated that all offenders sentenced to prison after the October 1, 1995 would be required to serve a minimum of 85 percent of their sentences. Henceforth, inmates could earn gain-time credits (commonly described as "time off for good behavior") only for participation in various programs (work squads, educational programs) and could get no more than 15 percent taken off their sentences for such participation. Thus, an inmate with a five-year sentence would serve a minimum of four years, three months.

The "Evelyn Gort Violent Career Criminal Act" (Chapter 95-182, L.O.F.) created a third sentencing scheme for repeat offenders - Habitual and Violent Habitual Offenders were the other two. The Gort Bill required minimum-mandatory sentences of 30 years for second degree felonies and 10 years for third degree felonies.

BACKGROUND

Fueled by drug offenses, Florida's prison population began to explode beginning in the mid-1980s. From 1987 through 1994, early release of prison inmates due to overcrowding was the central reality of Florida's criminal justice system. Although the rapid growth in admissions had steadied by 1990, it was not until a massive prison construction program was implemented that early release in its various forms

Chapter 95-184, L.O.F. ratcheted up the sentences for offenses punished under Sentencing Guidelines. The intent of this legislation was to counter concerns that the punishments under the existing Sentencing Guidelines were not stringent enough to deter future criminal behavior or to sufficiently punish transgressions.

As these bills worked their way through the legislative process, the Criminal Justice Estimating Conference (CJEC) met to forecast the future impact of these bills on state expenditures. Using recent history as its guide, the CJEC projections forecast a significant increase to the prison population with a concomitant growth in the Department of Corrections' capital and operating budgets. Budget planners in both the Legislature and the Governor's Office factored these projections into their budget allocations with the result that an increasing share of state appropriations pie was earmarked for criminal justice, primarily for the Department of Corrections.

To handle the projected population increases the Legislature authorized the construction of over 3,500 prison beds in FY 1995-96. This was in addition to the more than 17,000 prison beds authorized in the previous fiscal year. By the end of Fiscal Year 1998-99 the state's prison capacity was in excess of 84,000.

Fortunately for the state's fiscal health, the prison admissions projected by the CJEC did not materialize and reductions were made to the Department of Corrections budget for reallocation to other state needs. At first, the reductions were based on the marginal cost of housing an inmate in the prison system (approximately \$8 per day for food and health). Later, as it became clear that the admissions were not going to materialize as originally projected, reductions were made to prison staffing. Housing units at various institutions were closed, thus giving DOC the opportunity to repair aging prison facilities and replace open-bay dormitories with more secure single-cell housing.

Some smaller institutions were taken out of inventory and given to the Department of Juvenile Justice and the Department of Children and Families. However, no other Department of Corrections facilities were closed. This was justified because the population downturns were expected to be temporary, and closing facilities only to re-open them within a few years was not considered to be cost effective.

METHODOLOGY

To develop a funding model for the prison system actual expenditures for the past three years, security staffing at each institution, and bed capacity were examined.

The Florida Accounting Information Resource Subsystem (FLAIR) allows agencies a certain amount of flexibility in categorizing its expenditures. The Department of Corrections has created a comprehensive coding structure that enables it to classify expenditures into functional categories regardless of which budget entity or program funds have been appropriated in. Thus, DOC is able to calculate the total cost of operating its prisons including security (budgeted in the Custody and Control program), work and educational programs (budgeted in the Offender Work & Training program), and health care (budgeted in the Health Services program). These reports and additional reports generated by the DOC were examined to categorize how funds have been and are being spent.

In addition to classification of expenditures into functional categories, the FLAIR coding structure used by DOC enables it to group expenditures by each major institution from which the Department calculates an institutional per diem. Additionally, DOC maintains a security staffing schedule (called "post charts") which specify the staffing necessary for each institution. These reports were examined to determine if the Department currently has sufficient funds to support essential departmental operations.

For the purposes of this analysis expenditures will be classified as "basic" or "discretionary." Basic services are those related to the housing of inmates with no additional services or programs beyond the amount necessary to meet constitutional and security requirements. "Discretionary" services are those related to the implementation of policy decisions as to what makes up a quality correctional system - e.g., substance abuse treatment, education.

FINDINGS

The Department of Corrections spends between \$1.1 and \$1.2 billion annually to house inmates sentenced to prison. Over three-quarters of that amount is for basic care (security, medical, food services, clothing & laundry), which is directly related to the size of the inmate population.

Over 70% of the costs of operating prisons are personnel costs, including the cost of correctional officers, physicians, nurses, teachers, maintenance/support personnel, etc. Security staffing allocation for correctional facilities are derived from

Table 1
(in millions)

<i>Category</i>	96-97	97-98	98-99
Security	\$586.08	\$626.23	\$666.17
Food Services	\$83.65	\$77.01	\$78.57
Cloth/Laundry	\$18.76	\$14.66	\$14.98
Education	\$15.71	\$15.86	\$19.51
Inmate Services	\$35.01	\$34.08	\$37.27
Medical	\$175.58	\$188.67	\$195.98
Phys Plant	\$80.55	\$78.76	\$77.58
Admin	\$82.34	\$89.59	\$96.89
<u>Other</u>	<u>\$4.95</u>	<u>\$0.38</u>	<u>\$0.92</u>
	\$1,082.61	\$1,125.26	\$1,187.87

a series of “post charts” which determine the necessary staffing for different types of housing units.

These operating costs are averaged for the number of inmate days to calculate the average per day cost (or per diem) of securely housing and caring for prison inmates. For 1997-98, the average per diem was \$51.80. The per diem for different types of institutions can vary greatly. The average per diem for an adult male facility was \$46.29, that of a female facility was \$67.96, and youthful offenders institutions averaged \$76.29.

Although useful for descriptive purposes, using a per diem rate can frequently obscure the true cost of providing services which are discretionary. By their very nature, per diems assume that each inmate is receiving some level of service. Discretionary programs such as education, are not provided to all

inmates and thus the \$1.09 per diem does not accurately reflect the cost of providing educational programming.

Costs that are driven by population are the direct result of sentencing policies established by the Legislature and decisions made by the judicial system to implement those policies. They are the result of decisions made in previous years, and they are less likely to be directly affected by discrete appropriations decisions. This is not to say that these costs are not subject to change; rather, any efficiencies to be gained will be marginal in nature. Large-scale savings are generated only when the projected population does not materialize as expected, as Florida's recent experience attests.

Discretionary expenditures are those which are directly determined by the Legislature in the appropriations process. Of those categories listed in *Table 1*, both inmate services and education are discretionary, with the exception of that portion of education expenditures which fund the inmate law library. For these categories, the Legislature can buy as much or as little of these services as it wishes.

The term “discretionary” should not be taken to mean that the expenditures are not well-spent. Included among discretionary expenditures would be educational programming, substance abuse counseling and treatment, chaplaincy programs, and work squads. All of these programs are grounded in decisions that some combination of these programs are good state policy. Work squads serve the dual purpose of keeping inmates busy and providing free labor for some small communities; education programs keep inmates busy and also provide skills for inmates to use once they return to the free world; substance abuse and chaplaincy programs provide inmates with means to change basic life-style decision-making processes which contributed to their incarceration.

Security

As might be expected, most of the costs related to security pay staff salaries of staff (approximately 85

percent). Another 10 percent of security expenditures pay the contractual costs to operate private prisons.

Of the components listed in *Table 2*, only the work squads are discretionary and dependent upon legislative decisions concerning the amount of service it wants to buy. The rest (approximately 94 percent) are driven by the size of the inmate population. The department uses “prototype” staffing patterns (or

Table 2. Percent of Category Costs - Security

Institutional Security	84%
Classification	6%
Medical Security	4%
Internal Work Squads	3%
External Work Squads	2%
DOT Work Squads	1%

“post charts”) for the different types of housing units in its inventory. In this way, the security staff for similar type housing units should be uniform throughout the state. Sufficient staff are budgeted so that all 7 day per week/ 24 hour per day positions are covered. Classification staffing is based on formulas related to the population. Although the number of work squads is discretionary, they too follow the “post chart” model in that similar types of squads will have similar staffing at different institutions.

Generally, the staffing at individual institutions adheres to the prototype staffing patterns. For example, single cell housing units with a 198 bed total capacity have two officers on the first two shifts and three for the evening shift. Additional staffing is provided when a particular housing unit is used for a special purpose, for example, close management or confinement.

Food Services and Clothing/Laundry

As basic services provided to all inmates, these components are population driven. Approximately 8 percent of the average annual per diem is for food services and clothing/laundry operations. Staff salaries make up only about one-third of these

expenditures, and the average FY 1998-98 per diem was \$4.27.

Education

All educational programming is discretionary with the exception of expenditures for inmate law libraries and for educational programs for inmates with disabilities. The average 1997-98 per diem for education was

Table 3. Percent of Category Costs - Education

Academic	40%
Vocational	29%
Library	18%
Other	13%

\$1.17, or an annual cost per inmate of approximately \$427. This figure somewhat distorts the true picture, since it assumes that all inmates are receiving educational services. It is more accurate and appropriate to base the cost on the number of inmates actually participating in the programs. For example, according to the Department of Corrections 1997-98 Annual Report, there were 7,280 inmates who enrolled in vocational education courses. Based on the estimated vocational education expenditures, the annual cost is closer to \$1,000 per inmate.

Although primarily discretionary, both library expenditures and educational expenditures include elements of basic services. Library expenditures include law libraries as well as recreational/educational libraries. The former are required as a means to provide inmates with constitutionally-required access to the courts. Supplemental instruction, or “special education,” to eligible inmates is provided as required by federal legislation to inmates under the age of 21 with learning disabilities and it would thus be classified as basic services. These expenditures are not disaggregated in *Table 3*. The expenditure level, however, is comparatively small.

Inmate Services

This category is an almost evenly split between basic and discretionary services. The initial reception, release, and care and subsistence expenditures are

population driven. However, like educational expenditures, it can be misleading to express these in terms of an inmate per diem, since not every inmate receives these services in a given year. The expenditures for chaplaincy and substance abuse treatment and counseling are discretionary.

Medical

Total expenditures for medical care comprise approximately 17 percent of the total cost of operating prisons, and there is continuing discussion concerning the level of required medical care for inmates. Various initiatives have been implemented

Table 4. Percent of Category Costs - Inmate Services

Initial Reception	24%
Drug Counseling & Treatm	24%
Wellness	22%
Chaplaincy	12%
Care & Subsistence	10%
Inmate Release	6%
Farming Program	2%
Other	1%

to reduce costs (e.g., medical co-pay, consolidation of health care staff in facilities within close proximity).

Notwithstanding the economies that have been achieved, the basic cost of providing medical care will remain a function of the size of the inmate population. In contrast to most of the other population-driven variables, medical care expenditures are also a function of the demographic make-up of the population. The number of inmates

Table 5. Percent of Category Costs - Medical

General	52%
Mental Health	23%
AIDS	8%
Dental	6%
Pharmacy	6%
Hospital Srv	3%
Other	1%

with HIV/AIDS is the most obvious, but not the only contributing factor. As longer sentences are imposed pursuant to changes to sentencing laws, it is

anticipated that the average age of the inmate population will increase, as will the costs of necessary medical care.

Administration, Physical Plant and Other

The amount indicated in *Table 1* for administration does not include expenditures for the Tallahassee headquarters. It does include costs of facility business offices (e.g., personnel, payroll), which are currently being reorganized into service centers. Although partly based on the size of the inmate population, administrative costs are probably more appropriately analyzed as a function of the overall expenditure level. There is no consensus on either a definition of “administration” or on what the proper level of agency expenditures for this function should be. However, the institutional percentage of approximately 8 percent is under the 10 percent “rule-of-thumb.”

The expenditures for physical plant maintenance exclude capital improvements but include preventative maintenance activities and utilities. The latter comprises approximately 50 percent of expenditures for physical plant maintenance. Like the administration category, it is a function of the inmate population but not directly driven by it.

Conclusion

The basic funding unit for the prison system is the correctional institution. Similarly, discrete housing units (their design, capacity and use) are the basic building blocks of the institution. The department's use of prototype designs and prototype staffing patterns implicitly recognize this. Therefore, the housing units should be the building blocks when developing the prison budget.

Table 6 is a proposed classification of components into “basic” and “discretionary” programs. It should be noted at this point that the classification scheme incorporated in this report differs somewhat from that used by the Department of Corrections. Most significantly, this report includes the cost of operating private prisons as part of the security costs. DOC accounts for these expenditures separately, since they

are not factored into the department's per diem. Additionally, the Department counts education and medical administration costs as part of the functional area. In this paper, an estimated of these costs have been included as part of overall institutional administration.

As *Table 6* indicates, discretionary expenditures make up a small proportion of the total. Discretionary programs should be funded as “overlays” on top of the basic services included in operating prisons in accordance with policy decisions by the Legislature.

In the past, administrative positions were included with each institution as part of its prototype staffing pattern. This practice had the result of treating institutional administration as a basic service although, in reality, most administrative services are only indirectly associated with the size of the inmate population. The current reorganization by the Department of Corrections moves most institutional administrative staffing to new service centers. In this setting, future funding requests would have the practical effect of treating administration as a “discretionary” component and divorce it from a direct population-driven component.

Although budget decisions to add capacity generally followed the “basic/overlay” model proposed here, decisions to reduce expenditures when the inmate population did not materialize as projected did not. Because the reductions were expected to be short-term, they were done more in a piecemeal than a comprehensive fashion, with the consequence that the reductions were probably less than the decline in population warranted. A more comprehensive approach was taken for the FY 1999-2000 reductions that when the Department's per diem was used to calculate the cut. However, the per diem may be somewhat overstated because it includes funding for some discretionary activities that not every inmate receives.

Based on current CJEC projections, it does not appear that it will be necessary to authorize additional

prison construction in FY 2000-2001. Authorized prison capacity (the number of beds authorized for construction by the Legislature) is 84,077. However, because the projections shows a June 2001 inmate population which is approximately 2,600 more than projected for June 2000, it will be necessary to

Table 6. Basic and Discretionary Services

Type	Component	% of Total
Basic	Facility Security	47%
Basic	General Medical	9%
Basic	Food Services	7%
Basic	Mental Health	4%
Basic	Classification	3%
Basic	Medical Security	2%
Basic	Clothing/Laundry	1%
Basic	AIDS	1%
Basic	Dental	1%
Basic	Pharmacy	1%
Basic	Intake & Release	1%
Basic	Hospital Services	1%
	Total Basic	78%
Overlay	Work Squads	3%
Overlay	Education	1%
Overlay	Drug Counseling & Treatment	1%
Overlay	Wellness	1%
Overlay	Other	1%
	Total Overlay	7%
	Administration & Facility Maintenance	15%

provide additional operating funds to bring on-line beds which have previously been constructed, but for which there was no population demand to open.

RECOMMENDATIONS

1. Funding to bring new prison beds on-line should be for basic services only with discretionary services addressed in separate funding decisions.
2. Funding for overlay services should be based on the amount of services (e.g., number of inmates

needing/receiving substance abuse counseling) to be provided.

3. In its annual report, the Department of Corrections should include calculations that reflect the cost of discretionary programs based on the number of inmates receiving service.
4. If necessary to reduce budget allocations based on declines in the forecasted population, cuts should be calculated for basic services only. If policy decisions indicate the need or desirability

of cutting discretionary services, those decisions should be made separately.

5. When it becomes necessary to construct additional correctional facilities, the design should be reviewed to determine its future staffing and funding needs, with attention paid to ways to utilize technology (improved perimeter alarms, video cameras) to and improved design to make more efficient use of staffing.

COMMITTEE(S) INVOLVED IN REPORT (*Contact first committee for more information.*)

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MEMBER OVERSIGHT

Senators Ginny Brown-Waite and Charlie Bronson