COMMONWEALTH OF KENTUCKY

AUDITOR OF PUBLIC ACCOUNTS
PRIVATIZATION REVIEW OF ICF/MR INSTITUTIONS AND
MINIMUM SECURITY CORRECTIONAL FACILITIES

A. B. CHANDLER III
AUDITOR OF PUBLIC ACCOUNTS

144 CAPITOL ANNEX
FRANKFORT 40601

PRIVATIZATION REVIEW OF
ICF/MR INSTITUTIONS
MINIMUM SECURITY CORRECTIONAL FACILITIES

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COMMONWEALTH OF KENTUCKY
AUDITOR OF PUBLIC ACCOUNTS

A. B. CHANDLER III

144 CAPITOL ANNEX
FRANKFORT 40601

June 14, 1994

The Honorable Joseph Meyer, Chair
Senate State Government Committee
The Honorable Ramsey Morris, Chair
House State Government Committee
Mr. Robert Lawson, Secretary
Justice Cabinet
Mr. Jack Lewis, Commissioner
Department of Corrections
Mr. Masten Childers II, Secretary
Cabinet for Human Resources
Ms. Elizabeth Rehm Wachtel, Commissioner
Department for Mental Health & Mental Retardation
Mr. W. Patrick Mulloy II, Secretary
Finance and Administration Cabinet

Dear Ladies and Gentlemen:

Pursuant to KRS 7.330, the Interim Joint Committee on State Government requested the Auditor of Public Accounts to review the privatization of correctional and Intermediate Care Facilities/Mental Retardation (ICF/MR) institutions.

The privatization of government services is not a new concept or limited to the services described in this report. For example, other major government services already privatized include professional services, Medicaid claims processing, printing, road construction, maintenance, etc. The concept of privatization in government or outsourcing in the private sector has been viewed as an effective management tool to reduce cost and increase efficiency.

The two program areas focused on in this review represent two significantly different approaches to privatization.

In the case of the operation by Res-Care Inc., of the Outwood ICF/MR Facility located at Dawson Springs, the Cabinet for Human Resources constructed and owns the facility. Therefore, Res-Care did not expend capital for construction and is not at risk for a major investment. In addition, the Res-Care contract is cost reimbursement for allowable cost plus a management fee. This approach provides the Cabinet the management option of changing vendors while maintaining facility continuity.

In the second area, U.S. Corrections Corporation (USCC) constructed the facilities, provided the financing, and incurred the risk based on the contract with the Department of Corrections. If the Department of Corrections elects to change vendors, a successor must either construct other facilities or acquire existing facilities from USCC.

The USCC contract is a fixed per diem rate, per inmate. This approach provides the maximum incentive for efficiency and innovation to the vendor.

In comparing costs, it should be noted that this report compares facilities with major differences, including:

- Tenure of staffs due to age of facilities;
- Age of facilities;
- Size of facilities which impacts the allocation of general administrative cost on the per day or per person cost; and
- Geographic location of facilities.

In summary, this report presents information which policy makers should carefully consider. The following recommendations are submitted for your review:

- The privatization of a service does not relieve the governmental agency of the ongoing responsibility to monitor the delivery of service. Prior to privatizing a service, the monitoring system must be determined and be an integral part of the contract.

- Any privatization contract, regardless if fixed fee or cost reimbursement, must provide a mechanism for government to periodically review the financial terms. Private corporations which operate in an innovative and profitable manner are usually praised; however, large profits on government contracts, regardless of savings to the state agency, generate criticism of public officials.

- The Governor's Commission on Quality and Efficiency recommended the creation of a Privatization Commission which Governor Jones created by Executive Order 93-1143. Texas and Georgia have implemented similar processes. It is essential that any policy decision to privatize a governmental service be based on clearly defined criteria.

- Prior to privatizing a service, terms and conditions of the contract document should be evaluated and examples of contracts utilized by other states or private corporations should be attained and evaluated. Government agencies are many times at a disadvantage on initial contracts due to a learning experience curve.

- Privatization provides government with the ability to respond quickly to program needs, avoid the issuance of debt, artificially maintain the number of public employees at a reduced level, and acquire innovation available in the private sector without capital outlay. However, privatization is not a solution to all government problems. It should not be automatically looked to as an easy way to dispose of or avoid difficult issues. Certain programs and services are more appropriate for government to provide. Only careful consideration of the positives and negatives should guide the Commonwealth in the best direction to take. When the path of privatization is indicated by such consideration, then it should be a management tool and its value and benefit to the taxpayer documented.

Based on our review, it would be reasonable to conclude that the two areas of privatization addressed in this report have maintained program quality at comparable levels and the respective state agencies have achieved either real cost savings, expedited program implementation, and/or administrative efficiency.

Respectfully submitted,

A. B. Chandler III

A. B. Chandler III
Auditor of Public Accounts

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
FINANCIAL COMPARISON

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
FINANCIAL COMPARISON

General Comparison

The two ICF/MR institutions selected for a cost comparison were Outwood ICF/MR Facility located in Dawson Springs, Kentucky, and Oakwood ICF/MR Facility located in Somerset, Kentucky. Although dissimilar in total capacity, each was chosen because of the similar type of residents they serve. The following table shows other various general comparisons:

	Oakwood	Outwood
Who owns the facility?	State	State
Who operates the facility?	State	Res-Care, Inc.
When was the facility built?	1972	1983
What is the resident capacity?	420	80
What is the average occupancy %?		
FY 92	99.87%	98.14%
FY 93	99.57%	99.05%
When was the facility accredited by the Accreditation Council on Services for People with Developmental Disabilities?	1985	1984
What is the original facility cost as recorded in the official state fixed assets records?	$7,171,839	$5,689,320
What are the fixed assets comprised of?		
Cottages	18	5
Administration Building	1	1
Education Buildings	4	4
Infirmary	1	
P.E. Building	1	
Service Building	1	1
Greenhouses	2	
Chapel		1
Life Center		1
Miscellaneous Buildings	4	4
Land	$285,100 (174.1 acres)	$27,500 (184.7 acres)
What is the present value of the land?	$445,000	$1,702,500

Per Diem Costs

The chart on page 6 compares the costs per resident day for the two facilities for the year ended June 30, 1992, and is divided into three segments:

1) Basic Expenses/Expenditures Incurred by Facilities
2) Overhead and Other Expenses Incurred by CHR and Applied to the Facilities
3) Management Fee

The first segment represents those basic costs incurred directly by each facility for personnel and related costs, utilities, maintenance and repairs, supplies, care and support, other operating costs, and special programs. Res-Care, Inc., is reimbursed for all expenses incurred on behalf of Outwood. The per diem calculation for segment one shows that $18.21 more is expended at Oakwood per resident day than Outwood for basic expenses.

The second segment represents the overhead and other expenses that are incurred by CHR and applied to each facility. Under CHR's cost allocation plan with the federal government, Oakwood must bear its fair share of overhead cost from various administrative functions within CHR. The primary basis for this allocation is the state payroll system. Since Outwood's payroll is not part of the state's system, there is no corresponding share of overhead cost as is found in Oakwood. Both facilities still record depreciation expense for purposes of federal medicaid reimbursement. Only Outwood incurs interest expense because its bond issue is still outstanding while the debt service for Oakwood has been completely paid. The per diem calculation for segment two shows that Outwood incurs $28.87 more per resident day than Oakwood for overhead and other expenses, due mainly to interest expense. This would be more if CHR administrative costs were recorded.

The third segment represents the management fee paid to Res-Care, Inc., for managing Outwood. It does not include reimbursement for any expenses but rather is a straight fee for services. The fee represents a $10.39 cost per resident day.

Totaled together, all three segments show the cost per resident day at privately-run Outwood to be $21.05 more than state-run Oakwood. However, if the interest expense was removed from Outwood's cost, the per diem would show Oakwood to be $6.93 more than Outwood. If CHR's costs for administering the Res-Care contract were included in Outwood's costs, however, this difference would be reduced accordingly.

The chart on page 7 for the year ending June 30, 1993, shows similar results.

Comparison of ICF/MR Facilities
Oakwood and Outwood

For the Year Ended June 30, 1992

	Oakwood - 153,525 days (1)		Outwood - 28,735 days (2)	
	Total	Per Diem	Total	Per Diem
Basic Expenses/Expenditures Incurred by Facilities:				
Personnel and Related Costs	$ 15,561,379		$ 2,396,092	
Utilities	495,614		146,258	
Maintenance and Repairs	145,322		110,394	
Supplies	817,592		77,092	
Care and Support	722,918		225,246	
Other Operating Costs	542,865		166,970	
Special Programs (3)	1,302,478		20,899	
Total	$ 19,588,168	$ 127.59	$ 3,142,951	$ 109.38
Overhead and Other Expenses Incurred by CHR and Applied to the Facilities:				
CHR Cost Allocation Plan	$ 1,255,230 (4)		$ (5)	
Specific Costs-				
Depreciation Expense	588,937		359,673	
Interest Expense on Bond Issue			804,147	
Other			11,057	
Total	$ 1,844,167	$ 12.01	$ 1,174,877	$ 40.88
Management Fee	$	$	$ 298,500	$ 10.39
Total Costs	$ 21,432,335	$ 139.60	$ 4,616,328	$ 160.65

(1) 419.4672 average daily resident population x 366 days
(2) 78.51 average daily resident population x 366 days
(3) Foster Grandparent, Education of Handicapped Children in State Operated or Supported Schools (Chapter 1), and School Lunch Programs
(4) Various state and CHR administrative costs which have been charged to the Oakwood Cost Center
(5) Does not include CHR personnel costs for administering the contract due to a lack of methodology for capturing costs

Comparison of ICF/MR Facilities
Oakwood and Outwood

For the Year Ended June 30, 1993

	Oakwood - 152,646 days (1)		Outwood - 28,923 days (2)	
	Total	Per Diem	Total	Per Diem
Expenses/Expenditures Incurred by Facilities:				
Personnel and Related Costs	$ 15,604,267		$ 2,430,740	
Utilities	468,043		148,639	
Maintenance and Repairs	105,289		77,744	
Supplies	911,641		86,493	
Care and Support	1,732,037		309,517	
Other Operating Costs	463,214		180,996	
Special Programs (3)	286,483		20,589	
Total	$ 19,570,974	$ 128.21	$ 3,254,718	$ 112.53
Overhead and Other Expenses Incurred by CHR and Applied to the Facilities:				
CHR Cost Allocation Plan	$ 1,280,206 (4)		$ (5)	
Specific Costs-				
Depreciation Expense	630,603		363,262	
Interest Expense on Bond Issue			541,703	
Other			30,562	
Total	$ 1,910,809	$ 12.52	$ 935,527	$ 32.35
Management Fee	$	$	$ 306,850	$ 10.61
Total Costs	$ 21,481,783	$ 140.73	$ 4,497,095	$ 155.49

(1) 418.208 average daily resident population x 365 days
(2) 79.24 average daily resident population x 365 days
(3) Foster Grandparent, Education of Handicapped Children in State Operated or Supported Schools (Chapter 1), and School Lunch Programs
(4) Various state and CHR administrative costs which have been charged to the Oakwood Cost Center
(5) Does not include CHR personnel costs for administering the contract due to a lack of methodology for capturing costs

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
PROGRAM REVIEW

AN EXAMINATION AND COMPARISON OF THE QUALITY OF CARE

AND

THE QUALITY OF LIFE PROVIDED AT OUTWOOD AND OAKWOOD

by

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AN EVALUATION AND COMPARISON OF THE QUALITY OF CARE AND THE QUALITY OF LIFE PROVIDED AT OUTWOOD AND OAKWOOD

The purpose of this study was to observe and compare the quality of care and the quality of resident life at two intermediate care facilities for the mentally retarded to ascertain the similarities and differences between a privately managed and operated facility, Outwood, and a Commonwealth run facility, Oakwood.

Facility Description

Outwood is an 80 bed residential facility on 80 acres. There are five residences divided into two apartments each. Eight people live in each apartment. Day services on the grounds include a Work Activity Center and classroom training modules. Residents also attend College for Living at the local community college. The campus is located in Dawson Springs in western Kentucky. Residents range in age from 18-60+. The levels of retardation served are severe and profound. Secondary diagnoses include autism (1), cerebral palsy (6), seizure disorder (34), visual impairments/blindness (8), hearing impairments/deafness (6). Two residents are mobile, but not ambulatory.

Oakwood is a 420 bed residential facility located on a 200 acre campus in Somerset in southeastern Kentucky. There are 18 residences, each divided into two apartments. Day services include a workshop, day training, on-the-job training, and training centers on the grounds. Forty-three residents attend public school and adult residents also participate in College for Living. Residents' ages range from six to 60+, with most falling in the range of 18-60. Fourteen residents are diagnosed as mild retardation, 41 as moderate retardation, 131 as severe retardation, and 229 as profound retardation. Secondary diagnoses include autism (7), cerebral palsy (40), seizure disorder (185). Thirty-seven residents are mobile, but not ambulatory and one resident is nonmobile.

METHODS

Data were gathered by document review and on-site visits. The following documents were reviewed to examine the facility's statements regarding provision of care:

1. reports by accrediting and licensing agencies and facility responses to these reports;
2. statements regarding facility philosophy, mission, and goals;
3. facility plan to assure quality care (ie. TQM, CQI);
4. descriptions of programs and service;
5. organizational chart and statements of function for each department; and,
6. staffing patterns, including staff educational credentials and staff to resident ratios.

Additionally, a blank copy of the request for a Proposal for the Management and Operation of Outwood from the Division of Purchases, Department for Administration, Finance and Administration Cabinet was reviewed.

Visits were made to both sites, with each investigator spending eight hours at each site. During these visits the following activities were accomplished:

1. observations of residents' daily life and physical environment;
2. interviews with staff and residents;
3. observation of programs; and,
4. review of a random sample of resident's records.

Satisfaction surveys, completed by family members or guardians, were examined and telephone interviews with residents' families were conducted following the visits.

RESULTS

Accrediting and Licensing Reports

Outwood

The Division of Licensing and Regulation, Cabinet for Human Resources surveyed the facility on September 22-24, 1993. Surveyors reviewed 10 resident records and noted deficiencies in accuracy in maintaining resident records, procedures used by the Pharmaceutical Services to obtain, dispense, and administer drugs and biologicals, lack of documentation that Social Services had notified the family or guardian of a resident's broken arm, reports of dirty windows, walls, floors, ceiling vents, and window sills, wall tiles missing, and torn carpeting in Birch Cottage, residents were not assured of visual privacy in one toilet and one nude resident was observed exiting a bathroom with a female staff member who assisted him in walking to his room and dressing. The facility submitted a plan of correction which was accepted. On November 23, 1993, the Administrator was notified that the facility had received a "Superior" rating and was recommended for recertification and relicensure as an Intermediate Care Facility for Mentally Retarded. The facility also was recommended for certification under Title VI of the Civil Rights Act.

The facility was surveyed by The Accreditation Council on Services for People with Disabilities on August 26-28, 1992. At that time the facility was commended for: its increased efforts to use community-based

Oakwood

Oakwood was surveyed by Division of Licensing and Regulation, Cabinet for Human Resources on November 17-19, 1993. The facility was found to substantially meet the minimum state licensure requirements with no significant deficiencies. The facility was recommended for recertification and relicensing on January 7, 1994.

On October 19-22, 1992, Oakwood was surveyed by The Accreditation Council for People with Disabilities. The facility was commended for its strong support network that allows staff to attend to the habilitation process and its consistent, effective operation. It also was commended for initiative in coordinating service delivery across agencies. At the Public Forum, parents and community representatives praised Oakwood and expressed appreciation for the staff and services provided. Mutual respect and rapport among the facility staff and community representatives was noted. Staff were praised for their respectful, positive interactions with residents and for the

Outwood

services; its staffing process including relevancy of assessments, social summaries, staffing summaries, discharge planning and attention to individual rights; and, agency leadership, commitment to advocacy and expansion of less restrictive community alternatives. Recommendations included program outcomes that include realistic expectations of residents, reflect the interests of individual residents rather than reliance on available training modules, and further development and enhancement of vocational skills in community settings when possible, residential enhancement to provide a more normalized, homelike environment, increased opportunities for social interaction between men and women and development of skills that would allow residents to take a more active role in management and decision issues related to their daily life. The Accreditation Committee awarded Outwood reaccreditation for two years.

Oakwood

professional manner in which they provided information for the survey team. It was recommended that the facility focus on empowering individuals; supporting them in developing skills to make choices and take control of all aspects of their lives; provision of more intensive training for longer periods of time, with emphasis on development of functional skills that will support work opportunities or expand residents' control over their environments; and, developing more employment options for more individuals including matching individuals and their skills to specific jobs. In the area of program planning, it was recommended that assessors should provide team members with information that is clear, understandable, and includes specific strengths and needs; and, individual program coordinators must move beyond reiterating multidisciplinary progress notes to include analysis of individuals' status in meeting training objectives. Lastly, it was recommended that the agency examine its current practices regarding behavior intervention. The Council reaccredited Oakwood for two years.

Mission, Values, and Goals

Outwood

The mission of Outwood is:
1. to improve the quality of life for persons with mental retardation; and,
2. to provide residential care and intensive training in a normalized environment to maximize intellectual, social, and physical development of each individual.

The following values guide service delivery.
1. The environment and services should strive to match commonly accepted patterns and conditions and should involve a minimum of limitation, intrusion, or departure from such patterns.
2. Individuals should have the opportunity for self-direction including informed choice regarding where they live, the services they receive, who they associate with, and the enrichment opportunities in which they engage.
3. Persons should be treated as unique individuals with differing abilities and needs. Each person's capacity for learning, growing, and changing should be recognized.
4. Individuals should live in environments that are safe, clean, pleasant, and attractive.
5. Individuals should have access to services that will maximize their development, well-being, quality of life, autonomy, independence, productivity, and capacities for social interaction, including interacting with people without disabilities.

Oakwood

The primary mission of Oakwood is to provide residential care and training for persons with mental retardation. Oakwood provides intensive training for individuals who do not have appropriate community placements available. It provides a normalized environment to maximize the intellectual, social, and physical development of each resident. Individuals are accepted for services without regard to religion, ethnic origin, sex, degree of disability, or ability to pay. The long range objective is to provide intensive residential care and training to persons with mental retardation in the least restrictive environment and to return them to the community within the shortest period of time needed to attain a level of self-sufficiency consistent with their capabilities.

Services provided to individuals are in accordance with assessed needs and recommendations of the therapeutic team. Individual long term goals are oriented toward placement in a less restrictive environment in the shortest time possible. Training objectives, developed from assessed needs and long term goals, are implemented by the facility or in conjunction with a community agency.

The statement of values is prefaced by a declaration that employees are the facility's most important resource and that through the efforts of the employees working

Outwood

6. Individuals' rights should be protected and they should be assisted in exercising their human and civil rights.
7. The highest standards of care should be sought in the delivery of services.
8. Families, communities, and service systems should be incorporated into the process of serving individuals in order to maximize community integration.
9. Each person's services should be delivered in accordance with a single, comprehensive, individual, habilitation plan that is developed, monitored, coordinated, and revised by an interdisciplinary team.

The following are statements of goals.
1. Individuals' rights will be protected and individuals will be assisted in exercising those rights.
2. Individuals served, their families, and community agencies will be involved in service delivery.
3. Services will be based on individual habilitation plans and individualized to address the unique needs and strengths of each person.
4. All training and programming will be designed to encourage individual empowerment. Opportunities will be provided for individuals to make choices and decisions.
5. Outwood will maintain Accreditation Council accreditation, a SUPERIOR rating by the Division of Licensing and Regulations of the Commonwealth of Kentucky, and certification for the Medicaid Program.

Oakwood

together the facility is able to achieve its mission of providing quality services to residents. Enhancing the qualities and skills of employees empowers the organization and individuals to develop and grow and provides an environment conducive to continuous improvement. Specific value statements include:
1. to enhance individuals' quality of life through an inter-disciplinary approach to programs and services in and outside of the facility directed toward maximizing the capabilities of residents within the shortest possible time period.
2. to assure that residents are afforded human dignity and that they experience and exercise the same human rights and risks as their intellectually normal counterparts.
3. to provide specialized services to families of persons with mental retardation and encourage their involvement in programs.
4. to provide technical assistance to community programs for persons with mental retardation and make facility resources available to the community to the extent possible without jeopardizing residents' programming.
5. to strive towards maintaining the highest standards of service provision through continuous review and upgrading of the quality of administrative, programmatic, residential, and medical services through research, staff development, and cooperation with other agencies/groups.
6. to foster greater acceptance of persons with mental retardation into the mainstream

Outwood

Oakwood

of life through demonstration and public education.
7. to identify and utilize all resources fully in the care and training of persons with mental retardation.
8. to prepare individuals to function in the community at maximum capacity by implementation of planned program training.
9. to prepare the community to function as an ecological structure that is supportive of individuals.
10. to facilitate development of individuals total entities through developmental training that is consistent with individual needs.
11. to assure consideration of residents' welfare and well-being as the first priority of all staff authorized to adjust programs or make administrative changes affecting residents' individual treatment plans.
12. to assure educational advancement through utilization of public school services for eligible residents.
13. to facilitate development of individual choice through resident self-governing activities.

In relation to facility goals, Oakwood has adopted the Total Quality Management philosophy with each department having a quality management plan including quality improvement issues and routines and priority monitoring. These Total Quality Management plans shall be consistent with:
1. maintaining Accreditation Council

Outwood

Oakwood

accreditation, SUPERIOR rating by the Division of Licensing and Regulation of the Commonwealth of Kentucky, and certification for the Medicaid Program.

2. protecting residents' rights and assisting them in exercising these rights.
3. involving individuals served, their families, and community agencies in service delivery.
4. providing a safe, clean, pleasant, and attractive environment.
5. providing individualized services through an inter-disciplinary approach to programs and services.
6. training that enhances residents' control over their environment and involvement in making personal choices.
7. training that maximizes community integration.

Plan for Assuring Quality Care

Outwood

At Outwood a continuing audit of management structure and effectiveness and an agency evaluation are used to assure quality services. The audit examines implementation of facility's policies and procedures, and compliance of the facility's policies and procedures with laws and regulations. Audit results and consequent modifications to be initiated are recorded.

The Res-Care corporate office surveys Outwood annually to insure that Outwood is meeting the objectives, standards, goals, and requirements set forth by the agency, corporation, and Cabinet for Human Resources. Residents' program, staffing patterns and performance, plant operation and maintenance, policies and procedures, professional and support services are reviewed. Weekly reports of occupancy, personnel vacancies, major incidents, staff accidents are submitted to the Corporate Office. A management audit report is submitted to the Administrator monthly. Information is reported on resident statistics, resident account, personnel, workshop, and finances. The Administrator also submits a monthly report. A yearly budget is developed by the Administrator, with input from department heads, and submitted to Res-Care Corporate Office. Department heads are notified of budget allocations and monthly reports, by department, a comparison of expenditures and budgeted funds is prepared by the facility

Oakwood

In 1990, the facility adopted Total Quality Management (TQM) as a method for assuring quality care. Prior to this time, executive personnel carried the responsibility for the quality of services. The concept of participative management was introduced as the foundation of the TQM program. The philosophy of TQM is that employees manage their own jobs, control how they are done and how quality is built into them. Self-study groups were formed to train and reinforce this concept and efforts have been made to involve all levels of the work force. Each department has its own "natural team" that concentrates on service provision. Issues that affect several departments are handled by a cross functional team. A Steering Council oversees the efforts of the facility. Representatives from various improvement teams make presentations to the Steering Council which provides continued support to team members and opportunities to celebrate achievements. To date, interdepartmental customer satisfaction surveys have been conducted, as well as surveys of resident and parent or relative satisfaction. A cross functional team was developed between Oakwood and Lake Cumberland Regional Hospital staff to improve the resident information provided by Oakwood and the quality of care provided by the hospital. Additionally, Oakwood has initiated a program of outcome evaluation of three performance components: people served, which

Outwood

bookkeeper. Positive and/or negative variances of 10% or more are analyzed. Financial statements and analyses of variance are submitted to the Res-Care Corporate Office monthly. A Fiscal Audit is performed annually by an independent audit firm.

Program and service outcomes are measured annually and periodically against goals and objectives developed through a strategic planning process. The following procedures are followed. Self-evaluation, internal evaluations, periodic surveys of parents, guardians, and advocates, Res-Care's Corporate Review, accreditation, and external on-site evaluations are used to assess the quality of services. Input is gathered through surveys and direct contact from individuals served, parents, guardians, families, advocates, and facility staff on responsiveness and effectiveness of service delivery. This data is compiled and analyzed. The Administrator, within the framework of the facility quality assurance program, assesses the need for developing and implementing modifications of goals, objectives, policies, procedures, practices, plans, and resource allocation. Internal evaluations of programs, service quality, staff performance, and utilization, physical plant and equipment requirements are conducted annually. The findings and recommendations of the Res-Care Corporate Review are used to determine priorities, program objectives, and service delivery.

Oakwood

measures benefits to people; the program, which measures the effectiveness and efficiency of specific program design and service delivery; and, organization, which measures how organizational structure and resource management facilitate accomplishment of outcomes related to people and the program. There is on-going evaluation of organizational processes that contribute to outcomes.

Staffing Patterns and Ratios

Outwood

Residential Staff

All numbers are approximate as slight variation exists among the cottages depending on resident need. There are five cottages at Outwood which house 80 residents; each cottage has two apartments which house seven to eight residents. All residential services staff are responsible for facilitating the resident's Individual Program Plan (IPP). A Qualified Mental Retardation Professional (QMRP) is assigned to each resident to assure that services are provided to meet the resident's needs in accordance with the IPP. The QMRP elicits individual preferences, assures that the IPP remains current, and maintains personal contact with the resident, family or guardian. Outwood has two full time QMRPs who serve 25 residents each. The other 30 residents are split between five department heads. Each cottage has a cottage supervisor per shift. The cottage supervisor is responsible for providing direct supervision of residential instructors, training instructors and recommending inservice, and monitoring client activities and staff work assignments in the conducting and completing of those activities. Three of the cottages have five residential instructors and two of the cottages have three residential instructors. The residential instructors participate in the assessment of skills and recommendations of training objectives, provide guidance and training to residents in carrying out daily

Oakwood

Residential Staff

All numbers are approximate as slight variation exists among the cottages depending on resident need. There are 18 cottages at Oakwood which house approximately 420 residents. Cottages have a unit director who is responsible for the supervision of two cottages, which would include 50 staff who serve 48 residents. The unit director chairs all inter-disciplinary program plans and special reviews for residents in the unit and usually serves as QMRP for eight of those residents. The Qualified Mental Retardation Professional (QMRP) has a caseload of 40 residents and is responsible for ensuring programs are developed and implemented that meet the residents training needs. The QMRP monitors all aspects of the resident's daily life to ensure that needs are met. A residential training specialist (RTS) has responsibility for one cottage, 24 residents. The RTS is charged with programming responsibility and daily schedules for all these residents as well as ensuring that staff are trained to carry out the programs. A shift supervisor schedules cottage staff to work in six cottages, makes rounds and assists staff as needed. A team leader provides supervision of residents in their apartment, assists in meal preparation, and provides coordination for residents and aids to carry out activities. Patient aides provide direction for resident activities such as meal preparation,

Outwood

activities, follow the planned daily schedule and utilize behavioral modification as indicated in the resident's plan.

Third shift staff rotate weekend coverage, but day coverage is provided by a fourth shift. The fourth shift arrives early on Saturday morning and works two 16 hour shifts to provide weekend staffing. While they are not officially scheduled on fourth shift, professional staff do attend some special activities and come in some during weekend hours.

A residential shift supervisor is assigned to first, second, third and fourth shift. The shift supervisor is responsible for the provision of quality residential services including dietary, personal hygiene, self care, behavior management, client development, leisure and recreation supervision, and medical management. The shift supervisor monitors client schedules, ensures that staff shift and cottage work assignments are initiated and completed, provides inservice training, conducts inservice training and coordinates the Abuse Investigation Committee.

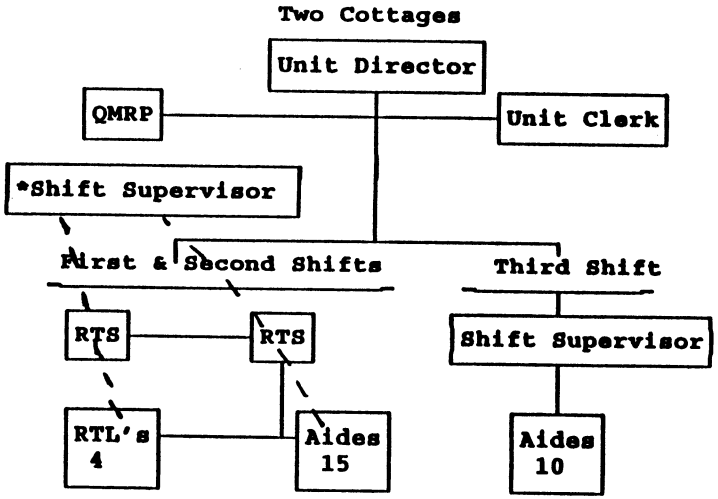
The staffing plan for residential services is depicted below for two cottages (4 apartments) (31 residents).

Oakwood

training programs, bathing, toileting, and daily needs of residents.

The residential staffing goal is to have four staff per cottage for first and second shifts and to have three for third including lunch and work breaks. The staffing plan for residential services is depicted below for two cottages (four apartments) (48 residents).

Residential Staff Organizational Chart



*Shift supervisors have responsibility for scheduling staff for 6 cottages.

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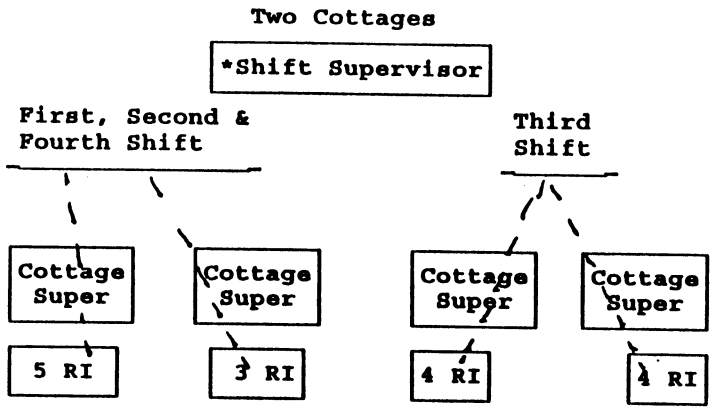
Residential Staff Organizational Chart



*Shift Supervisor has responsibility for

Therapeutic Services Staff

The assistant administrator is responsible for the direction, coordination and implementation of all program services including residential, work activities, psychology, occupational therapy, physical therapy, social work, recreation, speech training, and QMRP. The assistant administrator chairs the interdisciplinary team and quality assurance committee. The resident training department completes instructional evaluations and monitors the effectiveness of the training program. The instructional training director designs and implements a comprehensive system of assessment to include monitoring of all training, and appropriateness of resident

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The residential staff rotate weekend coverage which provides a consistent environment for the resident. The QMRP attends special weekend functions and professional staff routinely schedule some second shift hours. Additionally, professional staff will schedule weekend time as necessary. For, example, the last quality assurance meeting was scheduled on a Saturday to accommodate the schedule of two family members who are on the committee.

Therapeutic Services Staff

The director of therapeutic services is responsible for the oversight of vocational services, speech, audiology, occupational therapy, habilitative instruction, and visual resources. The rehabilitation instructor Sr. supervises vocational services for residents in both the workshop and satellite workshop. There are 63 residents in both programs and six assistants under his supervision. The workshop assistants provide direct supervision to residents as they are involved in training programs, and assembling or manufacturing products. The OJT coordinator oversees placement of residents in on-grounds job training by developing placements and working with residents and staff where a resident is assigned. The OJT assistant works daily with residents in their work locations. Two horticulture assistants provide daily

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groupings. Instructional training coordinates programming with prevocational and vocational services. A work activities director develops, coordinates, supervises workshop activities and conducts inservice training. The director develops and maintains programs to include vocational/work skills acquisitions, socialization, cognitive development, and behavior management. A contracts manager procures appropriate contracts and subcontract work with the private sector. The contracts manager sets contract pricing, informs staff of methods and techniques required for contract completion, and facilitates residents development of vocational skills. An occupational therapist provides assessments and follow-up including supplying adaptive equipment for dressing, bathing, meals and training. A speech therapist develops and assists staff to implement programs that enhance resident's communication.

Other Direct Care Professional Staff

Social services are provided by a social worker who serves as coordinator of social services and a social service technician. The department provides direct services to residents, liaison services with families, guardians and other agencies, coordination of all admission and discharges, management of residents' earnings and benefits, provision of a quarterly newsletter for

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training and work experience for residents in the greenhouse or on-grounds landscaping work. Two speech pathologists and three speech assistants develop and assist resident staff to implement programs that enhance resident's communication. Two audiology staff provide annual assessments and follow-up for residents with hearing problems. A habilitation supervisor and five aides provide training in daily living skills, communication, vocational services, and social and leisure activities. A visual services instructor and aides provide daily training opportunities for residents who are visually impaired. One full-time occupational therapist provides assessments and follow-up which includes supplying adaptive equipment for dressing, bathing, and meals for 420 residents. However, this position became vacant in January, 1994. There is no provision for a certified occupational therapy assistant or an occupational therapy aide to assist the occupational therapist.

Other Direct Care Professional Staff

Seven staff work in the psychology department and eight staff work in the social work department to provide psychological and social work services to the residents. Psychologists provide psychological evaluation, consultative, therapeutic and program development services. Psychologists participate in the

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residents and families, and procurement of advocacy service as needed. The social worker serves as a QMRP for a group of residents. Three psychologists, a sr. behavior technician supervisor, and two behavior instructors complete the psychology staff who are responsible for development and administration of the behavior program, staff inservice and orientation, data collection, functional analysis and evaluations/assessments.

Recreation Staff

The recreation therapist assesses residents' ability level and interest to determine appropriate recreation activities. In conjunction with the interdisciplinary team, the recreation therapist recommends activities including therapeutic recreation, structured recreation, nonstructured leisure, and community involvement. The therapist schedules monthly activities that the residents may select as well as planning special activities for small groups.

Medical/Health Care Staff

A physician, dentist, audiologist, three pharmacists, two physical therapists, and one physical therapist assistant have contracts to provide services to residents. The physician serves as medical director for the facility. A director of nursing coordinates health care services to

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development and approval of each behavior modification program involving restrictive procedures and are involved in medication review for residents who are receiving medication for the primary purpose of modifying behavior. Social workers provide direct services to residents and serve as liaison between the facility, family and community. Social workers protect the resident's rights, monitor and assist with financial training and notify the family/guardian of any unusual occurrence concerning the resident.

Recreation Staff

A recreation director coordinates recreation activities on a facility wide basis. One recreation leader coordinates daily gym and pool activities for daytime hours and two additional recreational leaders coordinate evening leisure activities for cottages and assist with facility wide special activities. One recreation program assistant on first shift and four assistants on second shift complete the recreation team.

Medical/Health Care Staff

The medical services unit provides basic medical, psychiatric, nursing, dental, physical therapy, pharmacy, and laboratory services through an in-house clinic and infirmary. A full-time physician serves as

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residents on a 24 hour basis and serves as a QMRP. Nursing service is provided on first and second shift by a registered nurse (RN) and a licensed practical nurse (LPN), on third shift by one LPN, and on fourth shift by one LPN and one certified medical technician (CMA). A RN is not in-house on third shift or on the weekends. Nursing care is provided in the homelike setting of the cottages whenever possible. An X-Ray technician completes the medical staff. Outside referral is utilized for psychiatric, emergency, and other specialized health care needs.

Employee Turnover

Outwood has an average of 159 employees. In 1993, the agency had 90 total terminations for an employee turnover rate of 57%. Of the 90 terminations, 66 occurred in the full-time residential instructor positions for a 42% turnover rate in these direct care positions. The employee attendance as based on sick leave and hours worked was 97%.

training area so that the program could be

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medical director for the facility and provides medical services. However, outside referral is utilized as indicated to meet the resident's needs. Nursing services are provided in the homelike setting of the cottages whenever possible. Nursing services include the operation of a 21-bed infirmary 24 hours a day, seven days a week and a day clinic Monday through Friday. A Registered Nurse(RN) is always in-house. In the cottages, first shift has 10 RNs and 15 Licensed Practical Nurses (LPNs), second shift has four RNs and nine LPNs, and third shift has two RNs and four LPNs. The infirmary and clinic are staffed with six additional LPNs. Services of a physical therapist are contracted and a full-time physical therapist aide is employed by the facility.

Employee Turnover

In 1993, Oakwood had an average of 679 employees. There were 73 terminations for an average employee turnover rate 11%. Of the 73 terminations, 57 occurred in residential direct care positions, for an 8% turnover rate. The Employee Attendance Average monthly, based on call-ins, was 95.07% indicating a very stable direct care staff. The stability and continued development of ongoing staff is a strength of the facility clearly increasing quality of care provided to the residents.

Resident's Records

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Random Sample of Resident's Records
Ten of the 80 resident's records were selected for review during the site visit. The sampling included resident's with varying levels of retardation, varying ages, and identified physical and mental health problems.

Outwood uses an interdisciplinary charting system which reflects the approach to treatment. All records were consistently structured with a clear flow of information. All records reviewed contained documentation of review of client rights and restrictions on at least an annual basis. Records contained comprehensive assessments completed by the professional staff. The Individual Treatment Plan (IPP) for each resident was current and reflected team efforts to individualize the plan. Treatment plans were clearly written and available to cottage staff. The treatment team, physical therapist, occupational therapist, psychologist, social worker, were able to translate data from complex assessments into a comprehensive plan. The plan contained simple, direct specific behaviors which were readily understandable by the residential and training staff. Plans reviewed contained a repertoire of behavior interventions that could be applied to individual residents. Some specific plans were carried with the resident into the training area so that the program could be available to staff. There was documentation

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Random Sample of Residents Charts
Fifteen of the 420 resident's charts were selected for review during the site visit. The sampling included resident's with varying levels of retardation, varying ages, and identified physical and mental health problems.

All records were consistently structured with a clear flow of information. All records reviewed contained documentation of review of client rights and restrictions on at least an annual basis. Two of the records reflected changes in the rights restrictions as a response to altered resident behavior. Records contained comprehensive assessments completed by the professional staff. The Individual Treatment Plan (IPP) for each resident had been updated at least annually. Treatment plans, which recommended various specific programs, were written and available to residential and therapeutic staff. Some goals on these IPPs were broad and appeared standard rather than individual. Behavior plans were broken down into manageable steps and very specific. Resident's level of proficiency with hygiene skills was assessed and specific goals for development were identified. When specific behavior plans were initiated, there was evidence of close monitoring, follow-up and modification of the plan.

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of monitoring of the client's behavior and use of recommended reinforcers. Hygiene skills were assessed and there was evidence of specific plans for improvement. Pictures of the right way to apply a brace were included in the record as a guide to staff who might be unfamiliar with the brace.

Records reflected communication with the family/guardian regarding the scheduling of IPP meetings and communication with the family regarding the treatment plan and progress. The family/guardian had signed the rights statement.

Physical exams were current and there was evidence of appropriate referral for specialized services such as psychiatric evaluation. Psychotropic medications seemed to be used judiciously within therapeutic ranges and there was evidence of routine review of prescription medications. Contracted physician appeared to be readily available for routine medical needs as evidenced in chart notations and medical emergencies were handled by an acute care facility. There was evidence of routinely scheduled dental care and oral hygiene was addressed in most records.

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Records reflected communication with the family/guardian regarding the scheduling of IPP meetings and communication with the family regarding the treatment plan and progress or problems. The family/guardian had signed the rights statements. There was also evidence of staff follow-up after home visits and letters from families/guardians expressing strong satisfaction with a residents' progress or visit.

Physical exams were current and nursing assessments were documented on a monthly basis which included a screening for psychotropic drug side effects for all clients taking psychotropic medication. Psychotropic medications seemed to be used judiciously in therapeutic ranges. Further, charts contained documentation of efforts to reduce psychotropic medication to minimum therapeutic levels needed by the client and routine psychiatric review was documented on residents receiving psychotropic drugs. There was evidence of routine medical review on all resident's receiving any type of prescription medication. There was evidence of preventative measures like mammograms and active treatment including surgery and follow-up following the discovery of a breast lump. Medical Director appeared to be readily available for routine medical care and there was evidence of referral for specialized health problems. Dental care was regularly scheduled and programs addressing oral hygiene were part of most records.

Programs and Services

Outwood

The following services and programs are provided to Outwood residents

- residential living,
- medical care,
- nursing services,
- social services,
- psychological services,
- physical and occupational therapy services,
- speech pathology and audiology services,
- respite services,
- dietary programs,
- recreational programs,
- Work Activity Center programs,
- Day Treatment modules, and
- Foster Grandparent program.

The Residential Services staff provide training and activities for clients in a normalized residential setting. They are responsible for providing friendship and a home-like atmosphere which reflects the community norms and assists clients in maintaining independent living skills.

Medical Services provides health care on a 24 hour, seven days a week basis to all residents. The physician participates in the Interdisciplinary Team process for monitoring and follow-up on individual habilitation programs. Dental Services provide quality health services to all residents. Routine and emergency services are provided. Dental Services are

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Oakwood staff are organized and function as both line and staff. The organization of the facility consists of an office of the Facility Director, including Quality Assurance, Social Services, and Psychology Services. All other staff function under one of the following units: Medical Services, Resident Program Services, Administrative Services, and Staff Services.

Social Work Services are provided to all residents in order to:

1. maximize social functioning,
2. enhance coping capacities of residents' families,
3. assert and safeguard the human and civil rights of persons with mental retardation and their families, and
4. foster the human dignity and personal worth of residents.

Social workers participate in the Individual Program Plan Review for initiating, monitoring, and following individualized program plans. Social workers serve as liaisons between the facility, the family, and the community in order to help the staff individualize and understand the needs of residents and their families in relation to each other, understand social factors in residents' day-to-day behavior, and prepare residents for changes in their living situations. They help families develop constructive, meaningful ways to support residents through counseling regarding changes in family structure and functioning.

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integrated into residents' Individual Program Plans through the Interdisciplinary Team process.

Nursing Services assists in providing quality health services to residents. Services are available on a 24 hour, seven days a week basis. Nursing Services provide health promotion, disease prevention, resident care during illness, and resident education in health, hygiene, sexuality, and dental care. Nursing Services personnel participate in planning and implementing training for facility personnel. They also participate in the interdisciplinary evaluation of residents for monitoring and follow-up on individual habilitation programs.

The Social Services Department provides direct services to residents to maximize social functioning, provide education and outreach services to families in order to increase family involvement with residents' programming, provide a mechanism to assist residents in exercising their human and civil rights, and to assure that those rights are protected.

Representatives from Psychological Services serve on the Behavior Intervention Committee, which reviews and approves all behavior programs prior to their implementation and the use of medications prescribed for behavior, and on the Human

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They involve families in planning for residents' return to home or other community placement. Social workers maintain an active program of communication with residents and their families. Social workers serve as residents' primary advocate for facility services and protect residents' rights. Social workers monitor and assist with residents' training in financial matters.

The Psychology Department provides psychological services to all residents through direct contact with them and with individuals involved with them. Psychology staff participate in the Interdisciplinary Team evaluation through initiating, monitoring, and following the Individual Program Plan. Psychologists participate in the development and/or approval of behavior modification programs involving restrictive procedures. Psychologists also participate in Medication Reviews for residents who are receiving medication to modify their behavior.

Medical Services provide continuous medical services for all residents. Medical Services include: physician's services, nursing services, diagnostic unit (laboratory, x-ray, and EEG), pharmacy, physical therapy, infirmary, dental department, and out-patient clinic.

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Rights Committee. The Human Rights Committee reviews and approves, prior to their implementation, all behavior programs which use restrictive techniques. Psychological Services is responsible for creating, implementing, and following-up all behavioral programs designed for individuals whose maladaptive behavior warrants programming and for assisting staff with behavioral intervention plans. Psychological Services staff provide inservices for facility staff and teach non-harmful control and restraint techniques including personal safety, verbal intervention, and empowerment of individuals served. Psychological evaluations are completed on all residents and a functional analysis of all residents is being completed.

The Department of Recreation provides recreational services to all residents. These services include: therapeutic recreation, structured recreation, unstructured leisure time, and community integration.

The Occupational Therapy Department and the Physical Therapy Department each provide the following services: assisting residents and facility personnel in locating and effectively using resources to develop residents' abilities and to assist them in living purposeful lives; to establish, maintain, and evaluate treatment programs

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The Resident Program Services Branch provides comprehensive daily living training and services to all residents including functional skills training, social development, leisure time activities, independent living skills, and physical development. The focus of these services is placement of residents into a less restrictive environment. Training is offered through the following departments: living and training units, recreation, and therapeutic services. Therapeutic Services, which includes audiology, speech pathology, occupational therapy, total communications, visual resources, and vocational training, offers specialized services to meet individual needs. Recreation provides individual training oriented toward skill development, as well as providing services and opportunities for leisure and recreational activities.

Administrative Services provide support services including fiscal, safety, engineering, housekeeping, laundry, dietetic, and other facility services necessary to enable residents to develop their physical, intellectual, and social capabilities as fully as possible.

Staff Services include staff training and development, foster grandparents, and computer operations analyst. These services function as a support service to all staff and organizational branches, units, and

and services which are appropriate, meet current professional and ethical standards, and are realistic; to develop and conduct educational programs for professional personnel, parents, staff, and others as a means of helping residents achieve a fuller life physically, emotionally, intellectually, and vocationally; to improve the Department's work performance through participation in inservice training, seminars, and continuing education; and, to coordinate effective treatment programs and schedules with the Interdisciplinary Team.

The Speech and Hearing Department provides services to all residents who are diagnosed as speech and hearing delayed or as having a hearing impairment regardless of the etiology, functioning level of handicapping condition in order to increase language, communication and auditory skills to their maximum level. The Department maintains quality services by evaluating, establishing and maintaining therapy programs and services in conjunction with the Interdisciplinary Team, facility physician and consultant audiologist. In-service training is provided staff regarding all aspects of language, oral and non-oral communication, aural rehabilitation, and habilitation training as they pertain to residents.

Respite care or temporary assistance arrangements are provided to help prevent

sections. This branch provides recruitment, retention, and staff development and procedures to govern staff activities.

There are 36 volunteers in the Foster Grandparent Program. Thirty volunteers are assigned to 60 residents and 13 volunteers serve 26 students enrolled in public schools. Foster grandparents develop a special relationship with residents through one-on-one sessions for two hours daily, five days a week. Foster grandparents serve as role models for residents and as a support during academic, self-help, and special training sessions.

Oakwood provides food service to 420 residents through contracted dietary services to prepare and deliver three meals and evening snacks to cottages daily. Doctor's orders, liquids, food supplements, etc. are provided at cost by the contract company. The facility employs registered dieticians (two full time and one part time) to supervise the food service program and provide input into residents' plan of care.

The Oakwood Canteen is a non-profit corporation operated for the benefit of residents. The Canteen is managed by a Board of Directors who meet quarterly to review financial status and other business. The Canteen is staffed by two part time employees, whose salaries are paid from Canteen profits. An annual audit is

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the need for permanent placement outside of the home or to keep the duration of such placement at a minimum. Persons considered for respite care admission are those whose parents or immediate caretaker have requested relief for hospitalization, vacation, temporary relief. These services also may be requested for short-term resident training or evaluation services. Respite care may be provided for a period of one to 30 days for any given admission year.

Dietary Programs provide wholesome, nutritional meals for all residents. Individual resident preferences are considered whenever possible. Special diets, prescribed by the medical staff, are written and monitored by the Dietician.

The Work Activity Center provides each resident with the highest quality of vocational skills training possible. Individuals are compensated for work produced and are encouraged to develop job abilities in order to increase their compensation and meaningfulness of the activity. All Work Activity Center clients are assessed using the Valpar #17 Prevocational Readiness Battery. The Work Activity Center participates in the Interdisciplinary Team process in the development of individualized habilitation plans. Direct services are provided to maximize residents' level of functioning, consistent with their abilities.

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conducted by an external organization. Oakwood has an active parent organization. Parents support and advocate for the facility. Organization goals include:

1. to promote the general welfare of exceptionally handicapped persons.
2. to assist Oakwood in developing programs.
3. to advise and aid parents or relatives in the resolution of their problems and to coordinate their efforts and activities.
4. to develop a better understanding of the problems of mental retardation by the public.
5. to serve as a medium for gathering and giving out information regarding the exceptionally handicapped.
6. to cooperate with state and national agencies or associations to promote the common cause.
7. to cooperate with all public, private, religious, and professional groups in achieving these purposes.
8. to solicit and receive funds for the accomplishment of the above purposes.

Oakwood provides residents' with opportunities to participate in facility-wide decisions seeking resident representation on the following committees: IPP, Human Rights, Safety, Resident Intra-Facility Transfer, Landscape, Decorating, and Resident Welcoming Committee.

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The Day Training modules are part of the "Resident Training Program." This program utilizes simple cognitive components of training such as matching, identification, and communication skills. The program emphasis is development of prevocational skills to enable placement in a sheltered workshop.

The Foster Grandparent Program is an older persons' program operating under the guidelines and direction of ACTION and was designed to provide part-time opportunities with stipends for low-income persons age 60 or over to give person-to-person service to children with exceptional needs. Foster grandparents typically serve for four hours a day, five days a week. They usually serve two children, individually, for two hours daily. Foster grandparents engage in activities that facilitate constructive one-on-one relationships. They provide the warm friendship, interest, understanding, individualized attention, unhurried help, and personal care required by the children. They lend support and assistance in learning and/or therapy activities. They participate in the usual activities of the assigned children, encouraging and helping them and contributing to their behavioral development. They also carry out the goals and objectives written by the professional responsible for the individual treatment plan. Foster grandparents supplement, but do not replace or substitute for staff. As

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employees, they are under the direct supervision of the Foster Grandparent Program Supervisor. Foster grandparents are required to complete a 40 hour orientation program and attend four hours of inservice training monthly.

Outwood has an active, supportive parents organization.

A Client Council has been established to give residents a voice in decision making. The Council meets monthly. During the meetings residents are given information and asked to provide input on a variety of issues. The Council produces a monthly newsletter that is mailed to family and friends and provides representatives to the Safety, Human Rights, and Infection Control Committees.

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Interviews With Residents

Outwood

Site visitors had the opportunity to interview several residents in the workshop. These residents said they liked living at Outwood. One resident talked about liking baseball. Several residents talked about eating at McDonalds or Burger King. One resident talked about a dance they had attended at the facility. The visitors also had the opportunity to interact with residents while visiting the classrooms, viewing meal preparation in an apartment, and observing recreational activities. Many profoundly retarded residents noticed the visitors and communicated by shaking hands or saying hello.

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Site visitors had the opportunity to briefly interview residents while touring facility, observing daily life including meals, structured training programs and recreation. Higher functioning residents could discuss preferences. For example, one resident talked about cooking meals and the need to use buttermilk to make cornbread. Two residents talked about dancing to a "Richard Simmons" tape. One resident who had a paper route said he liked living there and made his own money. One resident showed the visitor cards from her parents. Several residents talked about eating at restaurants.

Staff completed a "customer satisfaction survey" in March 1993. Oakwood residents were asked questions regarding daily living activities. Ten areas were addressed to give staff data to improve program functioning and resident satisfaction. Forty-seven to 57 residents responded to each item. Some key questions and residents responses are summarized below:

ITEM	yes	no	sometimes
Do you choose the clothes you wear each day?	83%	7%	10%
Do you choose when you go to bed?	67%	14%	19%
Do you have choice of evening activities?	45%	11%	45%
Do you have choice of off-grounds activities?	39%	14%	47%

Interviews with Residents

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ITEM	yes	no	sometimes
Do you help plan your program?	60%	14%	26%
Are you taken care of when you are sick?	93%	2%	5%
Are you allowed to carry money?	73%	20%	7%
Do you buy things for your room?	71%	14%	14%
Do you have opportunities to visit friends?	75%	5%	20%
Do you like your job?	86%	2%	12%
Are you happy living here	71%	18%	11%

Interviews with Family Members

Outwood

The Administrator provided a list of parents who would be willing to talk about the quality of care at Oakwood. Names were randomly selected from their list for interview. All parents contacted agreed their children were receiving excellent care. All parents had a child who had resided at the facility for many years. One parent commented that someone had bumped into her daughter recently and caused her to fall and the facility had promptly notified her. She stated these things happen occasionally as they would happen anywhere and that she was glad to be notified and believed care was excellent. One parent notified was the president of the parent's association. The parents association president stated that the parents represented were happy with the care received. She commented that she had a daughter who resided at the facility now, through the years when it was public, and through the first private contractor. Having experienced all systems, this parent stated she preferred the private contract because she could call the Administrator directly and the facility was responsive. She believed that the private contract allowed administration to hire and fire staff as needed rather than having to wait for state approval. When asked about the high turnover rate of residential staff, she stated that it didn't affect her daughter too much because she was higher functioning

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The Administrator provided a list of parents who would be willing to talk about the quality of care at Oakwood. Names were randomly selected from the list. All parents agreed that their children were receiving excellent care. A parent said "we didn't know Oakwood existed until we had a need for it. They can watch him around the clock, which we couldn't do. We were impressed with it then (in 1978) and we still are impressed with it. It is well-maintained, clean and always picked up." One parent, who is a teacher, stated "the quality of care is magnificent. I can not imagine being more pleased." Parents consistently spoke about the high quality of staff, particularly the aides that work in the cottages. They described them as caring and compassionate. "They are marvelous people. They understand mental retardation. He has (temper) outbursts and they can deal with this." They also complimented the Administrator. "Paul is an outstanding administrator. He knows everything that is going on." They also expressed appreciation for the facility's promptness in addressing their concerns. Several parents talked about the facility's programs. "They have a total program - medical, health, recreation." "They try to keep them on a regular routine. He knows what to expect and this makes him feel secure. He works at assembling ball point pens. He tells me that they (cottage aides) will rent movies

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and she thought the staff changed more with lower functioning residents. She also felt that administration was careful to try to introduce only one new residential worker at a time into a cottage and that probably all such facilities had a high turnover rate of these younger staff. She commented that the facility staff had voted for a union but that the union hadn't really done anything and she believed that staff might vote to discontinue the union. Another parent stated that the staff were very good to the residents. She said the staff kept up with her son's clothes and that had been a problem in the past. Another parent talked about the staff taking residents places like to restaurants in Dawson Springs and on excursions to surrounding towns. She commented that staff take residents in small groups of two or three and that local communities are very accepting of the residents.

Additionally, in March 1992, the facility mailed out a parent/guardian questionnaire. Sixty four questionnaires were returned to the facility. Key responses are reported below.

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and pop popcorn. He goes to basketball games and dances. His cottage went to Mr. Gatti's for pizza. They go shopping and they went on a train ride." This parent also observed that the people in the community are familiar with people who are mentally retarded and accept them. "It's not like when you go to Lexington and everyone stares."

Several children were enrolled in the public school system. One parent expressed gratitude for the help she received from Oakwood in resolving concerns she had regarding the school program. Another parent stated "my son was 18 when he went to Oakwood. He was in school for two years. I was pleased with the school program and I am happy with what he is doing in the adult training program. He shows a lot of pride in his paycheck - it is a real job for him." One parent commented that Oakwood was better than a group home because of the wide variety of services available and his child had opportunities to make friends with a variety of people. Another parent commented that her son had made friends with a young woman who lives in a neighboring cottage. One parent observed "my son loves coming home on the weekends, but he also looks forward to going back to Oakwood."

Interviews with Family Members (cont)

Outwood

Parent ratings of service

	Poor	Fair	Good	Excellent	No Ans
Cleanliness of facility	0%	2%	14%	80%	4%
Medical care	2%	0%	33%	61%	4%
Dental care	0%	0%	39%	57%	4%
Clothes that are purchased	3%	3%	53%	38%	3%
Quality & amount of food	0%	0%	51%	41%	8%
Recreational & social activities	0%	3%	42%	51%	4%
Learning & work opportunities	0%	3%	45%	45%	7%
Care & concern	3%	0%	20%	74%	3%

Additionally 100% of the parent group reported that they were kept informed. However, only 53% reported that they were able to attend staffings. Of those who were unable to attend, 50% reported family job responsibilities as the reason they could not attend; 17% sited distance as the reason.

Other items surveyed	Yes	No	No Answer
Opportunity to approve the behavior programs	70%	16%	14%
Informed of medication changes	64%	23%	13%
Provided with resident's financial information	78%	9%	13%
Informed about special activities & events	83%	2%	13%
Are residents' rights protected?	85%	2%	13%
Is the resident's record accessible to you?	81%	0%	19%
Are staff cooperative and helpful?	86%	0%	14%

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Other positive comments and suggestions from parents/guardians reported in this survey included the following.

Positive Comments: "Our son has been here for 26 years and we think this is a wonderful place." "I feel Outwood is doing an excellent overall job." "I really appreciate the reports on staffing." "I think my son is getting the best care. You have a caring staff." "I see nothing wrong with Outwood. I think it is a great place and I can see ___ is very happy. When I come to visit everyone is so nice to me. I feel the services at Outwood are very good." "I feel the services provided the residents are excellent- Perhaps most important is the compassion and genuine interest shown by staff in their progress." "It is so rewarding to know that ___ has such a lovely home away from home." "I can not completely express the peace of mind Outwood has given us . ___ continues to improve and is getting the kind of care we could not provide at home."

Suggestions: "I feel the food could be better and the TV could be changed to something more fun to watch." "Some events are reported after the fact in the newsletter." "Clothes are sometimes not his and don't fit properly when he is sent home for visits. It seems as if someone is haphazardly packing his suitcase." "We

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think there should be more activities on weekends." "If I could change anything I would raise the salaries of those in direct contact with my son above the poverty level. I'm still not sure about mental health care for profit."

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Interviews with Staff

Outwood

The following people were interviewed: Mr. Harris, Administrator; Mr. Brunet, Assistant Administrator; Mr. Brislin, Vice President of Operations Mideast Region, Res-Care; Dr. Chaney, physician; Ms. Logan, Director of Nursing; Ms. Riddle, Workshop Director; Ms Patton, Recreational Therapist; Ms. Jones, Occupational Therapist; Ms. Gholson, Physical Therapist; Ms. Roberts, Physical Therapy Assistant; and, the Day Treatment Modules supervisor. In addition, The on-site visitors were oriented to the medical chart system and spoke informally with instructors in the Day Treatment Modules, shift supervisors, cottage supervisors and two to three residential instructors in each of the two apartments in Oak, Elm, and Ash Cottages.

The Administrative staff were gracious and helpful in supplying documents in a timely manner, setting up interviews, and allowing the on-site visitors to view programs and interact, without interference, with staff and residents. They were willing to spend time discussing programs, personnel and staffing patterns, and linkages with the community. They spoke openly and realistically about strengths and problem areas. From these discussions, it was apparent that the administrative staff has a vision and a plan for future growth and improvement. They have communicated this plan to employees at all organizational levels. Employees seem to understand and

Oakwood

The on-site visitors initially met with the administrative staff including: Mr Guffy, Administrator; Ms. Van Pelt, Quality Management Administrator; Mr. Howard, Staff Services; Ms. Shearer, Resident Program Services, Mr. Minton, Administrative Services, and Ms. Marcum, Director of Nursing. During the time we were on-site, Ms. Shearer took responsibility for describing and showing the on-site visitors the resident programs and Ms. Van Pelt managed the interview schedule, arranged for the record review and answered questions regarding the organization and quality management. Both Ms. Shearer and Ms. Van Pelt were very knowledgeable about specific programs and the organization and functions of all departments. Having them available was helpful and efficient and met the on-site visitors' needs to quickly understand the functions and organization of a highly complex, large facility. Additionally, Mr. Guffy was available to answer other questions and spent a considerable amount of time discussing procedures, strengths and weaknesses and plans for future growth and improvement. The cooperation and willingness of these people to speak openly and at length greatly facilitated data gathering and understanding of the facility. Without exception, staff were gracious, helpful and willing to speak about their jobs, programs, procedures, residents and the facility.

Outwood

support these changes. Throughout the day, people spontaneously spoke about new directions in programming and how they were contributing to the overall plan.

Without exception, staff spoke in an open, forthright manner. It was particularly helpful to talk with Dr. Cheney. He has served the facility for many years and has an extraordinary depth of knowledge of individual residents' medical conditions. All of the professional staff clearly described their programs and how they functioned within the facility. Additionally, they were able to describe or refer to, in the case of the Day Treatment Module Supervisor, the part their programs played in individuals' habilitation plans. The resident instructors also were able to describe or refer to residents' individual habilitation plans.

Oakwood

The on-site visitors interviewed Mr. Porter, Staff Development and Training, staff from physical therapy, vocational rehabilitation, recreational therapy, psychology and a cottage supervisor. Dr. Jayme graciously showed the on-site visitors the medical facilities and infirmary and introduced the dentist. He was very helpful in clarifying the function and procedures of the Medical Services. Dr. Jayme has served Oakwood residents since the late 1970's and has a great depth of knowledge of individual resident's medical needs as well as an abiding commitment to their care. The on-site visitors also spoke informally with a sample of nurses, unit directors, residential training specialists, aides, workshop assistants, and the person responsible for the residents' library. Again, staff forthrightly spoke about their jobs, programs, and residents' responses to the programs

Observations of Residents' Daily Life

Outwood

At Outwood the daily routine, during the week, is designed to approximate that of a typical adult worker. After awakening, residents participate in their daily hygiene and dressing routines. All residents who are not independent in these functions either receive assistance or participate in training to improve their skills. Residents select their toilet articles from an assortment purchased by the facility. Clothing is purchased individually for residents and reflects their preferences. All meals are served in the cottages, with the exception of the noon meal for residents attending the Work Activity Center. After breakfast they participate, again with various amounts of staff assistance, in routine housekeeping tasks. At approximately 9:00am residents are escorted to one of the two types of training units: the Work Activity Center or the Day Treatment modules. Residents who have been assigned to the Work Activity Center stay at the Center until 4:00pm. Lunch is delivered to the Center and residents eat there in the cafeteria/ lunchroom. They also have a morning and afternoon break during which refreshments are served. These residents cash their work paychecks at local banks and are allowed to spend their money as they wish. They frequently buy items from local stores, such as WalMart.

Oakwood

At Oakwood the daily routine, during the week, is designed to approximate that of an adult worker for most residents. Some younger residents attend public schools and their routines are similar to those of late adolescents who are involved in an educational routine. One group of residents is older and their schedule has been modified to reduce the amount of training time, and increase the amount of free time for these residents.

Most meals are served in the cottages. After awakening, residents participate in their daily hygiene and dressing routines. All residents who are not independent in these functions either receive assistance or participate in training to improve their skills. After breakfast, they participate again in routine housekeeping tasks. Schedule for the one group of older adults allows more time in this morning ritual for eating and dressing and housekeeping.

The schedule of residents varies to allow the 420 residents to participate in various training programs and share the available facilities. All available training and recreational space was heavily scheduled. Most residents were scheduled to work or be involved in educational programs in three hour blocks. (Actual training time was currently limited by available space for training while plans for the new additional

Outwood

Residents assigned to the Day Treatment modules work there during the morning and afternoon. During these times there often are breaks for small groups to go to the gym or for individual residents to keep appointments with other services. Residents were observed in the gym. The variety and innovativeness of available activities was impressive. These residents eat lunch in their cottages. This is preceded and followed by self-care routines, such as hand washing. There is a short period of time after lunch when residents may pursue individual leisure interests. In observing the activities and interactions between residents and staff during this time period it was apparent that some of the resident instructors were keenly aware of individual residents' interests and were highly motivated to provide them with appropriate equipment or activities. On the other hand, there were a number of resident instructors who viewed themselves more as custodians and sat with residents in the TV rooms. In these cases, the residents were not watching TV and the resident instructor made no effort to involve them in other activities. When questioned, the resident instructors indicated that the residents were waiting to go to the Day Treatment area. Without exception the resident instructors were patient and kind with the residents and interacted in a supportive, reassuring manner.

Oakwood

off-grounds workshop were being finalized. Several staff commented about the delay from the state in finalizing the approval for this needed facility.) The older adults were scheduled to work in one and one-half hour blocks instead of three hour blocks. Work activities for most residents involved classroom training or workshop activities. Some residents were involved in on the job training activities in the greenhouse. Staff expected work opportunities in the greenhouse to increase as a new greenhouse had been recently donated to the facility. Some residents were working with staff in routine grounds maintenance activities. One resident had a paper route and another resident had an off-grounds job. Residents usually went to the canteen for breaks where snacks could be selected and paid for in a variety of ways depending on the resident's money handling ability. Residents could cash their work checks on the grounds and spend their money as they wished. Residents frequently buy items from local stores on shopping trips. Some clothing purchases by the facility must be from state stocks and are not personal or of very high quality. The facility tries to buy items such as jeans from these stocks and to help the resident personalize with other items. Residents were dressed appropriately in clothes that reflected individuality.

On-site visitors had the opportunity to observe meals in several apartments. Staff

Outwood

The on-site visitors did not observe the routines for dinner and evening activities or for weekends. However, staff reported that residents participate in a variety of leisure time activities. The recreational therapist indicated that they are moving away from large group activities and working on providing activities for small groups of residents that meet their individual leisure interest needs. Examples of small group activities include going to a local basketball game, going to a tractor pull, eating at local restaurants, and going to a shopping mall. Staff have taken residents to special attractions in nearby cities and also have taken them on longer trips that required staying overnight in a hotel or motel. There is a residents' basketball team and a summer aquatics program.

On weekends residents sleep later and, on Sundays, have a continental breakfast which allows them some individual choice and freedom in determining when they want to eat. Many attend church services in the community. For residents who do not attend a community church, there are services on the grounds.

The administration and staff, in recognition that employment outside of the facility or in Work Activity Center is not a realistic goal for some residents, has initiated an innovative program for teaching activities of daily living other than self care, such

Oakwood

were primarily involved in preparing and serving meals. Residents returned from their morning activities and were assisted or reminded to wash hands and sit at the table. While handling food, staff wore hair nets. Lunch was served family style in some apartments and higher functioning residents practiced passing food, using manners and serving themselves. While watching a resident dip jello, one staff commented on how hard it was not to help. The resident successfully served her own jello. Some residents who were trying to reduce weight were reminded to serve themselves one scoop of food from bowls instead of two. In another apartment, several residents required wheelchairs. The residents were assisted to move from the wheelchairs into normal dining chairs. Adaptive equipment was provided for several residents to assist with eating. One resident had a staff feed her to assist her to eat more slowly so that she would not regurgitate her food. Another blind resident was quietly informed by touch and words where the different foods were located on her plate. Staff talked easily to residents while assisting them with the meal. The goals for residents in this apartment included continued development of these self care skills. Residents observed had some choice in beverage selection. Food was appetizing in appearance, the appropriate temperature and adequate in proportion. A high number of the residents seem to be on special diets. Staff reported

Outwood

as meal preparation, shopping, and housekeeping. The on-site visitors observed a group of residents in one apartment who had gone to the local grocery store with staff to buy ingredients for preparing tacos. These residents were preparing the food, including cleaning, chopping, mixing, and cooking it. They ate the tacos for lunch. The way the aides provided stand-by assistance to the residents, rather than doing the tasks for them, was impressive. They positioned themselves next to individual residents and offered verbal instruction and cues, demonstration, and gave praise and encouragement. Documentation of these activities was reviewed and the records indicated that since June 1992 residents in Maple and Birch cottages have participated in making salads, tacos, pudding, jello, and pimento cheese. Since January, 1994, residents in Oak, Ash, Maple and Birch cottages have made upside down pizza, jello salad, microwave cupcakes and muffins, rice krispies treats, and chocolate pudding.

Oakwood

that residents sometimes cook during the workweek, but this was not observed during the visit. Staff and residents talked about shopping and preparing food on the weekends. The schedule is more relaxed on the weekends allowing residents to sleep later and have more choices regarding leisure activities.

All residents had scheduled swimming and gym time but could choose to use this time or be involved in a different activity. For example, if a resident did not like to swim, that resident could forfeit swim time and choose another recreational activity such as walking instead. Staff and residents talked about leisure and recreational activities such as taking trips and spending the night in a motel with a small group. One group of residents were talking about selecting and planting flowers. Many residents attend local churches and religious services are provided on the grounds for any residents who would like to attend.

Interactions of staff with residents were positive and respectful. The staff seemed to know the residents well and could talk to visitors about residents preferences and treatment plans. Residents were observed approaching staff and interacting freely with all levels of staff. Several family members were observed visiting and in each instance staff appeared to be very helpful and responsive to the family. Staff seemed

Outwood	Oakwood
	to be working hard to assist the resident "to do for" themselves even though visitors had the impression that staff wanted "to do for" the resident.

Observations of Residents' Environment

Outwood

The outside grounds were remarkably clean. No litter was seen and grounds were well tended. Residents could walk easily to buildings on clear unobstructed paths. A dog was sitting by one cottage wagging it's tail and several resident's stopped to pet this mascot. Abundant green space around the facility created a quiet atmosphere and residents could view trees and nature during their movement around the 80 acre campus.

The central recreational/administrative facility was spacious and housed a well equipped gym with an air mattress. The gym had convertible seating to allow for multiple usage of the space and video equipment. There was a Grill for sandwiches or hot meals for residents and employees. An outdoor pool was available for resident use during the summer months. An office was available to routinely cash pay checks for residents who were unable to or chose not to use the local banks.

The Day Treatment Module classrooms easily accommodated programs. There were adequate supplies for the work being completed by residents. A sensory stimulation room had been developed and equipped just prior to the visit. The Work Activity Center was a block structure with few windows. The central work area was factory-like in appearance. In addition to the workshop the Work Activity Center included offices, a conference room, and cafeteria with

Oakwood

Grounds of the Oakwood facility were remarkably clean and well kept. When a piece of paper was dropped, someone quickly picked it up. Lawns were groomed. Flower boxes were placed just off the blacktopped paths awaiting spring planting and leaving plenty of space for walkers to use the full path. There was a central outdoor recreational area which created a gathering place for socialization, basketball and other recreational activities. Adult swings were scattered along the grounds for leisure and several of the cottages had outside grills and sitting areas. There was abundant green space and resident's could view trees and nature during their movement around campus. There was ample space for outdoor walks and activities on the 200 acre Oakwood campus.

The central buildings housed a gym with convertible seating and equipment for video usage. A large heated indoor pool with ramp which could accommodate disabled residents was centrally located. A library with a variety of books and displays was maintained for residents to drop-in. The librarian indicated she also presented cultural programs to groups of residents in the library. A canteen with snacks was centrally located where residents could stop to purchase snacks during breaks. The site visit occurred in February and canteen staff were replacing valentine decorations with Spring decorations.

Outwood

kitchen for the residents. The cafeteria also contained refreshment machines so that the residents could enjoy a soft drink or other refreshment on breaks. All training rooms were well lighted and the temperature was comfortable.

A medical clinic area including an exam room, X-Ray room, and dental clinic area was available. A central laundry handled most laundry needs.

Overall, cottages visited were clean, comfortable and well ventilated (odor free): however, at the cottages observed the large glass panels were dirty. There was some evidence of resident's personal items (exercise bike and stereo equipment). Institutional supplied decor varied only slightly between apartments in the area visited. For example, apartments had homelike wall decorations but these were similar in all the apartments visited. Residents shared bathroom facilities in each apartment; privacy doors were intact in the units visited. Cottages had place mats and napkins in the dining areas and dining tables allowed for small conversational groupings of residents. The cottages visited had equipped kitchens to allow food preparation by residents even though most meals were prepared centrally by staff. Residents had closet space for personal items and apartments had community areas with comfortable seating and entertainment

Oakwood

The training classrooms were adequate for tasks being completed. The workshop was spacious and easily accommodated the residents working during the visit. Staff and evidence in records reviewed indicated that adequate training time was not available because of space limitations in the current facility to accommodate all residents who could benefit from training. The facility, however, is developing additional off-grounds space to be able to increase the training time and workshop space available to residents. There were adequate supplies available for the work being completed by the residents. Rooms were well lighted and comfortable with only one exception. The training room immediately behind the heated pool was overly warm and appeared crowded. Staff reported a temperature control problem with this room. Oakwood also had a greenhouse which provided some varied training options for some residents and the facility had just received a donation of an additional greenhouse which should allow staff to create more training opportunities.

A medical clinic area, including an exam room, clinical laboratory, pharmacy, physical therapy clinic, dental clinic, and infirmary, was available. A central laundry handled most laundry needs but a washing machine and dryer were available in the cottages visited.

Outwood

equipment. Resident's prescription medications were kept in a locked area in the cottages.

Oakwood

Cottages visited were clean, comfortable and well ventilated (odor free). Most rooms visited were visibly personalized with residents belongings such as stuffed animals, models, and posters. Stereo equipment, a cart for delivering newspapers, and exercise equipment were seen in the cottages of the higher functioning residents. There was variation among apartments in institutionally supplied decoration. Furniture in the living areas varied in style and color. Wall decorations were varied, which reflected individual differences. One apartment had a facility supplied treadmill in the central living area because residents in the apartment liked to use it. One cottage had been modified for older residents. A guard rail had been added as a safety feature along the central hall, the bathing area had been modified to allow the resident to sit and shower with easy access to the area increasing safety. A patio had been added allowing for meals and sitting outside during warm weather. Living room furniture had been replaced with slightly firmer furniture to ease rising, several rockers had been added, and a large screen television had been placed in the central living room for easier viewing. Residents shared bathroom facilities in each apartment. Privacy doors were intact in the units visited. Cottages had place mats and napkins in the dining areas and dining tables allowed for small conversational

Outwood

Oakwood

groupings of residents. The cottages visited had equipped kitchens even though most meals served were prepared centrally by staff and brought to the cottages for serving. Residents had closet space for personal items. Residents prescription medications were kept in a locked area in the cottages.

On-site visitors observed staff services personnel engaged in building repairs while touring the facility. A staff member commented that all staff take responsibility to report needed repairs to physical plant. Oakwood should be commended for the excellent repair and aesthetic atmosphere observed throughout the facility.

Discussion

There are several factors that affect comparison of Outwood and Oakwood. The first is that because of time constrictions, investigators looked at each facility through a very narrow lens. Investigators viewed a thin slice of an on-going process of growth and development at both facilities. Therefore, the report is based on observations at one point in time. Also, because of time constraints, facilities were viewed broadly rather than in depth. For example, only a sample of residents' records were reviewed, resident life was observed at several cottages primarily on first shift, rather than all cottages on all shifts, and investigators spoke with employees from some cottages primarily on first shift rather than interviewing employees from all cottages on all shifts. Therefore, there is a possibility that information was incomplete. However, investigators believe that the variety of documents reviewed and the use of randomization in selecting records and cottages to visit protected the validity of the study. Additionally, we observed all training and therapeutic programs at both facilities and interviewed staff associated with these services.

Another factor in comparing the two facilities is that Outwood is an 80 bed facility that admits persons with either severe or profound retardation. In contrast, Oakwood is a 420 bed facility that admits people at all four levels of retardation: mild, moderate, severe, and profound. Similarities are that the physical plants at both facilities were built within a few years of each other, the campuses have extensive grounds (80 acres at Outwood and 200 acres at Oakwood) and both facilities are located in rural communities that do not have a great variety of activities and resources. Therefore, opportunities to involve residents in community activities are limited and present a challenge that both facilities have met in creative, innovative ways. However, despite these differences, there still are sufficient similarities to compare the facilities on the parameters delineated in the methods section of this report.

The first parameter for comparison is that of licensing and accreditation reports. Outwood and Oakwood are required to maintain a "SUPERIOR" rating by the Division of Licensing and Regulation and Medicaid certification. Both facilities were surveyed in Fall 1993. They submitted acceptable plans of correction, received the required rating and were relicensed and recertified. The facilities also are required to maintain accreditation through the Accreditation Council on Services for People with Disabilities. Both were surveyed in the latter half of 1992 and were awarded reaccreditation for two years. At that time, Oakwood also received a letter of commendation from the Chair of the Board of Directors of the Accreditation Council.

The next parameter examined was statements regarding the mission, values and goals. Commonalities include statements regarding enhancing quality of life in the least restrictive environment, providing high standards of care, protecting human rights and assuring that residents have opportunities to exercise their rights, including families and community agencies in service delivery, providing residential care and intensive training in a normalized environment, and using an interdisciplinary approach to individual program planning. Although there are individual differences in the manner in which the mission, values and goals are expressed, essentially the content of the statements are similar.

Each facility took a different approach to quality assurance. Outwood uses an extensive management audit that examines performance in relationship to predetermined objectives. Outwood also has made consistent efforts to obtain feedback from parents regarding their perceptions of the quality of care. Oakwood is in the process of implementing a Total Quality Management program and have begun consumer surveys of all services. This approach to assuring quality care will allow the organization to move from a top down style of management and decision making to a style that allows grass roots, line personnel to make decisions regarding job-related improvements and change. This approach to decision making is a positive move because it has the potential to eliminate a group of deficiencies cited by other on-site surveyors that reflect a need for greater individualization in service delivery. This need for further individualization in designing and implementing programs was substantiated by observations of the large case loads (40 residents) assigned to Qualified Mental Health Professionals (QMRPs), who have the responsibility for overseeing individual habilitation plans. The approaches used by both facilities are appropriate, acceptable methods for the continuing examination of quality of care.

In the parameter of staffing patterns and ratios, both facilities have a residential staff, a therapeutic staff, and a support staff. Outwood refers to cottage staff as resident instructors and Oakwood refers to similar cottage staff as patient assistants. The ratio of these assistants to residents varies from one assistant to 2.66 to five residents. At both facilities these assistants provide direction for such activities as meals, training programs, bathing, toileting, and daily needs. At Outwood supervision and direction of this staff comes from a shift supervisor, a cottage supervisor and various professional staff from each therapeutic area. Oakwood also has a shift supervisor who is responsible for normal operation of a similar number of cottages. Additionally, Oakwood has a team leader, residential training specialist, and a unit director per cottage to assist with the direction and completion of programs/activities. These additional residential team members have additional education and training which adds depth and stability to the Oakwood residential

staffing program.

Outwood has five QMRPs. The low QMRP ratio to resident is a strength of the Outwood staffing pattern and adds some level of supervision to the assistant staff as the QMRP assures services are provided in accordance with the Individual Treatment Plan (IPP). This may also account for the individualization of care seen at the facility. At Oakwood QMRPs carry 40 residents.

Some of the QMRP responsibilities at Oakwood are shifted to other supervisory staff and Oakwood compensates somewhat for this ratio in depth of staffing and strength of structured programming. While Oakwood staff perceive that one QMRP to 40 residents is a reasonable ratio, the ratio seems high and splitting of QMRP responsibilities may contribute to problems noted by other on-site surveyors related to individualization of habilitation plans and documentation of program changes in response to resident behavior.

Outwood uses a fourth shift that works two 16 hour shifts to provide day coverage on the weekends. The use of a fourth weekend shift adds a different mix of staff who are not involved in the Monday through Friday routines and decreases the likelihood that the weekend staff will work closely with the Monday through Friday professional staff. Facility administrators have recognized potential problems with this staffing pattern and have encouraged professional staff to spend some time at the facility during the fourth shift. The Assistant Administrator reported that professional staff do come in some during the weekend even though they are not officially scheduled. At Outwood, the only direct supervision on the weekend is through the one shift supervisor and the cottage supervisor. At Oakwood, the residential staff rotate weekend coverage which provides consistency for residents. This rotating staffing pattern which provides for consistency and continuity in residents' daily activities is a strength. Although Oakwood professional staff are not scheduled on the weekends, many are reported to come by some on the weekends and most routinely schedule some evening shift hours to enhance continuity of care.

At Outwood overall programmatic direction lies with the Assistant Administrator. The professional staff is very stable. Professional staff have been at Outwood for years and together create a strong cohesive and talented therapeutic team. Most departments consist of one or two professionals who effectively provide direct care and give direction to other staff in meeting resident needs. The talent of this team is visible in residents' IPP, which is very specific, individualized, and communicated well to all staff. Staff have a shared vision in terms of future facility direction and continued program improvement. At Oakwood, the Therapeutic Services Director has oversight responsibility for therapeutic services. Because of facility size, most departments consist of multiple professionals charged with directly implementing and assisting other staff to implement the program

goals. Ratio of professional and therapeutic staff to residents tends to be higher at Oakwood. Specifically, there is a higher ratio of college educated staff. Many positions require an associate or a bachelor's degree. At Oakwood, facility size and population dictate greater variety in training programs. There are more staff in the training areas to supplement the residential assistants in supervising residents. The exceptions to this are in the occupational therapy and psychology departments. Both facilities have only one occupational therapist and the position at Oakwood was temporarily unfilled at the time of the visit. Oakwood could benefit from the addition of either one certified occupational therapy assistant or one occupational therapy aid. This would match the staffing pattern in physical therapy. Availability of psychologists appeared to be similar at both facilities. Outwood could benefit from an increase in professional/therapeutic staff to provide more direction for residential staff especially on the evening and weekend shifts. Professional staff encountered at both facilities were very respectful, knowledgeable and dedicated to quality care for the resident.

Medical/health care services are excellent at both facilities. A few medication aids still handle medication at Outwood while only nurses handle medication at Oakwood. A Licensed Practical Nurse (LPN) is on duty on the third and weekend shift at Outwood while a Registered Nurse (RN) is always on duty on all shifts at Oakwood to provide direct care and offer some supervision for the LPN staff. The fact that a RN is always on-duty and no medication aids are used at Oakwood is a stronger nursing care staffing pattern than the Outwood pattern. Also, Oakwood has the infirmary available to provide additional nursing attention to individuals experiencing health problems and Oakwood provides more in-house services than Outwood. Both facilities have committed staff physicians who appropriately use referral to manage resident health care needs. Both Outwood and Oakwood have physical therapy services.

The very high turnover rate of 57% for all staff and 42 % for residential staff at Outwood presents an area of concern. Residential staff work directly with the resident on a 24 hour basis. The constant turnover in this direct care population affects residents' care by introducing constant change into the daily environment. This high turnover rate is further complicated because professional staff do not routinely work on weekend or evening shifts to provide supervision and direction to these residential staff. The high turnover also requires constant orientation and development of this level of staff to meet basic quality levels. The need to focus so much attention on basic education of this constantly changing residential staff decreases the facility's ability to take development of these workers far beyond the basic level. In contrast, the turnover rate for all full-time employees at Oakwood was three and a half percent indicating a very stable direct care staff whose knowledge and

skills could be enhanced over time. Further, professional staff schedule some time on a weekly basis to provide direction for the evening staff and the rotation of regular staff for weekend coverage clearly enhances continuity. The stability and continued development of all staff coupled with the rotating staffing pattern and depth of professional supervision is a strength of the Oakwood facility.

Medical records reviewed at both facilities were commendable. Outwood professional staff did an excellent job of reflecting individuation in the IPPs and writing the IPPs in simple direct specific terms that could be easily understood by the residential staff. The interdisciplinary approach to structuring records created easy reading related to the holistic plan of care. At Oakwood, some IPP goals were broad and somewhat general. Specific simple, direct, behavioral programs and other programs were documented in other parts of the record. At both facilities, rights statements and restrictions were carefully considered, professional evaluations were available and current, and there was documentation of monitoring and adherence to the treatment plan. Both records contained evidence of appropriate health care assessment, treatment, referral and follow-up.

Although both facilities offer similar programs and services, there are some noteworthy demographic and resulting programmatic differences. Since Oakwood accepts residents who are diagnosed as mild, moderate, severe, or profoundly mentally retarded, the facility is required to develop programs to meet the needs of residents at all of these levels. In contrast, Outwood accepts residents who are diagnosed as either severe or profoundly mentally retarded. While persons with severe or profound mental retardation are the most difficult to develop programs for, Outwood can concentrate its resources on these two levels of mental retardation. As a result, Outwood does not have to deal with the variety of care that Oakwood must address. Oakwood also has many more residents than Outwood which adds to the complexity of the programming and the organizational structure that supports it.

There also are similarities in the manner in which the two facilities involve residents in organizational issues and give them a voice in decision making. Outwood has a Client Council that meets monthly, produces a newsletter, and provides representatives to three internal committees. Oakwood has resident representatives on a majority of its committees.

In the area of training, Outwood has initiated a program of teaching life skills to residents. This program was developed from recognition that working six to eight hours a day is not a realistic long range goal for many residents and that these residents would be empowered by learning and participating in activities and decision making related to daily life tasks. Additionally, the recreation program at Outwood has reduced facility-wide programming and focused on meeting individual leisure needs in small groups and through development of individual interests. These efforts to develop programs that empower individuals and are responsive to individual needs are commendable. In contrast, the variety of work available in the Day Treatment Modules is limited and may not meet individual needs and interests. This observation also was reflected in other on-site survey reports. The new sensory stimulation program, which is a part of the Day Treatment modules, is a step in developing additional training programs that meet a variety of individual needs. The program was developed in consultation with the professional rehabilitation staff and appears to be very well planned and appropriately accommodating to individual needs. Another example of this type of programming is the summer aquatic program that was initiated and implemented by rehabilitation professionals with the assistance of cottage supervisors and resident instructors. The program was well-received by residents and staff and was perceived as highly successful.

In terms of vocational training, Oakwood currently has a lucrative work contract to produce nails used in cement castings. Many residents are able to work on this job. Payment for work is an excellent incentive and residents are highly motivated to participate in this training program. The problem at Oakwood is the lack of physical space to accommodate the number of residents who would benefit from training. Oakwood has been waiting for approval from the State to provide vocational services in the community for 75 residents. This would alleviate the on-ground shortage of appropriate space.

Residents at both facilities seemed satisfied with their care. Some residents were able to communicate with visitors about their preferences and activities. At both facilities, lower functioning residents approached the visitors by touch, movement toward the visitors or single word communication. At Outwood, the profound and severe residents were more responsive to communication from strangers than the profound and severe residents at Oakwood. It was apparent that Outwood staff had worked on facilitating

communication with and expecting a response from the residents.

The interviews with family members were remarkably similar. Parents spoke positively and at length about how pleased they were with the quality of care provided for their children. They were very satisfied with the programs, services, and staff. Another similarity was that both administrators were perceived as highly capable, knowledgeable, and readily accessible to parents. Parents reported that the administrators acted quickly and competently in addressing their concerns.

At both facilities staff were cordial and willing to answer questions. Their responses are interspersed throughout this document. There were several issues gleaned from these interviews that do not seem to fit anywhere else and thus are reported here. During an interview with Mr. Guffy, the Administrator at Oakwood, he emphasized the importance of Oakwood's dedicated, experienced staff. Staff stability has allowed the facility to build on introductory staff training and to teach more advanced knowledge and skills. In speaking of future plans and directions, Mr. Guffy indicated that he hoped to see increased opportunities for enhancing resident independent functioning, self-esteem, and empowerment. He also expressed optimism regarding progress in moving towards utilization of front line staff and increased decision making by these people. Similarly, Outwood is using a team concept for decision making rather than a top down management approach. Outwood also has initiated a program of teaching life skills in addition to vocational training as a means of enhancing residents' skills, building self-esteem and empowering residents by involving them in decision-making relative to their day-to-day life tasks.

Another issue that came out of the staff interviews at Oakwood is frustration with the bureaucratic decision making process when change is required in some routine procedures regarding resident care. Hopefully, as the Total Quality Management Program is implemented at all organization levels and front line staff take on decision making authority, this problem should be eliminated. Another related issue at Oakwood is requiring bids to purchase items costing more than $500. While this is a reasonable procedure for items such as soap and food, it becomes burdensome when applied to items that directly affect the individual habilitation plans and are needed for individual residents to function in daily life tasks. At Outwood, staff have the flexibility to order these items directly, without having to go through a bidding process.

Lastly, Oakwood staff expressed frustration regarding the length of time it has taken for the State to grant approval for their new, off grounds vocational training facility. The need for additional space is critical and with every day, week, and month the State delays approval of this space residents are going without the amount and/or type of training they could benefit from. The

need for additional space to meet these types of individual needs also was reported by other on-site surveyors.

In observing the rhythm and flow of residents' daily life, there were both similarities and differences between the facilities. The daily life patterns at both facilities included routine times for self-care, work training, and leisure. As a smaller facility, Outwood has been able to move quickly in initiating programming that is responsive to individual residents' interests and needs. At that facility the increased focus on programming for small groups is apparent. This has not been accomplished to as great an extent at Oakwood; however, they are making progress in this direction and the fact that Oakwood is a larger facility with a more complex organization and a greater number and variety of programs than Outwood must be considered. At the same time, Outwood's progress in this area should be recognized and commended.

Both facilities are exploring strategies for providing age-appropriate activities for older residents. Oakwood has made environmental accommodations for these residents and has initiated shorter work hours and increased free time. However, both facilities need to continue their work on developing programming that differentiates the rhythm and flow of older residents' daily life from the daily life of other residents.

Conclusions

While similarities and differences in quality of care and quality of life were noted at both facilities, most of these have no apparent relationship to the issue of private versus Commonwealth management. Both Oakwood and Outwood have excellent management teams and have attracted and retained dedicated, competent medical and professional staff. Environments and programs are very similar and both organizations have loyal, appreciative parent support groups. However, the investigators believe that the following items are the direct result of either Commonwealth or private management. Oakwood is constrained by State purchasing procedures. Also, since it must seek Commonwealth approval to develop an off-ground vocational training center, Oakwood has been unable to respond promptly to alleviate a shortage of space for vocational training. These issues have not been problematic for Outwood. The problem related to private management at Outwood is the high rate of employee turnover, particularly in resident instructor positions. In comparison to Oakwood, which has a highly stable staff, it must be acknowledged that the Commonwealth benefit package and opportunities for advancement and commensurate pay increases for aides play a significant role in retention of the staff who have the most direct contact with residents. These investigators found no other issues that could be accounted for by either private or Commonwealth management.

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
STAFFING COMPARISON

PRIVATIZATION REVIEW
COMPARABLE SCHEDULE - STAFFING
ICF/MR INSTITUTIONS

Classification	Contract (C) or In-House Employee (E)		Number Authorized 1993		Number Filled 1992		Number Filled 1993		Average Salary		Average Tenure	
	Oakwood	Outwood	Oakwood	Outwood	Oakwood	Outwood	Oakwood	Outwood	Oakwood	Outwood	Oakwood	Outwood
Administrative	E	E	13	9.4	13	9.4	13	8.4	30,552	22,027	19	6
Professional	E	E	59	12.25	67	13	60	13	24,840	18,616	12	5
Nursing	E	E	18	7	15	7	18	7	33,060	19,530	10	4
	C		1		1		1		2,724		7.5 hr/mo.	
Medical/Dental/Therapist	E		5		7		5		43,884		7	
	C		8		7		6		33,840		90 hr/mo.	
Paraprofessional	E		136		143		135		20,520		18	
Clerical	E		23		25		23		19,764		17	
Vocational	E	E	15	5	15	5	15	5	17,808	14,477	15	9
Maintenance	E	E	19	5.5	24	6	19	6	17,880	13,416	15	4
Technician	E		10		11		10		22,476		19	
Food Service	E	E	3	6.5	3	6.5	3	6	24,000	12,147	11	8
	C		31						10,020		5	
Social Worker	E		7		7		7		25,332		10	
Residential Care	E	E	360	104	338	100	357	104	12,912	10,670	13	3.5
Instructional	E		2		3		2		23,316		17	
Laundry/Housekeeping	E	E	19	9	21	8	20	9	15,960	11,003	22	6
	C		10						10,608		5	
Recreation	E		3		3		3		21,264		14	
Security	E		9						9,780		5	
Contractual Services		C		10		10		10		14,360		7

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
ACCREDITATIONS

ac mrdd

ACCREDITATION COUNCIL FOR SERVICES FOR MENTALLY RETARDED AND OTHER DEVELOPMENTALLY DISABLED PERSONS

4435 Wisconsin Avenue, N.W., Suite 202, Washington, D.C. 20016

202/363-2811

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Sponsoring Organizations

American Association on Mental Deficiency

American Occupational Therapy Association

American Psychological Association

Association for Retarded Citizens of the U.S.

Council for Exceptional Children

Epilepsy Foundation of America

National Association of Private Residential Facilities for the Mentally Retarded

National Association of Social Workers

National Society for Children and Adults with Autism

United Cerebral Palsy Associations, Inc.

Executive Director

Kenneth G. Crosby, Ed.D.

September 20, 1984

Earl E. Harris
Administrator
Outwood ICR/MR
Highway 109 South
Dawson Springs, KY 42408

RECEIVED

SEP 24 1984

Outwood ICF/MR
DAWSON SPRINGS KY

Re: Agency No. 170583

Dear Mr. Harris:

I am enclosing a copy of the report of the survey of your agency that was conducted on July 16-18, 1984. The Accreditation Committee of the Council's Board of Directors reviewed this report on September 20, 1984, and voted that your agency be accredited for two years, subject to the conditions stated in the Council's Accreditation Policies and Procedures. Your Certificate of Accreditation will be sent to you as soon as it has been inscribed by our calligrapher.

The survey report summarizes the findings that the surveyors discussed with your agency's staff at the conclusion of the survey. While the Council will answer inquiries concerning the accreditation status of your agency, it will not release the contents of the survey report without your consent, unless legally compelled to do so. Your agency may, of course, wish to disseminate the contents of the report.

Your agency's voluntary participation in the national accreditation program for agencies serving developmentally disabled persons, and its achievement of accreditation, evidence its commitment to providing services of high quality, and its accountability to the persons whom the agency serves and who support it. We congratulate you on your attainments to date, and we encourage your continuing efforts to improve services.

Prior to the expiration of your agency's term of accreditation, we will send you the forms needed to apply for the resurvey required to retain accreditation. You may apply at that time for a focused resurvey, as described in the Accreditation Policies and Procedures section of the Standards document. Such a resurvey would focus on the progress made in correcting the deficiencies and implementing the recommendations stated in the enclosed survey report.

Meanwhile, if you have any questions concerning the report or the accreditation standards or process, please do not hesitate to contact me. We look forward to continuing to work with you in a mutual effort to improve services to developmentally disabled persons.

Sincerely,

Kenneth G. Crosby, Ed.D.
Executive Director

jw

Enclosure

The Accreditation Council

Promoting a New Quality of Life for People with Developmental Disabilities

Sponsoring Organizations

American Association on Mental Deficiency

American Occupational Therapy Association

American Psychological Association

Association for Retarded Citizens of the U.S.

Epilepsy Foundation of America

National Association of Private Residential Facilities for the Mentally Retarded

National Association of State Mental Retardation Program Directors

National Society for Children and Adults with Autism

United Cerebral Palsy Associations, Inc.

November 9, 1985

Mr. Harold Cole
Executive Director
Oakwood
South Highway 27
Somerset, KY 42501

Dear Mr. Cole:

It is my pleasure to send you the enclosed copy of the report of your AC MRDD survey that was conducted on July 29-August 1, 1985. The Accreditation Committee of the Council's Board of Directors reviewed this report on October 29, 1985 and voted that Oakwood be accredited for one year, subject to the conditions stated in the Council's Accreditation Policies and Procedures. Your Accreditation Plaque will be sent to you as soon as it has been inscribed by our engravers.

The administration and staff at Oakwood are commended for their commitment to the standards and to providing services needed by the individuals served. The AC MRDD Accreditation Staff appreciated their openness and cooperation during the survey. Representatives of the public especially praised the agency for the knowledge, love, concern and enthusiasm its staff show for the individuals served, the low employee turnover, and the cooperation it demonstrates with other agencies. Especially commendable is the support that Oakwood receives from the community, including 18,000 hours of volunteer help received in 1984.

It is critical that future efforts to improve services should focus on interdisciplinary program planning, work evaluation, behavior management, the implementation of the principle of normalization, and the protection of human rights.

Your agency may wish to disseminate the content of this report. While the Accreditation Council will answer inquiries concerning the accreditation status of your agency, it will not release the contents of the survey report without your consent, unless legally compelled to do so. In order to assist you in the recognition of your achievement, I am enclosing a news release that you may copy and send to newspapers, radio, and television stations serving your area. If you prefer that such releases be sent directly by The Accreditation Council, please send us a list (with addresses) of the media to which you wish the news release to be sent and we will see that each receives a copy.

Accreditation Council for Services for Mentally Retarded and Other Developmentally Disabled Persons
6435 Wisconsin Avenue, N.W., Suite 202, Washington, D.C. 20016 202/363-2811

Prior to the expiration of your agency's term of accreditation, we will send you the forms needed to apply for the resurvey required to retain accreditation. You may apply at that time for a focused resurvey as described in the Accreditation Policies and Procedures section of the Standards document. Such a resurvey would focus on the progress made in correcting the deficiencies and implementing the recommendations in the enclosed survey report.

Your agency's voluntary participation in The Accreditation Council's national program for agencies serving persons with developmental disabilities evidence its commitment to providing services of high quality and its accountability to the persons whom the agency serves and who support it. We hope that the list of deficiencies provided in this report will help Oakwood to continue to improve its services. Our goal is indeed that survey results can be turned around immediately into positive steps for future program development. Again, we congratulate you on your attainments to date and encourage your continuing efforts in quality assurance.

If you have any questions concerning the report or the accreditation standards or process, please do not hesitate to contact me. As the Chief Executive Officer of AC MRDD, I look forward to working with you in a mutual effort to improve services to persons with developmental disabilities.

Sincerely,

Mary C. Carreto

Mary C. Carreto, Ph.D.
Chief Executive Officer

MCC1/oakwood:rts
Enclosures

The Accreditation Council

On Services for People With Disabilities

Awards This

CERTIFICATE OF ACCREDITATION

to

Oakwood

In Recognition of Quality and Excellence in Service

Accredited

From October 22, 1992 To October 22, 1994

Chief Executive Officer

President of the Board

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
TAX WITHHOLDINGS AND PAYMENTS

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
TAX WITHHOLDINGS AND PAYMENTS

A facility will contribute economically to a region simply by hiring employees and those employees then paying taxes to the state and federal governments. The chart below shows those taxes withheld for Outwood employees by Res-Care for the two fiscal years ended June 30, 1992 and 1993.

	1992	1993
Kentucky Income Tax	$ 75,234	$ 77,536
Federal Income Tax	$ 163,724	$ 176,891
Social Security Tax	$ 142,788	$ 150,773

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
MONITORING & OVERSIGHT

PRIVATIZATION REVIEW
ICF/MR INSTITUTIONS
MONITORING & OVERSIGHT

Monitoring plays an important role in the Commonwealth's oversight of a program, project, or contract. With it, sufficient assurance of compliance with required terms and conditions can be gained and a determination made if objectives are being met. Without it, knowledge of compliance is uncertain, and the determination of the adequacy of final products or results is often made too late to affect the outcome. Therefore, provisions for sufficient monitoring should always be included in any agreement the Commonwealth enters into.

Monitoring may take many forms: performance reviews, audits, surveys, accreditation reviews, licensing reviews, investigations, inspections, and peer reviews. It may be performed by different parties: state, local, and federal, and may be announced or unannounced.

The following sections show the monitoring that takes place at the facilities under review.

Outwood

1) Contract performance program reviews by the Division of Mental Retardation
   - Annual
   - Announced

2) Follow-up visits and other reporting required depending upon the nature of the findings to contract review
   - Frequency of visits varies, usually 1-2 times per year
   - Announced

3) CHR Division of Licensing and Regulations Surveys using federal and state ICF/MR standards
   - Annual
   - Unannounced

4) Follow-up reviews by Division of Licensing and Regulations following facility submission of Plan of Correction to survey findings
   - At least one time a year
   - Unannounced

5) Accreditation Council on Services for People with Disabilities accreditation surveys. Outwood has been accredited since 1984, each time for 2 years.
   - Last survey in 1992
   - Announced surveys; next scheduled for August 1994

6) Routine visits to facility by Division of Mental Retardation staff on varying issues.
   - Frequency 4 to 8 times per year
   - Announced

7) Federal ICF/MR reviews by federal staff
   - Last review October 1985
   - Announced

Outwood (Continued)

8) Review by Res-Care, Inc., Corporate Office with written report submitted to DMH/MR.
   - Annual
   - Announced

9) Investigations conducted by the Division of Licensing and Regulations anytime there is a report of alleged abuse and neglect.

10) Local Health Department inspects the swimming pool and food service
   - Annual
   - Unannounced

11) State Fire Marshall inspects facility
   - Annual
   - Unannounced

12) Periodic and routine peer review (utilization review) by Health Care Review Organization of Louisville (for Medicaid)
   - Frequency varies from once a month to once in three months
   - Unannounced

13) Subject to inspections by OSHA
   - When complaint is filed
   - Unannounced

14) Financial Audit
   - Annual
   - Announced

Oakwood

1) Program review by the Division of Mental Retardation annually
   - Annual
   - Announced

2) CHR Division of Licensing and Regulations Surveys using federal and state ICF/MR standards
   - Annual
   - Unannounced

3) Follow-up reviews by Division of Licensing and Regulations following facility submission of Plan of Correction to survey findings
   - Frequency at least one time a year
   - Unannounced

4) Accreditation Council on Services for People with Disabilities accreditation surveys. Outwood has been accredited since 1984, each time for 2 years.
   - Last survey in 1992
   - Announced surveys; next scheduled for August 1994

5) Routine visits to facility by Division of Mental Retardation staff on varying issues.
   - Frequency 4 to 8 times per year
   - Announced

6) Federal ICF/MR reviews by federal staff
   - Last review November 1985
   - Announced

7) The Governing Board meets at the facility
   - Twice annually
   - Announced

8) Investigations conducted by the Division of Licensing and Regulations anytime there is a report of alleged abuse and neglect.

9) Local Health Department inspects the swimming pool and food service
   - Annual
   - Unannounced

10) State Fire Marshall inspects facility
    - Annual
    - Unannounced

11) Periodic and routine peer review (utilization review) by Health Care Review Organization of Louisville (for Medicaid)
    - Frequency twice a month
    - Unannounced

12) Subject to inspection by OSHA
    - When complaint is filed
    - Unannounced

13) Kentucky Board of Pharmacy inspects Pharmacy
    - Annual
    - Unannounced

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
FINANCIAL COMPARISON

General Comparison

The three minimum security correctional facilities selected for a cost comparison were Blackburn Correctional Complex located in Lexington, Kentucky, Marion Adjustment Center (MAC), located in St. Mary, Kentucky, and Lee Adjustment Center (LAC) located in Beattyville, Kentucky. Blackburn was chosen because it is a state owned and operated minimum security prison with the closest capacity to MAC and LAC, two privately owned and operated minimum security prisons. The following table shows other various general comparisons:

	Blackburn	MAC	LAC
Who owns the facility?	State	U.S. Corrections Corp.	U.S. Corrections Corp.
Who operates the facility?	State	U.S. Corrections Corp.	U.S. Corrections Corp.
When was the facility built?	Approx. 1898		1990
What is the inmate capacity?	390	500	500
What is the average occupancy %?			
FY 92	98.7%	91.6%	89.0%
FY 93	98.7%	82.2%	74.0%
When was the facility accredited by the American Correctional Association?	1988	1992	1994

Per Diem Costs

The chart on page 72 compares the costs per inmate day for the three facilities for the year ended June 30, 1992 (Blackburn) and the 1992 calendar year (LAC and MAC), and is divided into six segments:

1) Basic Expenses/Expenditures Incurred by Facilities
2) Depreciation and Amortization
3) Interest Expense
4) Expenses Paid Directly by Department of Corrections
5) Overhead Incurred by the Department of Corrections and Applied to the Facilities
6) Net Income Earned/(Loss)

The first segment represents those basic costs incurred directly by each facility for personnel and related costs, food and related services, utilities, insurance, other operating expenses/expenditures, general administrative expenses/expenditures, and income taxes. The per diem calculation shows that Blackburn expended $5.86 and $4.41 more per inmate day than LAC and MAC respectively. This is reduced to $2.61 and $1.63 when segments two and three are included. However, the chart notes that Blackburn does not incur depreciation and interest expenses due to the age of the facility. If the facility was new, additional costs representing depreciation and interest would be incurred as shown in note 4. Per diem costs could increase for a new state prison by $2.27 per inmate to $9.82 per inmate depending on the cost of the new facility.

The fourth segment represents those costs paid by the Department of Corrections for inmate labor and medical services regardless of the inmate's location. Those costs are a function of the nature of the illness, the medication prescribed, length of hospital stay, and transportation costs. The per diem calculation shows that inmates at LAC incurred $.30 and $2.13 more costs per inmate day than Blackburn and MAC respectively.

The fifth segment represents overhead incurred by the Department of Corrections for inmates at all three facilities. Each item was allocated based on the percentage that each facility's average daily population for FY 92 was to the total ADP for all correctional facilities. That percentage was then applied to the total Department of Corrections' overhead. Not all items were applicable to each facility. As noted, the costs are relatively the same for all three facilities.

The sixth segment represents the net income earned by LAC and MAC. It is equivalent to a management fee received by the facilities on top of the expenses incurred on behalf of each inmate. According to information received from U.S. Corrections Corporation, LAC and MAC received (earned) $1.03 and $1.01 per inmate day respectively.

A recap is also presented showing how the sources of funding were used by each facility.

The chart on page 75 is constructed similarly for the 1993 fiscal and calendar years. Significant differences include a reduction in days for which LAC and MAC were compensated. Note 5 takes into consideration the effect of lesser days by recalculating the per diem for the first segment based on total capacity rather than actual days. This recognizes that certain expenses are fixed and will be incurred regardless of population. The changes noted should be viewed as approximate because of the difficulty in determining those expenses that would remain fixed and those that would vary as population varied.

Another change worth noting is that Charles T. Mitchell Company reported both LAC and MAC with a net loss for the 1993 calendar year.

Comparison of Minimum Security Prisons

Blackburn Correctional Complex: 7/1/91-6/30/92
Lee Adjustment Center: 1/1/92-12/31/92
Marion Adjustment Center: 1/1/92-12/31/92

	Blackburn-140,910 days(5)		LAC - 163,991 days (5)		MAC - 167,369 days (5)	
	Total (1)	Per Diem	Total (2)	Per Diem	Total (2)	Per Diem
Basic Expenses/Expenditures Incurred by Prisons:						
Personnel and Related Costs	$2,733,831		$ 2,363,400		$2,697,116	
Food and Related Services	373,259		455,434		464,190	
Utilities	296,398		176,295		190,726	
Insurance	16,901		24,801		32,112	
Other Operating Expenses/Expenditures	365,450		262,121		212,961	
General Administrative Expenses/Expenditures	293,548		483,223		488,026	
Income Taxes			21,602		22,047	
Total	$4,079,387	$ 28.95	$ 3,786,876	$ 23.09	$4,107,178	$ 24.54
Depreciation and Amortization	(4)		$ 220,423	$ 1.34	$ 145,020	$ .87
Interest Expense	(4)		$ 313,772	$ 1.91	$ 320,236	$ 1.91
Expenses Paid Directly by Dept. of Corrections:						
Inmate Pay	$ 91,724		$ 135,522		$ 127,414	
Medical Services	388,887		471,858		136,739	
Total	$ 480,611	$ 3.41	$ 607,380	$ 3.71	$ 264,153	$ 1.58
Overhead Incurred by Department of Corrections and Applied to Facilities: (3)						
Corrections Management	$ 132,708		$ 155,458		$ 160,283	
Adult Institutions Management	15,716		18,410		18,982	
Adult Institutions Operations	21,312		78,061		80,484	
Training	31,984					
Total	$ 201,720	$ 1.43	$ 251,929	$ 1.54	$ 259,749	$ 1.55
Net Income/Loss:						
LAC and MAC	$	$	$ 168,670	$ 1.03	$ 168,757	$ 1.01
Total Costs	$4,761,718	$ 33.79	$ 5,349,050	$ 32.62	$5,265,093	$ 31.46

Comparison of Minimum Security Prisons
Blackburn Correctional Complex:. 7/1/91-6/30/92
Lee Adjustment Center: 1/1/92-12/31/92
Marion Adjustment Center: 1/1/92-12/31/92
(Continued)

	Blackburn-140,910 days(5)		LAC - 163,991 days (5)		MAC - 167,369 days (5)	
	Total (1)	Per Diem	Total (2)	Per Diem	Total (2)	Per Diem
Recap According to Sources of Funding:						
a) Allotments used by Dept. of Corrections for Blackburn excluding c) below	$4,079,387		$		$	
b) Fees paid to LAC and MAC by Dept. of Corrections			4,391,679		4,636,121	
c) Allotments used by Dept. of Corrections for Inmate pay and medical services	480,611		607,380		264,153	
d) Overhead allocated by Dept. of Corrections	201,720		251,929		259,749	
e) Other Revenues earned by LAC and MAC			98,062		105,070	
Total	$4,761,718	$ 33.80	$ 5,349,050	$ 32.62	$5,265,093	$ 31.46

(1) Information supplied by officials of the Department of Corrections
(2) Information supplied by Charles T. Mitchell Company, accountant for U.S. Corrections Corporation, and based on audit report prepared by Deming and Malone.
(3) For purposes of this schedule, overhead was allocated for FY 92 rather than calendar 92 due to state's accounting on a fiscal year basis. The allocation was based on the percentage that each institution's average daily population (ADP) for the FY was to the total ADP for all institutions.
(4) Because of the age of Blackburn Correctional Complex, no depreciation, amortization, or interest expense is presently incurred. However, in 1990 the Department of Corrections submitted a budget request for authorization to construct a 500 bed minimum security prison at a cost of approximately $26,000,000. Although the request was not approved, it does provide a possible representation of the track the Department would take if required to build a minimum security prison because of increased inmate populations. Given the example of a $26,000,000 bond issue plus issuance costs of $530,000 and an interest cost of 6.75%, the annual average costs to the Department would be:

Interest ($22,583,813 ÷ 20 years) = $1,129,191
Depreciation ($26,530,000 ÷ 40 years) = $663,250

Assuming a full prison of 500 inmates, the per diem cost would be $6.19 for interest and $3.63 for depreciation or a total of $9.82. Alternatively, given a vastly reduced facility requiring a $6,000,000 bond issue plus issuance costs of $120,000 and an interest cost of 6.75%, the annual average costs to the Department would be:

Interest ($5,207,625 ÷ 20 years) = $260,381
Depreciation ($6,120,000 ÷ 40 years) = $153,000

Assuming a full prison of 500 inmates, the per diem cost would be $1.43 for interest and $.84 for depreciation or a total of $2.27.

Comparison of Minimum Security Prisons
Blackburn Correctional Complex: 7/1/91-6/30/92
Lee Adjustment Center: 1/1/92-12/31/92
Marion Adjustment Center: 1/1/92-12/31/92
(Continued)

(5) The days used for LAC and MAC represent actual mandays for which U.S. Corrections Corporation was compensated. The days used for Blackburn represent the average daily population. If total capacity instead of actual days was used to arrive at a per diem for those costs that are fixed (recognizing that these costs are present regardless of the number of prisoners), the per diem for basic expenses/expenditures would decrease for all three institutions. For example, if all basics were considered fixed with the exception of food and related services, and these costs were divided by total capacity days instead of actual days, the per diem for expense/expenditures incurred by prisons would change thusly:

	From	To	Change
Blackburn	$28.95	$28.62	$ .33
LAC	$23.09	$20.98	$ 2.11
MAC	$24.54	$22.68	$ 1.86

Comparison of Minimum Security Prisons

Blackburn Correctional Complex: 7/1/92-6/30/93
Lee Adjustment Center: 1/1/93-12/31/93
Marion Adjustment Center: 1/1/93-12/31/93

	Blackburn-140,525 days(5)		LAC - 146,570 days (5)		MAC - 149,578 days (5)	
	Total (1)	Per Diem	Total (2)	Per Diem	Total (2)	Per Diem
Expenses/Expenditures Incurred by Prisons:						
Personnel and Related Costs	$2,806,909		2,490,957		2,775,172	
Food and Related Services	290,736		392,388		396,512	
Utilities	296,323		138,159		189,139	
Insurance	16,753		21,046		22,337	
Other Operating Expenses/Expenditures	356,765		257,636		365,424	
General Administrative Expenses/Expenditures	271,419		323,441		330,078	
Income Taxes			0		0	
Total	$4,038,905	$ 28.74	$ 3,623,627	$ 24.72	$4,078,662	$ 27.27
Depreciation and Amortization	(4)		$ 189,820	$ 1.30	$ 104,583	$ .70
Interest Expense	(4)		$ 305,297	$ 2.08	$ 311,562	$ 2.08
Expenses Paid Directly by Dept. of Corrections:						
Inmate Pay	$ 94,634		$ 104,152		$ 110,211	
Medical Services	158,942		208,975		108,968	
Total	$ 253,576	$ 1.81	$ 313,127	$ 2.14	$ 219,179	$ 1.46
Overhead Incurred by Department of Corrections and Applied to Institutions: (3)						
Department of Corrections Management	$ 138,198		$ 159,018		$ 164,761	
Adult Institutions Management	33,688		38,763		40,163	
Training	30,690					
Total	$ 202,576	$ 1.44	$ 197,781	$ 1.35	$ 204,924	$ 1.37
Net Income/(Loss):						
LAC and MAC	$	$	$ (76,334)	$ (.52)	$ (236,960)	$ (1.58)
Total	$4,495,057	$ 31.99	$ 4,553,318	$ 31.07	$4,681,950	$ 31.30

Comparison of Minimum Security Prisons
Blackburn Correctional Complex: 7/1/92-6/30/93
Lee Adjustment Center: 1/1/93-12/31/93
Marion Adjustment Center: 1/1/93-12/31/93
(Continued)

	Blackburn-140,525 days(5)		LAC - 146,570 days (5)		MAC - 149,578 days (5)	
	Total (1)	Per Diem	Total (2)	Per Diem	Total (2)	Per Diem
Recap According to Sources of Funding:						
a) Allotments used by Dept. of Corrections for Blackburn excluding c) below	$4,038,905		$		$	
b) Fees paid to LAC and MAC by Dept. of Corrections			3,945,286		4,156,364	
c) Allotments used by Dept. of Corrections for Inmate pay and medical services	253,576		313,127		219,179	
d) Overhead allocated by Dept. of Corrections	202,576		197,781		204,924	
e) Other Revenues earned by LAC and MAC			97,124		101,483	
Total	$4,495,057	$ 31.99	$ 4,553,318	$ 31.07	$4,681,950	$ 31.30

(1) Information supplied by officials of the Department of Corrections
(2) Information supplied by Charles T. Mitchell Company, accountant for U.S. Corrections Corporation.
(3) For purposes of this schedule, overhead was allocated for FY 93 rather than calendar 93 due to state's accounting on a fiscal year basis. The allocation was based on the percentage that each institution's average daily population (ADP) for the FY was to the total ADP for all institutions.
(4) Because of the age of Blackburn Correctional Complex, no depreciation, amortization, or interest expense is presently incurred. However, in 1990 the Department of Corrections submitted a budget request for authorization to construct a 500 bed minimum security prison at a cost of approximately $26,000,000. Although the request was not approved, it does provide a possible representation of the track the Department would take if required to build a minimum security prison because of increased inmate populations. Given the example of a $26,000,000 bond issue plus issuance costs of $530,000 and an interest cost of 6.75%, the annual average costs to the Department would be:

Interest ($22,583,813 ÷ 20 years) = $1,129,191
Depreciation ($26,530,000 ÷ 40 years) = $663,250

Assuming a full prison of 500 inmates, the per diem cost would be $6.19 for interest and $3.63 for depreciation or a total of $9.82. Alternatively, given a vastly reduced facility requiring a $6,000,000 bond issue plus issuance costs of $120,000 and an interest cost of 6.75%, the annual average costs to the Department would be:

Interest ($5,207,625 ÷ 20 years) = $260,381
Depreciation ($6,120,000 ÷ 40 years) = $153,000

Assuming a full prison of 500 inmates, the per diem cost would be $1.43 for interest and $.84 for depreciation or a total of $2.27.

Comparison of Minimum Security Prisons
Blackburn Correctional Complex: 7/1/92-6/30/93
Lee Adjustment Center: 1/1/93-12/31/93
Marion Adjustment Center: 1/1/93-12/31/93
(Continued)

(5) The days used for LAC and MAC represent actual mandays for which U.S. Corrections Corporation was compensated. The days used for Blackburn represent the average daily population. If total capacity instead of actual days was used to arrive at a per diem for those costs that are fixed (recognizing that these costs are present regardless of the number of prisoners), the per diem for basic expenses/expenditures would decrease for all three institutions. For example, if all basics were considered fixed with the exception of food and related services, and these costs were divided by total capacity days instead of actual days, the per diem for expense/expenditures incurred by prisons would change thusly:

	From	To	Change
Blackburn	$28.74	$28.41	$ .33
LAC	$24.72	$20.39	$ 4.33
MAC	$27.27	$22.83	$ 4.44

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
PROGRAM REVIEW

CORRECTIONAL PROGRAM EFFECTIVENESS:

PRIVATE CORRECTIONAL FACILITIES

IN THE

COMMONWEALTH

JUNE, 1994

CORRECTIONAL PROGRAM EFFECTIVENESS: PRIVATE CORRECTIONAL FACILITIES IN THE COMMONWEALTH OF KENTUCKY

Report prepared for the State Auditor's Office

by

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INTRODUCTION

> *Efficiency, effectiveness, and fairness are central goals for the administration of criminal justice in the United States. Efficiency means economically applying available resources to accomplish statutory goals as well as to improve public safety. Effectiveness refers to carrying out justice system activities with proper regard for equity, proportionality, constitutional protections afforded defendants and convicted offenders, and public safety. Assuring equal treatment and handling of like offenders and giving equal weight to legally relevant factors in sentencing represent the types of concerns generally expressed about the fairness of the criminal justice system.* (United States Department of Justice, 1993).

As part of their oversight responsibilities, the Kentucky General Assembly requested an assessment of the efficiency and effectiveness of private prison facilities in the Commonwealth of Kentucky. The questions concerning the efficiency and effectiveness of the private prisons within the Commonwealth raised by the General Assembly were:

> *Is the vendor for the private prison providing services as specified under their contract with the Commonwealth?*
>
> *Are these services of sufficient quality, i.e. are they effective?*
>
> *How do the costs and quality of services provided by the private vendor compare to those offered by public correctional institutions within the Commonwealth?*

Ultimately at issue is whether or not the public is receiving appropriate and adequate services for public dollars.

Responsibility for the conduct of this assessment of the efficiency and effectiveness of the private prison facilities was given to the State Auditor's Office. *Efficiency* of the private facilities was determined to be primarily an economic issue. The efficiency analysis addresses the following general questions: *Are the services required and paid for under the contract with the private vendor being provided in each privately operated correctional facility? Are the costs charged by the private vendor for operation of the facility comparable to those costs incurred by public facilities for comparable services?* The second issue, *effectiveness,* was determined to be primarily a quality issue. The effectiveness analysis addresses the following questions: *Are the services provided for by the private vendor quality services which achieve demonstrable outcomes? Are the services*

provided for by the private vendor comparable to those at the public facilities in terms of quality and demonstrable outcomes?

The current report addresses the issue of the *effectiveness* of social and support programs and services within private correctional facilities. These social and support services within private correctional facilities include: educational and vocational programs, religious services, visitation programs, and inmate work programs. Since the questions raised by the General Assembly were both direct and relative questions concerning the efficiency and effectiveness of private prisons, this report will assess the programs and services within private prisons and then compare the *quality* of these programs and services to those offered within a comparable minimum security facility operated by the Commonwealth.

PROGRAM EVALUATION

Assessments of human services are called program evaluations. This form of applied research is a specialized field within the social sciences. The issue of *effectiveness* within program evaluation is addressed through the collection and analysis of information which attempts to answer three questions.

Do the program services meet the needs of the target population?

Did the program services reach the target population?

Did the program meet its intended measurable outcomes?

The current analysis will attempt to assess the *effectiveness* of these correctional programs and services using these three central questions as the basis for review and analysis.

METHODOLOGY

Two private minimum security facilities and one public minimum security facility were selected for the purposes of this analysis. The two private facilities were: Lee Adjustment Center and Marion Adjustment Center. The third private minimum security facility, Otter Creek Adjustment Center, was not included in the analysis. The Otter Creek facility is relatively new and therefore, all potential programs and services may not have been brought on line at this time. Additionally, the

operations at this facility are currently still in the early phases of implementation and therefore have not stabilized to the extent that it would be appropriate to include this facility in the current analysis.

The public facility selected to serve as a comparative base or *control* was Blackburn Correctional Complex. This public minimum security facility was selected as a comparable public minimum security facility based on a number of factors which included: size and characteristics of the institutional population and staff information. Table 1 contains general information showing the *comparability* of these institutions.

TABLE 1

Comparison of Selected Institutional Characteristics

	Blackburn Correctional Complex	Lee Adjustment Center	Marion Adjustment Center
1992-93 Institutional Population	385	443	459
Percent Non-White Inmates	58%	41%	53%
Average Inmate Age	31	30	31
Percent Inmates under 21	7%	6%	5%
Percent Inmates over 50	5%	4%	3%
Staff/Inmate Ratio	1:4.4	1:3.4	1:4.06
Percent Staff Non-White	20.4%	1.0%	2.3%
Percent Staff Female	19.8%	17.2%	20.4%
Starting Salary: Officers	$13,668	$12,500	$12,500
Average Number of Inmates Per Housing Unit	69	83	70
Average Square Footage Per Inmate	60.44	*	60.00

*The calculations for square footage per inmate at Lee Adjustment Center were calculated differently than those for Blackburn Correctional Complex and Marion Adjustment Center. They are not comparable and were not included.

The research design developed to evaluate the effectiveness of the programs and services includes several parts. Each part of the methodology is designed to address one of three specific research questions.

Research Question #1: DID THE PROGRAM MEET THE NEEDS OF THE TARGET POPULATION? This portion of the evaluation of program effectiveness will require several steps.

1. *Identification of the program's target population.* In this instance the target population of all programs is the population of each facility currently under assessment. That is, the institutional populations of Blackburn Correctional Complex, Lee Adjustment Center, and Marion Adjustment Center.

2. *Identification of the type, degree, and extent of needs among the target population.* In the current evaluation, this means identifying the numbers of inmates at each correctional facility who have some type of educational, vocational, or social/psychological deficiency that could be addressed through participation in some correctional program. The identification of the needs of inmates at each facility can be accomplished through the review of two sets of information. First, a review of the demographic characteristics of the population at each facility to determine whether or not *special needs* inmates such as especially young or old inmates are present in substantial proportions and secondly, a review of the institutional profile of each facility using information from the Inmate Classification Instrument would be conducted. This instrument, administered at initial intake into the Department of Corrections and thereafter on a regular basis throughout the inmate's period of incarceration was developed to capture *security risk and educational, vocational, social/psychological needs of inmates.* It is intended for use as a means of placing inmates in security levels and within correctional programs that will result in the safest and most effective correctional environment.

Aggregate information on the institutional population at each facility, based on the information available from the Inmate Classification Instrument will provide us with general information on the educational levels, vocational training, and social skills of inmates within each

facility. We will then know, approximately, how many inmates at each facility have certain educational, vocational or social/psychological needs. This will produce a general *inmate need profile* for each facility. This *inmate need profile* for each facility can be used to project the range of programs and enrollment requirements of programs necessary at each facility to meet all reasonably addressed needs of all inmates. This then sets an *ideal standard for complete program service delivery.*

3. *Identification of the range of programs and maximum program enrollments.* Once the *ideal standards for complete program service delivery* have been set, the *actual program offerings* are then identified. This includes an identification of the range of services actually offered at each facility and the maximum number of participants potentially served by each program within each facility.

4. *Comparison of the needs of the target population, ideal standards for complete program service delivery, and existing program services.* In the current research this is the final step in identifying whether or not the programs offered within the correctional facilities are meeting the needs of the institutional population. It is simply a matter of comparing numbers. For example, if information on the needs of inmates within a facility showed that 100 of those inmates were illiterate, this would mean that ideally, the facility should offer courses that would teach 100 inmates to read. This would be complete program service delivery. If, however, in reality, the facility only offers one literacy course per year with a maximum enrollment of 30, only approximately one third of the inmates have the potential to receive this service. Therefore, the delivery of services to the target population is insufficient and the program is not meeting the needs of the target population. The closer the types and enrollment capacities of programs at correctional facilities come to completely meeting the needs of the institutional population, the more effective the programs.

Research Question #2: DID THE SERVICES REACH THE TARGET POPULATION? This question will require a simple review of the range of programs and services to determine whether or not they

were actually offered at each facility. It is the most straight forward of the three portions of this research design.

Research Question #3: DID THE PROGRAM MEET ITS INTENDED MEASURABLE OUTCOMES? This portion of the research requires first a determination of intended and measurable outcomes for correctional programs and services. These outcomes are generally divided into long term and short term outcomes. The short term outcomes for programs within correctional facilities include: enhancement of the *institutional environment* through the provision of structured and supervised activities for inmates, participation and completion of programs by inmates, and improvement in the behavior of inmates who are enrolled in and successfully complete programs. The long term outcomes for programs and services of this type are all related to the facilitation of a successful reintegration of inmates into the community following the service of a sentence within a correctional facility. The benefits provided through these programs should decrease the probability that an offender, once released to the community, will commit additional crimes.

Short term outcomes: The short term outcomes will be assessed using two measures. First, institutional characteristics indicative of the *quality of the institutional environment* will be assessed. Secondly, the disciplinary infraction rates of inmates enrolled and not enrolled in specific programs within the facility will be compared to determine whether or not program involvement improves the behavior of those involved in the programs while they are incarcerated. Third, program participation and completion rates as well as demographic information on those who complete versus fail to complete programs will be collected and assessed. The program participation and completion rates will be compared to determine whether or not the programs are resulting in successful completion among a significant number of program participants. The demographic characteristics of those who complete versus those who do not complete the programs will also be compared to determine whether or not program completion is related to individual characteristics and, whether or not program entry and completion standards may be biased.

Long term outcomes: The provision of programs and services within correctional facilities are intended to have an effect on the offenders' behavior. While punishment may be the currently socially acceptable purpose of incarceration, most correctional practitioners realize that punishment alone may not result in long term adjustments in offenders' behavior. Instead, many offenders require additional socialization and education while incarcerated so that they will be motivated to pursue law abiding life styles upon release. Research on long term program outcomes is *recidivism analysis.* That is, an assessment of the recidivism (crime recommission) rates, following release from confinement, of inmates who have completed correctional programs compared to the recidivism rates, following release, of inmates who did not complete correctional programs. This type of assessment requires the tracking of released offenders for 24 to 36 months following release to determine their crime commission rates. This type of assessment is well beyond the time and resource limitations of the current analysis. However, if the issue of the true effectiveness of these programs is to be determined, this type of research must be conducted.

Information on whether or not the programs within each facility met the criteria of: 1) meeting the needs of the target population, 2) providing services to the target population and 3) showing evidence of demonstrable program outcomes was requested from each correctional facility as well as the Department of Corrections central office. The findings for each private facility will be compared to those for the public facility to determine whether or not the programs and services provided by the private facilities are comparable to those offered by the public facility.

FINDINGS

Though not necessarily one of the intended purposes of this analysis, the major recurrent finding throughout the conduct of this evaluation was the general lack of quality information or information that was in a form such that it could be used to establish or show program effectiveness. This posed a significant problem for the current research. It also suggests that within corrections, little attempt is made to determine independently whether or not programs are being productive and effective. This further suggests that limited empirical information is being

used to determine program offerings, program enrollments, program content, and the need for program improvement and that, instead, program planning and development decisions are being made based on *assumptions* instead of facts.

This problem ***is not unique to Kentucky corrections.*** It is a problem throughout correctional systems nationwide. Correctional systems emphasize the collection and retention of information for case management and inmate management purposes. Few correctional systems approach planning for programs and services in a rational, structured manner. As a result of this general absence of information and/or useable information, the findings of this analysis should be used with caution. The lack of useable and available information on inmate needs as well as programs and services prohibits the determination of *any* definitive conclusions concerning program effectiveness.

Did the program services meet the needs of the target population?

Only limited information was available on the characteristics of the institutional population in each facility to make a determination of what specific *needs* existed within this population. Specifically, the aggregate population information on the presence of *needs* based on the Inmate Classification Instrument was not available in a useable form. Information readily available was incomplete. Consequently, no precise identification of the nature, extent and frequency of the various educational, vocational and social/psychological needs of the populations within each facility could be made. Additionally, the only demographic characteristics of the facilities populations which could be used to identify *special needs groups* was age of the population. This information is contained in Table 1.

TABLE 1

SELECTED AGE GROUPS WITHIN THE INSTITUTIONAL POPULATIONS

	Blackburn Correctional Complex	Lee Adjustment Center	Marion Adjustment Center
Percent Inmates Under 21	7%	6%	5%
Percent Inmates Over 50	5%	4%	3%

Inmates under the age of 21 and over 50 years of age are generally considered to have needs that differ from the general institutional population simply due to their age. If a significant portion of the population of a facility falls within one of these two age categories then, specialized programs may be required. In this instance, the small percentage of inmates within these two age categories would not justify specialized programs.

In terms of whether or not the programs offered are meeting the *needs of the target population*, we can make no precise determination since we have no quantitative information on what needs exist within the population of each facility. As such, we can not project the *ideal situation for complete service delivery* and use it as a standard with which to judge the effectiveness of existing program delivery. In a more simplified form, if we do not know how many inmates at a correctional facility can not read then we can not determine whether or not offering literacy classes that will serve 30 inmates annually is good or bad, effective or ineffective. We have no standards to use for judgement.

Rather than completely desert the project at this point in time, we can make certain assumptions about the institutional population at each facility which, though not precise, will provide a semblance of a standard for judging whether or not these programs are meeting needs that we know commonly exist among inmate populations nationwide. This will mean that, due to a lack of information, we can, in the end, only speculate concerning true program effectiveness. The

assumptions we will make concerning the *needs* of the populations within each facility are:

1. A significant proportion of the inmates within each facility have some type of substance abuse problem.

2. A significant proportion of inmates within each facility have limited formal education, including a substantial number of inmates within each facility who are illiterate.

3. A significant proportion of inmates within each facility have limited vocational training, i.e. marketable skills that would facilitate their employment upon release.

4. A significant proportion of inmates within each facility have serious deficiencies in social and behavioral measures to include: familial, marital and relationship problems.

TABLE 2

Types of Programs and Services Offered at Each Correctional Facility

	Blackburn Correctional Complex	Lee Adjustment Center	Marion Adjustment Center
Substance Abuse Programs			
Alcoholics Anonymous	YES	YES	YES
Narcotics Anonymous	YES	YES	YES
Group Counseling	(YES/NO)[1]	YES(started 3/94)	YES
Individual Counseling	(YES/NO)[1]	IN PROCESS	YES
Parenting Program	YES	YES	YES
Academic Programs:			
Literacy Program	YES	YES	YES
Adult Basic Education	YES	YES	YES
GED Program	YES	YES	YES
College Program	YES	YES	YES
Vocational Programs: Carpentry	YES	YES*	YES*
Electricity	YES		
Heating and Air Conditioning			YES
Masonry	YES	YES	
Welding	YES		
Computer Technologies		Proposed	Proposed

Inmate Work Programs			
General	YES	YES	YES
Farming	YES		YES (seasonal)
Horticulture	YES		YES
Correctional Industries	YES		
Employability Skills Class		YES	YES
General Library Services	YES	YES	YES
Legal Library Services	YES	YES	YES

[1] Correspondence dated March 21, 1994 and April 14, 1994 from Department and facility representatives specifies that individual and group counseling are not available at Blackburn Correctional Complex. However, in the written response to this report dated May 26, 1994 the Department stipulates these services are available.

*Lee Adjustment Center and Marion Adjustment Center offer or will begin offering a *building trades program*. This program will combine instruction in the skills for a number of building vocations such as carpentry and plumbing into one course.

Table 2 contains a summary of the range of programs offered at each facility. While we have attempted to obtain information that is as complete as possible, in some instances we did not receive the requested information. The information contained in this table is the *best* and *most complete* information we could obtain within the time period provided.

Do the facilities offer programs that would meet the *presumed* needs of the institutional population? Yes, the range of programs offered is broad enough to encompass the range of deficiencies and needs that we have *assumed* exist within the three institutional populations. The range of offerings in all three facilities encompass substance abuse, educational, vocational, and some social/familial skills programming.

The ratios of program staff to inmates and percentage of program staff with degrees were calculated for each facility. These figures are contained in Table 3.

TABLE 3

PROGRAM STAFFING INFORMATION BY FACILITY

	Blackburn Correctional Complex	Lee Adjustment Center	Marion Adjustment Center
Percentage of Program Staff with College Degrees	80%	73%	59%
Program Staff: Inmate Ratio	1:27.2	1:23.3	1:23.8

The ratio of program staff to inmates is comparable across the three facilities. This ratio of approximately 1 program staff member for each 23-27 inmates is adequate. The percentage of staff with degrees varies among the facilities. Blackburn Correctional Complex and Lee Adjustment Center have the greatest percentage of program staff with degrees. Marion Adjustment Center has significantly fewer program staff with degrees. A more careful review of the program staff without degrees at Marion Adjustment Center should be conducted to determine what type of programs they are involved in. Many programs within correctional facilities require staff with training that includes a college degree. Administrators at this facility need to make certain that qualified staff are involved in these programs.

In addition to staff credentials, a concern within correctional programming is the ability of inmates to complete programs within a reasonable amount of time. Many times, program completion is beyond the control of the inmate participants. Inmates may be transferred involuntarily or may be released prior to the completion of a program. Programs within corrections should be offered in a relatively intensive or compressed format to shorten the length of time it takes to complete the program and increase the probability that program completion will not be interrupted. In most instances, the programs offered at the three facilities did appear to be offered

frequently enough so that the *duration* of the program was not extremely long. Inmates may, therefore, have reasonable opportunities to complete programs.

The strengths and weaknesses of each facility in terms of the nature of the programs provided within each general program area is contained in the following section.

SUBSTANCE ABUSE PROGRAMS: The substance abuse programs at all three facilities rely primarily on Alcoholics Anonymous and Narcotics Anonymous. These programs are generally inexpensive to run and require no specialized staff. In two facilities, Blackburn Correctional Complex and Lee Adjustment Center, Alcoholics Anonymous and Narcotics Anonymous meetings are held in combined groups. In Marion Adjustment Center, meetings are held separately twice weekly for each group. Attendance at the meetings averages between 50 and 70 for each facility. The only limitations posed on the size of these meetings would be meeting space and limitations that the group size might pose for participation.

Group drug counseling sessions are held weekly at Marion Adjustment Center and recently (March, 1994) Lee Adjustment Center began offering these sessions. One session is held each week at each facility. The Lee Adjustment Center session has a maximum enrollment of 20 with actual attendance rates still unknown. The Marion Adjustment Center session has a maximum enrollment of 12 with average attendance between 10 and 12. In both cases, lay counselors are utilized. Specifically, in both instances a correctional officer or ex-correctional counselor is or will be used to lead the sessions. During interviews with inmates concerning institutional programs, the use of correctional officers as *counselors* was mentioned as a fact which would substantially reduce the inmates' willingness to seek this form of assistance.

Only the Marion Adjustment Center currently provides for individual counseling. The ex-correctional officer involved in the group sessions additionally provides individual counseling for inmates.

EVALUATION: While it may be easiest to combine the meetings of Alcoholics and Narcotics Anonymous, this practice does not make the most efficient use of these programs since the nature and progress of the two types of additions is not necessarily the same. It would be better to separate the meetings of these two

groups. It would also promote the potential effectiveness of these support programs if meetings were held more than once per week. When these programs are offered outside correctional facilities, members have the ability to attend numerous sessions during the week. This promotes abstinence from alcohol and drugs. Generally, though Alcoholics Anonymous and Narcotics Anonymous programs are inexpensive and easy to implement, a full range of services for substance abusive inmates should be provided by the facility. This should include the ability for inmates to receive specialized group and individual counseling from certified substance abuse treatment experts. The presence of group counseling at the two private facilities and the ability for inmates to receive individual counseling at Marion Adjustment Center does present a broader range of treatment options. However, the use of a correctional officer or ex-correctional officer as treatment staff for these options is inappropriate. While the officer may have received training in *substance abuse counseling* the fact that the individuals are or were part of security staff within a facility (a fact known by the inmates) reduces their credibility and ability to develop trust among the inmate population.

PARENTING PROGRAMS: Parenting programs are generally implemented for two reasons. 1) To enhance the parenting skills of convicted felons and promote stronger family ties, interaction and support upon release. 2) To promote ongoing constructive contact between the incarcerated felon, while incarcerated, and his children to reduce the stress that incarceration can create for the children of the offender.

The parenting program at the Blackburn Correctional Complex consists primarily of group sessions during which offenders meet to discuss and share common familial problems and have structured parent/child visitation. Potential maximum enrollment is high and classes are large. During January, 1994 a total of 77 inmates participated in this weekly program. The parenting program at Lee and Marion Adjustment Centers is a smaller and more specific instructional program that includes direct instruction in parenting skills as well as structured, supervised visits between the inmates and their children once the inmates have successfully completed certain program units. The direct instructional components Lee and Marion Adjustment Centers' parenting programs necessitate lower maximum enrollment limits. These are: 25 at Lee Adjustment Center and 15 at Marion Adjustment Center. During January, 1994 a total of 9 inmates at the Lee Adjustment Center were participating in this program and a total of 12 had participated over the last year at Marion Adjustment Center. The Marion Adjustment Center had completed its first parenting course

with 50 percent (4 out of 8) of the inmates enrolled successfully completing the program requirements.

> EVALUATION: The development of parenting programs for males at the three facilities is a beneficial program offering. The parenting programs offered at the two private facilities have the potential to provide for a greater enhancement of parent/child relationships than the program offered at Blackburn. This is due to the greater individualized instruction possible within small classes. These programs should be maintained, if not expanded within all facilities.

EDUCATIONAL PROGRAMS:

College Programs: All three facilities offered some type of post secondary/college courses. These programs offered at the facilities were general education in orientation and were offered through small private colleges located in the vicinity of the facility. None of the programs resulted in a *degree*. However, Blackburn Correctional Complex has identified in its institutional policies and procedures (BCC 20-02-01 as provided to the evaluators) a *study release* program through which inmates may attend the University of Kentucky. However, according to the Department, this program was discontinued several years ago. This is unfortunate, program such as these for inmates who do not pose a danger to the public can provide not only the function of providing inmates with an education but the additional benefit of gradual reintegration into the community. Marion Adjustment Center is planning to further develop their college courses so that inmates may obtain an *associates degree in general studies*. Classes are generally offered during the evening, on-site at the facilities. Over the last year 82 inmates at Blackburn, 33 inmates at Lee Adjustment Center, and 62 inmates at Marion Adjustment Center participated in this program.

GED Program: All three facilities offered a GED program. These were offered several times annually during the day for a duration of approximately 3 months for each session. Maximum enrollments for these programs were 180 at Blackburn Correctional Complex, 180 at Lee Adjustment Center and 120 at Marion Adjustment Center.

Adult Basic Education Classes: Adult Basic Education Classes were offered during the day at each facility weekly. The maximum annual enrollments for these classes were approximately 150 inmates at Blackburn, 130 at Lee Adjustment Center and 85 at Marion Adjustment Center.

Literacy Programs: Each facility offers a literacy program for inmates. In each instance, the program is serviced by inmate tutors. Individual class enrollment limits are small (10-15) to provide for more intensive one-to-one instruction and are conducted several times during the week. Multiple classes were conducted in each facility over the course of the last year. The numbers of inmates served annually in each facility were: 87 at Blackburn Correctional Complex, and 83 at Lee Adjustment Center.

The staffing for educational programs within the three facilities varied in terms of the size of staff available as well as the credentials of staff utilized. Blackburn Correctional Complex had the greatest number of academic staff: 9 individuals. Five of these staff had post-baccalaureate degrees, 2 had baccalaureate degrees and 2 had not completed their college degrees. On-site post-secondary instruction was provided by adjunct or full time faculty from Lindsay Wilson College. Lee and Marion Adjustment Centers had fewer staff devoted to educational programs. Lee Adjustment Center had 4 individuals and Marion Adjustment Center 2 individuals who provided educational programming. For both facilities, the instructors were required to hold Kentucky Teaching Certification and 12 months experience in either corrections *or* teaching. The college programs at Marion Adjustment Center and proposed program at Lee Adjustment Center were staffed by adjunct or full time faculty from Campbellsville College and Lees College respectively.

> EVALUATION: All three facilities offer a wide range of educational programs. Absent information on the specific numbers of inmates with specific educational needs it is not possible to determine whether or not the programs are offering sufficient content and are offered frequently enough to meet the needs of the inmate populations. Though some college education may increase the probability of employment for inmates following release, programs such as that proposed by the Marion Adjustment Center for a two year degree in *general studies* must be approached cautiously. These types of generic degrees may or may not enhance employability following release. Inmates must be made aware of the limitations of this degree prior to investing their time and effort into the program. Blackburn Correctional Facility policies and procedures relative to the *study release program* should be amended to reflect actual events, i.e. if the program was discontinued several years ago, this policy should be dropped.

VOCATIONAL PROGRAMS: Blackburn Correctional Complex offered the greatest range of vocational programs for inmates. These programs included carpentry, electricity, masonry,

horticulture, and welding. All programs, upon completion, result in certification in a specific trade or skill. Maximum class sizes are small to promote more hands on and direct instruction. Blackburn Correctional Complex also houses several small correctional industries programs. These programs, discussed more specifically in a later section of this report, provided inmates with work experience and work training. Marion Adjustment Center is planning to start a building trades program some time during the spring of 1994 and began a heating and air conditioning vocational program in January, 1994 and a horticulture program in February, 1994. Marion Adjustment Center additionally offers: upholstery, woodshop, and leathershop which they classify as *vocational programs*. However, these do not meet the criteria for vocational programs in that they do not provide for a certification in a specific trade or skill. Additionally, in terms of utility, the skills developed have limited marketability. Instead of being offered as *vocational programs*, these programs should be offered, as they are at Blackburn Correctional Complex, as *recreational programs*. Marion Adjustment Center has additional plans to, with the assistance of Campbellsville College, implement a computer technology course in 1994. This course will be offered 4 times annually and will have a maximum enrollment of 12. Lee Adjustment Center has the smallest number of vocational programs. The programs currently offered at Lee Adjustment Center include a building trades program which includes masonry, carpentry and plumbing with plans to begin computer technology and video technology programs this spring. They additionally offer upholstery as a vocational training class which, as explained previously, does not meet the criteria for a vocational training program.

While it is true that the building trades programs at Lee Adjustment Center offer inmates the ability to have exposure to multiple building trades, those at Blackburn offer inmates intensive training in one specific trade. Given the nature of building trades and the competition for employment within this market, the intensive study of one trade would be preferable and result in stronger skills for inmates upon completion of the program.

A primary concern related to these vocational programs at Lee and Marion Adjustment Centers was the irregularity of course meetings and a lack of direct/hands-on work performed as part of the course. Inmates at both facilities reported that while classes are scheduled, they often do not meet when instructors are absent or are cancelled if class sizes become too small. At Lee Adjustment Center, inmates reported they had vocational courses but they were, in some instances, *book based* with little practical skills application or development.

> EVALUATION: The vocational programs within the Lee Adjustment Center are not sufficient to provide a range of skills education nor an adequate number of available program *slots* to meet the presumed deficiencies in this institutional population. Caution should be taken not to confuse crafts such as woodworking and leathermaking with vocational trades and skills. Additionally, offering programs, such as upholstery, that do not result in a certification of some form of trade will not enhance employability upon release from confinement. ALL vocational programs in all facilities should be regularly assessed to determine the current marketability of the skills or trade taught. Vocational courses should be offered by reputable and responsible instructors or instructional organizations. Classes must be held on a regular basis and should not be cancelled unless class sizes are very small.

INMATE WORK PROGRAMS: All facilities provide for some type of inmate work programs or *on the job training*. These include a variety of work assignments for inmates not involved in educational and vocational programs or who can not be assigned to work due to medical problems. Some of these work assignments such as auto repair would provide the inmate with some marketable skills. Others, such as general maintenance work assignments simply provide structure and *normality* to the inmate's daily life within the facility. Work assignments are important for the management and control of inmates. Inmates at Lee Adjustment Center appeared to be *less involved* in work activities than inmates at the other three facilities. Only Blackburn Correctional Complex has, on site, a correctional industries program. Numbers of inmates involved in the program are small, 25-35, due to the nature of the industries.

Inmates in all facilities are considered to be involved in *work programs* while taking educational and/or vocational courses and all inmates appear to have the ability to *select* educational or vocational programs - assuming the programs are offered and slots are available - as work assignments. However, the pay scale for inmates may not encourage participation in

educational and vocational programs. While all inmates in each facility receive some type of monetary compensation on a regular basis. Pay for inmates ranges from .10 to 1.80 per day depending on the specific work assignment. Those inmates involved in educational and vocational programs received the lowest or lower pay than inmates involved in the general work assignments. This may act to inhibit participation in educational and vocational programs that could provide more substantial and longer term benefits to the inmate than general work assignments.

The work assignment categories and pay scales related to work assignment grades were not consistent across the three facilities. Greater comparability should be established.

> EVALUATION: Work programs in all three facilities seemed to be sufficient to provide inmates with a structured environment and personal responsibilities to enhance their accountability though the number of work assignments at Lee Adjustment Center should be closely scrutinized. Pay scales within the institutions should be made comparable when work assignments are equivalent. Additionally, enhanced pay for inmates involved in educational programs would provide offenders with increased motivation to enroll in and complete these programs. The long term benefits to be derived from a class such as a literacy class are much greater than those to be derived from working as part of a sanitation crew at a correctional facility. Inmate work programs were generally adequate and no significant differences, other than pay scale and fewer work assignments at Lee Adjustment Center were noted between the facilities.

EMPLOYABILITY SKILLS PROGRAM: Only Lee and Marion Adjustment Centers offered some type of employability skills program. These classes vary in content but generally contain subject matter which attempts to provide inmates with information on how to find and maintain employment upon release.

> EVALUATION: Employability skills classes (to include basic living skills) should be mandated as a pre-release requirement for all inmates at all facilities. The current programs offered at the private facilities are limited but offering something is better than having no program, as is the case at Blackburn Correctional Complex.

GENERAL AND LEGAL LIBRARY SERVICES: All facilities provide for a legal library and for some form of general purpose library. Holdings in the legal libraries are extensive and up to date. This was expected given federal court orders which mandate quality in these libraries. Holdings in the general purpose libraries are generally dated and in poor to moderate condition. All libraries are open on a daily basis and inmates have reasonable access to these facilities.

EVALUATION: Relative to library facilities within correctional institutions generally, the facilities and holdings at the three facilities are poor to adequate for general use purposes. If facilities are offering post-secondary courses within the facilities, the libraries should be extensively upgraded if they are to support post-secondary education. No differences were noted between facilities in terms of the quality of the facilities or accessibility of these facilities for inmates.

GENERAL PROGRAMS AND SERVICES: In addition to the specialized programs discussed above, each facility offered *general purpose programs and services* to its inmate population. These included: visitation, religious services, recreation, and canteen services. All facilities appeared to have accessible and reasonably comfortable visitation facilities. Visitation times were consistent across all facilities: Saturdays, Sundays and holidays. Religious services provided for a range of Christian denominations as well as Muslim worship services. Dedicated religious facilities were present in all facilities. Blackburn Correctional Complex had on-site a dedicated facility for religious services, a chapel designed and constructed by inmates. Recreation programs and activities were offered on a regular basis at each facility. Gymnasiums were available at each location and though dated in some instances, were adequate. Other recreational options were also evident to include weight-lifting and softball. The private facilities had a broader range of recreational options in that each has a tennis court and outdoor volleyball facilities. Overall, these general programs and services were adequate at the three facilities and no extreme differences between private and public facilities were noted.

Canteen services were a rather controversial issue within specifically the Lee and Marion Adjustment Centers. Canteen access varied by facility. At Blackburn Correctional Complex canteen privileges were extended on a *by housing unit basis* therefore, inmates had access to the canteen one day per week. Canteen privileges at Lee Adjustment Center were more structured. The canteen was open 7 days a week for 6 hours each day. Canteen privileges at Marion Adjustment Center were, similarly, more structured than those at Blackburn Correctional Complex. The canteen was open 7.5 hours per day, Monday thru Friday.

In terms of manner of payment, inmates at Lee and Marion Adjustment Centers are allowed to carry up to $45 which can be used to purchase items at the canteens. Blackburn Correctional

Complex has recently ended the practice of inmates' carrying cash and has gone to an inmate account system. At Marion Adjustment Center, concern was expressed over the use of proceeds from the canteen to pay for 2 employees to staff the canteen.

Of primary concern for all inmates, but especially those at the two private facilities was the high cost of items carried by the canteens. In an effort to address this issue, a cost comparison of 27 items available at canteens within all three facilities was conducted. Prices at the three facilities were compared to one another and to the prices of these items at Kroger's Supermarket within Louisville. The cost differentials are contained within Table 3.

TABLE 3
COST COMPARISON OF INMATE CANTEEN PRICES

Outlet	Total Cost of Items	Percent Above Kroger Total
Kroger Supermarket	$27.62	
Marion Adjustment Center	29.00	5.0%
Lee Adjustment Center	31.85	15.3
Blackburn Correctional Complex	31.60	14.4

As shown in this table, the prices were not extremely out of line with the costs of the items within a general purpose supermarket. Those at Lee Adjustment Center and Blackburn Correctional Complex were the highest in relation to the Kroger costs.

EVALUATION: With the exception of the identified problems with canteen services, the general programs and services provided were adequate. The questions concerning canteen services including: comparability of access across facilities, cost of items and use of canteen proceeds to fund staff positions should be addressed. While the expenditure of canteen proceeds to fund a staff member to work in the canteen is *technically* consistent with the policies and procedures for use of canteen proceeds, it may not be the *best* expenditure for these funds. These are to be used for inmate programs and recreation and staffing needs should not be deducted from these proceeds. Prices within canteens will necessarily be more expensive than in

large grocery stores simply due to the limitations posed by the small inventory purchased and maintained. The current prices are not extensively out of line with the costs of these items in the community. However, given the limited funds inmates have to purchase items, efforts should be made to keep these prices reasonable.

Overall, the programs and services appear to be adequate, though not necessarily exemplary, in terms of the range of opportunities they provide for inmates. Whether or not they more specifically meet the needs of the target population can not be determined since information on the detailed needs of this population was not available. With the exception of the parenting programs in operation and the computer technology and video technology programs in development, they are the programs and services that have been traditionally offered within correctional facilities for the last twenty years - no better, no worse. The only substantial differences between the private and public facilities was that Blackburn Correctional Complex clearly offered a broader range of vocational services and employed a greater number of educational staff per inmate than the private facilities.

Did the services reach the target population?

Evidence provided by reports, observations during site visits, as well as interviews with inmates suggest that the facilities are offering most programs on a regular and scheduled basis. Some problems were noted with the cancellation and regularity of offerings of vocational programs at the two private facilities. However, in most instances the facilities did appear to have truly functional and operating programs and services.

Did the program meet its intended measurable outcomes?

As described in the Methodology Section of this report, several measurable outcomes for correctional programs and services can potentially be assessed. These include both short and long term program outcomes.

Short term outcomes: The short term measurable outcomes for programs and services within correctional facilities include: *enhancement of the institutional environment, program*

participation and completion by inmates, and improvement in the general institutional behavior of program participants.

Though indirect, several measures of the *institutional environment* of each facility were taken. These included factors related to the *quality of the environment within the facility for both staff and inmates.* The facility ratings on these *institutional environment measures* are contained in Table 5.

TABLE 5

SELECTED MEASURES OF *INSTITUTIONAL ENVIRONMENT*

	Blackburn Correctional Complex	Lee Adjustment Center	Marion Adjustment Center
Number of Assaults on Staff (1992)	2	1	1
Number of Use of Force Incidents (1992)	5	8	2
Percent of New Staff Turnover Annually (1993)	15%	26%	20%
Average Annual Number of Drug Confiscations	4.5	9.75	8.8
Average Annual Number of Weapons Confiscations	0.83	1.75	0.60
Number of Inmate Grievances Filed (1993)	167	221	186
Average Annual Number of Completed Escapes	18.5	12	12.75
Average Annual Number of Inmate Fights	0.8	0.5	4.0

Though no national standards exist for *tolerable limits* for some of these measures, the numbers of problematic occurrences are not extreme. The numbers of these events which would indicate problems within a correctional facility are comparable across all three facilities and within relatively acceptable limits given the security level of these facilities and nature of the institutional populations which, until recently contained Class A felons. The existence of programs at each of these facilities has, in all likelihood, contributed to a relatively acceptable and tolerable *institutional environment.*

Facility information on the numbers of inmates participating in programs annually was sketchy, at best, and therefore of limited value. No comparisons could be made due to the

insufficient information. However, with the exception of the work program, approximately 55 to 60 percent of all inmates in each facility appear to be involved in a minimum of one program annually. This is not surprising given that program involvement is viewed by inmates as a means of *doing time and making that time pass more quickly*. With respect to how many inmates *successfully complete* various programs on an annual basis, again, information was not available, was of poor quality or was not in a useable form to be able to make definitive statements concerning the effectiveness of programs nor differences between the facilities. Nonetheless, a review and assessment of the limited and available information was made.

Completion rates for substance abuse programs were not available especially since the programs which dominate in the facilities are more *maintenance, ongoing support* programs (Alcoholics Anonymous and Narcotics Anonymous) rather than structured treatment programs with a progression of steps for successful completion. Parenting program completion rates were only available from Marion Adjustment Center. When this program was most recently offered, 4 out of 8 or 50% of the participants *successfully completed* the program. The 50% passage rate for the parenting program at Marion Adjustment Center is not unreasonable given that this is a new program and the number of participants was small.

Information on educational program completions was additionally sketchy. Literacy program *successful completion* rates were not available from the facilities. Adult Basic Education program completion rates were available from only Marion Adjustment Center where most recently, 22% of the inmates who entered the program *successfully completed program* requirements. GED courses, since they are intended to promote the passage of the participant on the GED exam, were easier to obtain completion information on. The percentages of inmates who completed the GED courses and passed the GED examination ranged from 74% at Lee Adjustment Center to 50% and 56% respectively at Blackburn Correctional Complex and Marion Adjustment Center. Course completion information was not available for individuals enrolled in the college programs within the three facilities.

Given the lack of information, no determination can be made on the educational programs with the exception of the GED. In the instance of the GED program, the passage rates for the GED examination among students who completed this program is reasonable and comparable to programs of this type that are offered in the general community.

Similarly, the numbers of certifications and *successful completion* rates for vocational training courses could not be provided with any detail or certainty. Only Blackburn Correctional Complex could provide information on the percentages of participants within vocational programs who received some form of certification to indicate the *successful completion* of program requirements, primarily the completion of a specified number of instructional hours. These certification rates ranged from a high of 86% for inmates enrolled in the electricity training program during 1993 to 38% for inmates enrolled in the carpentry vocational training program during 1993. These rates, given the nature of the population and the probability that they may be released or transferred prior to their ability to complete vocational courses is not unreasonable.

In summary, no conclusions can be drawn due to an absence of available information on program participation and completion rates. This is unfortunate, this information should be retained in summary fashion on all sessions of all programs offered at each facility. This information has value beyond the conduct of reports such as this one. It has a direct and practical value for correctional administrators and staff. Information on program participation and completion should be collected and regularly reviewed to determine program effectiveness and, if necessary, to make adjustments in overall program offerings.

Additional information requested on the characteristics of program participants in an effort to determine who succeeds, who fails, and why they succeed or fail for each program within the facilities was not available. As a result, it is impossible to provide information on which programs are effective for which sub-populations within the facility. Again, this information should be retained by program staff in each facility to review, on a regular basis, program effectiveness and delivery. It is important information for program improvement and development. It can only act to

strengthen the effectiveness and efficiency of standing programs if collected and utilized for program planning purposes.

The third criteria for short term effectiveness, *improvement in the general institutional behavior of program participants*, could not be determined due to two factors. First, program participation lists were either not available or incomplete and so the behavior or mis-behavior of program participants could not be identified. Secondly, the information on mis-behavior was to be gathered from disciplinary infraction records within the facility. These were not available in a useable form and, as mentioned above, could not be linked to specific program participants to determine if the rates of disciplinary infractions were greater among non-program participants than program participants.

> EVALUATION: The virtual absence of information on program participation, program completion, and the potential correlates of program participation and completion makes it impossible to determine, based on measurable outcomes, whether or not these programs were effective. At best, it can be said that the GED programs at all three facilities and the vocational programs at Blackburn Correctional Complex appear to be effective. Other determinations can not be made.

Long term outcomes: The long term measurable outcomes for these programs are the effect program participation and completion has upon reintegration into the community and the offender's criminal activity following release. The assessment of these long term outcomes requires a complicated methodology which involves tracking offenders following release and comparing the criminal activity of those who completed programs to those who did not. While this is the only means to determine if ultimately the long term outcome of enhancing public safety is reached, this type of analysis was beyond the scope of the time frame provided for the current report. As such, no determination can be made on the long term effectiveness of programs within these three correctional facilities.

RECOMMENDATIONS

1. Each facility should conduct an assessment of the aggregate characteristics of their institutional population using the Inmate Classification Instrument. This information can be used to determine the nature and extent of various needs that

exist within the inmate population. The information on the nature and extent of needs within the population would provide a baseline from which to develop, adjust, or implement programs with sufficient maximum enrollments and services to meet existing needs among this population.

2. Each facility and possibly the Department of Corrections central office should maintain more detailed information on program participation, program completion, and the characteristics of participants that appear to be related to program completion. This will provide for the ability to conduct periodic audits of program participation and completion rates to determine whether or not the programs require some change or should be continued.

3. The potential for the inmate pay differential that exists for those involved in educational and vocational programs to inhibit enrollment in educational programs should be assessed. Inmates should not be inadvertently penalized through a decreased earning capacity simply because they elect to participate in educational programs rather than provide work services for the facility. Educational and vocational training are <u>much</u> more likely to have a long term effect on the inmate's behavior following release.

4. A regular, periodic review of the pay scale and job assignment grades within each facility should be made. The goal should be to have comparable job grades and pay for these grades across all facilities, whether public or private.

5. Expand the vocational offerings at Lee Adjustment Center and Marion Adjustment Center.

6. Attempt to determine the current marketability of skills taught through vocational programs. If necessary, replace programs which do not produce marketable skills with those which will.

7. Make every effort to hold scheduled meetings of, specifically, vocational courses.

8. Attempt to obtain, when at all possible, a balance between the security and programmatic operations of the facility. All too often within American corrections, programs and services are a secondary consideration to security. Programs can enhance manageability of institutional populations and therefore enhance security.

SUMMARY AND CONCLUSIONS

As stated previously, the absence of available and useable information within the time constraints set for this report has seriously limited the ability to make any final determinations concerning the direct or relative effectiveness of the correctional programs within these facilities. It is, however, apparent that only limited attention has been paid to the need to collect and retain information on programs and to attempt to conduct internal reviews and assessments of program effectiveness.

What information was available would suggest that, based on assumptions we can make about the institutional populations, the range of programs offered at the facilities is at best adequate. Based on the numbers and credentials of staff, the program quality is sufficient. Taken as a whole, the programs are not necessarily *strong, innovative* programs that have been tailored to meet institutional population needs. Instead, they are the traditional programs that have been offered in the same way within correctional facilities for the last twenty years. They do provide inmates with structure in their environment which *normalizes* the institutional experience and hopefully, reduces some of the potentially harmful consequences of institutionalization. The programs do provide a structured environment that makes the management of large blocks of individuals within institutions safer and easier for staff and administrators. They do show some very limited evidence of providing specific benefits such as the passage of GED examinations by a substantial number of program participants. However, overall, the limited information available does not allow for an unequivocal determination of their effectiveness. It is simply a case of *something being better than nothing* based on the quantitative information that could be provided.

In terms of whether or not the private facilities offer services that are comparable in effectiveness to those of public facilities, no extreme differences were noted. The one difference appears to be a relatively broader range of vocational offerings at the public facility, Blackburn Correctional Complex, than at the two private facilities. However, given the limited information

available, no specific statement concerning the relative overall effectiveness of programs can be provided.

One final note should be made concerning the general value of programming within correctional facilities. While various factors resulted in the inability to provide evidence of program effectiveness for the current facilities under review, substantial research and practitioner literature exists to suggest that when effective correctional programs are offered they can have a long term effect on the criminal behavior of inmates following release. What has been found to be the best predictor of successful community reintegration and low recidivism is employment. These programs, when effective, provide individuals with educational and vocational skills that increase the probability they can gain and retain employment following release. This is the real benefit and the benefit which provides enhanced public safety to the community. Useful and effective programming is essential to the mission of corrections and should remain, if not increase in its import, as a priority within Kentucky corrections.

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
STAFFING COMPARISON

PRIVATIZATION REVIEW
COMPARABLE SCHEDULE - STAFFING
MINIMUM SECURITY CORRECTIONAL FACILITIES

Classification	Contract (C) or In-House Employee (E)			Number Authorized 92 & 93			Number Filled 1992			Number Filled 1993			Average Salary			Average Tenure		
	Blackburn	LAC	MAC	Blackburn	LAC	MAC	Blackburn	LAC	MAC	Blackburn	LAC	MAC	Blackburn	LAC	MAC	Blackburn	LAC	MAC
Warden/Deputy Warden/Director	E		E	3		1	3		1	2		1	44,400		48,143			2
Administrative & Clerical	E	E	E	10	21	18.5	9	19	19.5	10	20	19.5	20,676	17,600	19,879		2.5	6
Food Service	E	C	C	4	5	4	4	5	4	4	4	4	21,408	C	C		2	2
Maintenance	E		E	9		2	9		2	9		2	21,912		19,261			8
Physicians/Dentists	E	C	C	1	2	2	1	2	2	1	2	2	98,000	C	C		1	4.5
Nursing Staff	E	E	E	3	1	1	3	1	2	3	1	1	32,928	25,000	24,960		1	8
Recreation	E		E	2		1.5	2		1.5	2		1	28,680		15,600			4
Chaplain	E		E	1		1	1		1	1		1	20,592		18,720			8
Caseworker/Counselor	E		E	8		1	8			7		1	26,400		15,000			2
Security Officers	E	E	E	56	70	65	54	61	66	56	66	65	19,164	12,200	15,529		2	3.5
Instructors (E)	E	E	E		8	1		7	3		6	2		13,800	15,986		2	3
Instructors (C)		C	C		C	1		4	1		3	1		C	C		1	3
Vocational/Skilled			E			4			4			4			17,612			6.3

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
ACCREDITATIONS

8025 Laurel Lakes Court
Laurel, Maryland 20707
(301) 206-5043
Fax: (301) 206-5061

Executive Committee
George M. Phyfer
Chairman
Su Cunningham
Vice Chairman
John A. Cocoros
At-Large Member
John Simonet
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Board of Commissioners
[illegible] S. Branham IL
Donald [illegible] LA
Robert L. Brutsche VA
James H. Dunning VA
Ron Jackson TX
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Carol L. Swahl
Office Manager
Karen A. Smalley
Contract Coordinator

Regional Administrators
Kevin W. Ashburn
Karen L. Kushner
R.J. Verdeyen
John K. Zachariah

Project Coordinators
Christine E. Powers
Joan R. Seckinger

Assistant Regional Administrators
Beth Bast
Grace L. Medley
[illegible]

February 12, 1994

Don Stewart, Director
Lee Adjustment Center
P.O. Box 900
Beattyville, KY 41311

Dear Mr. Stewart:

Congratulations!

It is a pleasure to officially inform you that the Lee Adjustment Center was accredited by the Commission on Accreditation for Corrections on January 17, 1994, in Orlando, Florida.

Your accreditation represents the completion of a rigorous self-evaluation, followed by an outside review by a team of independent auditors.

Every profession strives to provide a high quality of service to society. To know that you, your staff, and other officials are complying with the requirements of the accreditation process is indeed a statement of a high level of commitment to the taxpayer, staff, and persons under your care.

Enclosed are five lapel pins and an order form for additional accreditation lapel pins if you wish to order more.

On behalf of the Commission on Accreditation for Corrections, thank you for your commitment to the corrections profession.

Sincerely,

Hardy Rauch
Director
Standards & Accreditation

Sincerely,

George M. Phyfer, Chairman
Commission on Accreditation
for Corrections

cc: Jerry Ballard

8025 Laurel Lakes Court
Laurel, Maryland 20707
(301) 206-5043
Fax: (301) 206-5061

February 12, 1994

George W. Wilson, Warden
Blackburn Correctional Complex
3111 Spur Road
Lexington, KY 40511

Dear Warden Wilson:

Congratulations!

It is a pleasure to officially inform you that the Blackburn Correctional Complex was accredited by the Commission on Accreditation for Corrections on January 17, 1994, in Orlando, Florida.

Your accreditation represents the completion of a rigorous self-evaluation, followed by an outside review by a team of independent auditors.

Every profession strives to provide a high quality of service to society. To know that you, your staff, and other officials are complying with the requirements of the accreditation process is indeed a statement of a high level of commitment to the taxpayer, staff, and persons under your care.

Enclosed are five lapel pins and an order form for additional accreditation lapel pins if you wish to order more.

On behalf of the Commission on Accreditation for Corrections, thank you for your commitment to the corrections profession.

Sincerely,

Hardy Rauch
Director
Standards & Accreditation

Sincerely,

George M. Phyfer, Chairman
Commission on Accreditation
for Corrections

cc: Michael Bradley

Executive Committee

W. Hardy Rauch
Director
Jeffrey Washington
Administrator
Carol L. Swahl
Office Manager
Karen A. Smalley
Contract Coordinator

Regional Administrators
Kevin W. Ashburn
Karen L. Kushner
R.J. Verdeyen
John K. Zachariah

Project Coordinators
Christine E. Powers
Joan R. Seckinger

Assistant Regional Administrators
Beth Bast
Grace L. Medley
Deborah A. Shaw

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
TAX WITHHOLDINGS AND PAYMENTS

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
TAX WITHHOLDINGS AND PAYMENTS

A facility will contribute economically to a region simply by hiring employees and those employees paying taxes to the local, state, and federal governments. In addition, a private company will pay income tax, sales tax, and property tax. The chart below shows those taxes withheld for employees and paid by U.S. Corrections Corporation employees for the two calendar years 1992 and 1993 in the Lee and Marion County Adjustment Centers. The chart also shows those taxes withheld for employees of Blackburn Correction Complex by the Department of Corrections.

	MAC 1992	MAC 1993	LAC 1992	LAC 1993	Blackburn 1992	Blackburn 1993
Kentucky Income Tax	98,772	91,533	88,955	82,934	87,752	85,817
Federal Income Tax	512,556	428,168	461,614	387,941	187,199	172,500
Social Security Tax	237,768	239,243	214,137	216,766	288,439	285,048
Local Tax	19,540	15,234			44,835	44,839
State Unemployment Tax	18,943	18,755	17,060	16,993		
Federal Unemployment Tax	6,180	6,156	5,566	5,578		
Sales Tax Paid						
Operating Supplies, Etc.	20,467	24,300	22,066	17,110		
Construction Costs:						
In Year Constructed-						
LAC 143,698						
MAC 59,100						
Property Taxes Paid	36,028	36,174	38,804	41,015		

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
MONITORING & OVERSIGHT

PRIVATIZATION REVIEW
MINIMUM SECURITY CORRECTIONAL FACILITIES
MONITORING & OVERSIGHT

The Department of Corrections utilizes on-site monitors daily at all three private prisons. The on-site monitors are assigned from nearby state facilities on a 90-120 days special assignment. They are in daily contact with Central Office regarding contract and operational issues. Unannounced visits by Central Office personnel are made in addition. Other outside agencies make visits to ensure contract compliance. The Department for Health Services makes an annual Correctional Facility Inspection and bi-annual Food Establishment Inspection. The Department of Housing, Buildings, and Construction's State Fire Marshall's Office conducts an annual inspection. The American Correctional Association and Commissioner on Accreditation for Corrections make periodic inspections.

PRIVATIZATION REVIEW
OVERVIEW

"Certain things are inherently difficult for government. Being by design a protective institution, it is not good at innovation. It cannot really abandon anything. The moment government undertakes anything, it becomes entrenched and permanent...All of man's institutions...are committed to what they are used to and reluctant to accept that it no longer needs doing or that it does not produce results. But government is under far greater pressure to cling to yesterday than any other institution. Indeed the typical response of government to failure of an activity is to double its budget and staff."...Peter Drucker

Virtually every governmental entity in America, whether local, state or Uncle Sam is under intense pressure to solve problems without spending new money, while the public demands improved productivity, increased efficiency and a wider range of services from governmental agencies. Traditionally cities, states and the even the Feds have chosen controversial methods to respond to heightening fiscal pressures and demands for service: increased taxation, slashed budgets, personnel cuts and hiring freezes, yet none of these methods have proven palatable to the taxpayer, bureaucrat or legislator.

Increasingly, governments are examining the option of privatization, running the gamut of California's privately-operated tollways to AIDS clinics and adoption services, in an attempt to reduce costs and improve service. According to the Apogee Research report, "State Government Privatization-1992," a survey of state governments found that 90% of state agencies have implemented some type of privatization.

The Definition

The concept of privatization was first introduced in the late 1960s by economist, author and management consultant Peter Drucker, who dubbed it "reprivatization." Drucker defined reprivatization as "the policy of turning over the tasks once accomplished by the original private institution, the family, which flowed to the government in the last century to the new, nongovernmental institutions that have sprung up and grown during the last 60 to 70 years."

The National Governor's Association 1993 report "An Action Agenda to Redesign State Government," describes privatization as shifting service from the public to the private sector.

The economic theory behind privatization is that public monopolies function without competition, and that the objective of privatization in any form is to tap the competitive forces of the private sector, increasing efficiency, lowering costs and improving service. Proponents of privatization list several advantages including greater flexibility, improved service increased efficiency and innovation, improved maintenance and

freeing policymakers to set policy rather than administer programs.

Opponents of privatization generally believe that some services are best provided by government, voicing concerns about declining quality of services, potential destruction of public employee unions, corruption and weakening government control of services that are critical to the public interest.

The Options

In his 1993 report "Privatization in State Government: Options for the Future," Dr. Keon S. Chi of the Lexington-based Council of State Governments, discusses five policy options state policymakers might consider in the privatization decision-making process:

--**State Management Improvement without Privatization:** Agencies attempt to improve cost efficiency and productivity through good management techniques such as strategic planning, restructuring, TQM, civil service/personnel system reform.
--**Privatization of Professional and Support Services**--State agencies privatize only professional, administrative and support services that do not directly involve state service delivery such as facilities security, mail service, janitorial service, data processing, printing, telecommunications, etc.
--**Privatization of Public Works and Infrastructure**--State agencies privatize selected public works and infrastructure projects, i.e. bridge construction, airports, state parks, mass transit administration and operation of toll highways.
--**Privatization of Service Delivery to the Public**--State agencies privatize selected state programs or services provided to specific clients or constituents, i.e. adoption, child care, AIDs clinics, programs for the elderly, job training and drop-out education programs.
--**Competition between Public and Private Sectors**--Injection of competition into the administration and delivery of state services through a bidding process.

According to Dr. Chi, the activities most likely to be privatized are:

--mental health
--administrative and general services
--social services
--health care
--transportation
--corrections

Some see privatization as a management technique to improve efficiency and effectiveness. It is also considered as one option in a comprehensive analysis of every activity and every program in state government. The following are the most commonly used privatization techniques:

contracting*
franchises
vouchers
grants and subsidies
volunteers
service or load shedding
private infrastructure development and operation*
public-private partnerships
asset sale or lease(including employee buyout)*

*The three most widely used privatization techniques, as noted in "State Government Privatization-1992", an opinion survey of state governments conducted by Apogee Research, Inc.

States in the Forefront

Since 1989, many states have prepared statewide or agency-wide privatization strategies. One strategy has been the creation of commissions, councils and task forces to direct privatization efforts similar to the Privatization Commission proposed by our Governor's Commission on Quality and Efficiency. As in Kentucky, the impetus in this national movement has primarily come from the executive branch as part of an overall downsizing strategy.

In July 1992, Michigan established the Michigan Public-Private Partnership Commission to consider privatize/don't privatize alternatives. By December 1992, the focus of the Commission had changed. The Commission's role broadened to include a comprehensive review known as PERM--Privatize, Eliminate, Retain or Modify. PERM is a thorough, analytical process for reviewing all state programs and services, rather than being limited to a few programs and activities as first conceived.

Among the 15 criteria PERM established for review of programs and activities considered for privatization are the following:

--Ability to switch easily from one private sector producer to another without serious disruption of service.
--Achievement of tangible benefits including operating cost savings, capital cost savings, sharing of risk, solving of political problems, higher quality of service.
--Continuing need for the program.
--Costs of resuming government production if government reassumes responsibility for a service or program.

Early in 1993, the Texas comptroller's report, Against the Grain, recommended privatization of state services to realize a savings of more than $4.5 billion over a two-year budget period. In September 1993, Texas established the Council on Competitive Government to encourage public-sector competition and to promote the most effective and efficient ways of delivering state agency services.

The Texas Council is authorized to require any state agency to engage in a competitive process with respect to a particular state service. It may determine what areas of state government would benefit most from the introduction of competition. It may also determine the extent to which a particular service may be contracted--a single agency, several agencies or throughout state government.

The Council is also charged with determining how its activities will affect state employees and recommending policies and procedures that will protect employees in the event their functions are assumed by private vendors. Even bids that are awarded by the Council are exempt from other state purchasing laws or requirements.

The Council's first privatization review resulted in one state agency out-bidding both a private-sector contractor and a second state agency for the second agency's printing operation. As in most successful privatization efforts, the Texas Council recognized the need for a comprehensive cost-benefit analysis and strict criteria for establishing and monitoring the service or program. In addition, the Council has recognized the need to revise the cost estimating methodology since the first privatization review.

Critical Issues

> "Instead of starting with the assumption that any program, any agency, and any activity is likely to be eternal, we might start out with the opposite assumption: that each is short-lived and temporary. We might, from the beginning, assume that it will come to an end within five or ten years unless specifically renewed. And we may discipline ourselves not to renew any program unless it has the results that it promised when first started. We may, let us hope, eventually build into government the capacity to appraise results and systematically to abandon yesterday's tasks."...Peter Drucker

Before decisionmakers begin the privatization process they should address the following issues:

Issue 1--Are there private sector businesses that perform the service or provide facilities being considered for privatization? If not, there is no point in considering the service or facility for privatization.

Issue 2--Are there methods established to measure the current cost of public agencies delivering services or providing facilities being considered for privatization? This cost benefit analysis should be used for making cost comparisons between in-house and contracted service delivery. The federal Office of Management and Budget (OMB) established a seven-step "Performance Work Statement" which quantifies outputs/results from the function being reviewed. The Texas Council on Competitive Government developed a cost estimating methodology which measures direct, agency indirect and statewide indirect costs.

Issue 3--Is there legislation which may limit or prevent privatization of certain services/facilities? Is enabling legislation needed? Some state statues prohibit privatization of certain services.

Issue 4--How will potential privatization of government services and facilities affect public employees? The Texas Council on Competitive Government addressed these issues relating to state employees: creation of a level playing field for all bidders on state services, both public and private; encouraging continued employment of state employees with high levels of benefits; development of plan to help workers that are displaced; dedication of 5% of cost savings to retraining and outreach programs for workers; a 60-day warn notice; and requiring health care coverage similar to state plans.

Issue 5--How will the privatization efforts be monitored? What criteria have been established with respect to quality control? The state must be prepared to monitor and report performance of privatized programs through a quality assurance program. This system would require state staff to evaluate the contractor against established performance standards. The cost of monitoring contracts should be considered in the original privatization cost-benefit analysis.

National surveys on privatization indicate major impediments to privatization efforts have been:

--Opposition from employee/labor groups--must communicate clearly, involve employees in the process.
--Loss of government control---public official retains responsibility for providing a service or function and incurs the wrath of the electorate if the service is not provided properly. This problem can be addressed by well-structured performance measures and monitoring of private vendors by government.

--Concern that outside firms won't be as responsive as in-house departments.
--Public perceptions about privatization including:
  --the perception that the profit motive leads to cutting corners in service delivery.
  --fear of change.
  --concerns about private sector providing certain services.
  --confusion over the extent to which the service provider's role takes priority over other perceived operational goals.
  --state employees' pride about their job performance.

Privatization of Service Delivery--Successes and Failures

Corrections

Kentucky, like many other states, has opted for privatization of service delivery, primarily in the fields of corrections and mental health. According to the Council of State Governments' "State Trends and Forecasts 1993, primary reasons for privatization in corrections nationwide include (by percentage of survey respondents): cost savings (29 percent), speedy implementation and flexibility (22 percent), lack of agency personnel (22 percent) and high quality of services (13 percent).

Forecasts 1993 cited successes and failures of various states in the corrections field. Among the successful privatization ventures was that of Missouri: "A 500-bed maximum security facility in Missouri was constructed by a private contractor and leased to the state. Construction by a private contractor avoided delays and a number of bidding problems often associated with state contract projects."

In contrast, Idaho had a different experience: "The Idaho Department of Corrections put food services for its largest correctional institution out to bid and received three applications. The firm awarded the contract offered annual savings of $200,000, and the corrections budget was reduced accordingly. The firm still used inmate labor and the same suppliers previously used by the division. After three months the firm wanted to renegotiate the contract to increase payments by $600,000. The division canceled the contract and a $200,000 supplemental appropriation was made to replace the original reduced appropriation."

At the request of the State Auditor's Office, the University of Louisville Department of Justice Administration studied three Kentucky correctional facilities during 1994 to determine the effectiveness of social and support programs and services at Lee

Adjustment Center and Marion Adjustment Center, two private correctional facilities. The third facility, Blackburn Correctional Complex, is a public minimum security facility selected as a comparative base or control. The results of this 1994 study are attached.

Mental Health and Mental Retardation

Privatization activities in constituent-oriented state agencies also include the areas of mental health and mental retardation. Three out of four state officials who responded to the Council of State Governments' survey for State Trends and Forecasts said their privatization activities have increased in the past five years. Programs such as case management, community living support, developmentally disabled services, medical services at institutions and parent support and advocacy have been privatized among others.

Kentucky began privatization of mental retardation facilities at Outwood, an 80-bed residential facility in Dawson Springs. Recently, a study was conducted by Eastern Kentucky University College of allied Health and Nursing to evaluate the quality of care and the quality of life at this private residential facility versus that of Outwood, a comparable state-operated facility. The results of this study are contained in the attached report: An Examination and Comparison of the Quality of Care and the Quality of Life Provided at Outwood and Oakwood.

PRIVATIZATION REVIEW
CONSTRUCTION CONSIDERATIONS

PRIVATIZATION REVIEW
CONSTRUCTION CONSIDERATIONS

Construction

One of the benefits widely expressed in regard to privatization is the reduced time cycle for construction of facilities.

Based on interviews, it would appear that the private sector can construct a facility within about six months from the date of authorization for projects which are for a specific use, such as prisons.

If the state constructs a facility, the minimum time for construction is two years from the date of authorization, including financing. In some instances, the time frame could extend longer depending on the complexity of the construction.

Private sector construction is considered by many to be more cost effective than public construction; however, due to lack of comparability, this was not documented during this review. Cost comparisons must include architect and engineering costs, use of Kentucky vendors, bidding for materials, etc.

Some of the factors which require additional time for public construction include: public financing, bidding of various construction components and changes with necessary approvals.

If the state constructs the facility, the asset is retained by the Commonwealth; however, the Commonwealth also incurs additional ongoing costs for maintenance, repair, and renovation.

If the facility is constructed by the private sector, the state is relieved of the responsibility to maintain the facility. In addition, the facility continues to generate property tax, etc. The state does, however, relinquish any equity and does not have an asset at the end of the contract.

PRIVATIZATION REVIEW
ECONOMIC IMPACT

PRIVATIZATION REVIEW
ECONOMIC IMPACT

The APA reviewed the impact of the privatization of state services. For purpose of this review, local Chambers of Commerce were contacted and publications published by the Economic Development Cabinet were reviewed and are attached. The facilities obviously generate payroll costs regardless of location.

Outwood (Dawson Springs) 168 employees

Facility is located outside of city limits. Very little, if any, satellite business associated with Outwood.

Oakwood (Somerset) 700 employees

Large employee base with minimum turnover. Some business due primarily to the number of employees.

Oakwood uses private service for food service, some housekeeping, and security.

Lee County Adjustment Center (Beattyville) 99 employees

Two companies have directly started up because of the facility, specifically, a food distributor and a drug supply company.

Marion County Adjustment Center (Lebanon) 101 employees

Center purchases supplies and equipment from local vendors. Local projects that the inmates are performing for the community.

Other

The Otter Creek facility was opened in late 1993 and is not included due to the short length of time. The facility has 74 employees and has generated other employment in the area of laundry and food service.

The Blackburn Facility has 107 employees and obviously has an impact in Fayette County which is not easily measurable.

The attached segments published by the Economic Development Cabinet show some key components of the local economy in the regions where the facilities under review are located:

Lee County - Lee Adjustment Center
Marion County - Marion Adjustment Center
Fayette County - Blackburn Correctional Complex
Hopkins County - Outwood ICF/MR
Pulaski County - Oakwood ICF/MR

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

Division of Research

Capital Plaza Tower
Frankfort, KY 40601
(502) 564-4886

ECONOMIC RESOURCES: LEE COUNTY, KENTUCKY

POPULATION:

	1990	1980
LEE COUNTY	7,422	7,754

Population Projections*:

1995	2000	2010	2020
7,396	7,386	7,431	7,384

*Moderate Growth Series

Largest Cities:	1990	1980
Beattyville	1,131	1,068

Persons by Age (1990):

0-17 yrs.	18-64 yrs.	65+ yrs.	Median
2,059	4,297	1,066	33.5

Persons by Race (1990):	
White	7,389
Black	26
Asian, Pacific Islander	0
Other	7
Percent Nonwhite (%)	0.4

Households (1990):	
Total Households	2,760
Persons Per Household	2.65

Source: U.S. Department of Commerce, Bureau of the Census. University of Louisville, State Data Center.

INCOME:

Personal Income (1990) (by place of residence):	
Total	$65,084,000
Per Capita	$8,788

Median Family Income (1989): $14,618

Source: Kentucky Economic Information System. U.S. Department of Commerce, Bureau of the Census.

CIVILIAN LABOR FORCE(1991):

Civilian Labor Force	2,994
Employment	2,742
Unemployment	252
Unemployment Rate (%)	8.4

Source: Kentucky Cabinet for Human Resources, Department for Employment Services.

POVERTY ESTIMATES:

Persons in Poverty:

	1979	1989
Number	2,600	2,704
Rate (%)	33.4	37.4

Source: U.S. Department of Commerce, Bureau of the Census.

EDUCATION:

Public High School graduation rate/percent graduates attending college (1991):

District	Rate (%)	% Attend College
Lee County	53.9	56.6

Colleges and Universities Within 50 Miles:

Eastern Kentucky University
Berea College

Nearest Vocational-Technical Schools:

Post Secondary:	Secondary:
Hazard	Lee County
	Breathitt County

Source: Kentucky Department of Education.

ECONOMIC RESOURCES: LEE COUNTY, KENTUCKY

MANUFACTURING:

Largest Firms (1992):

	Average Employment
Lion Apparel, Inc.	119
The Kentucky Stone Company	11

Source: Kentucky Cabinet for Economic Development.

Manufacturing Firms with Unions (1992):
Number of Firms: 1
Percent of Firms: 50.0

	Mfg. Union Elections		Mfg. Work Stoppages	
	Total	Union Wins	Total	Man Days Lost
1990	0		0	
1989	0		0	
1988	0		0	
1987	0		0	
1986	0		0	

Sources: Associated Industries of Kentucky. Kentucky Labor Cabinet. National Labor Relations Board.

RETAIL SALES:

	1987
Total	$22,424,000
Bldg. Matrls., Garden Supls.	N/A
General Merchandise	N/A
Food Stores	$7,635,000
Auto Dealers, Ser. Stns.	$6,440,000
Furniture, Home Furnishings	$0
Eating, Drinking Places	$786,000
Drug and Proprietary	$1,807,000

Source: U.S. Department of Commerce, Bureau of the Census.

TRANSPORTATION:

Major Highways:
Kentucky Routes 11 and 52.

Railroad:
CSX Transportation.

Nearest Commercial Airport:
Bluegrass Airport (Lexington, Kentucky), 75 miles from Beattyville.

ALL INDUSTRIES:

Employment by Place of Work (workers covered by unemployment insurance):

	1991
All Industries	1,477
Mining & Quarrying	167
Contract Construction	17
Manufacturing	146
Transportation, Communication, & Public Utilities	33
Wholesale/Retail Trade	275
Finance, Insurance & Real Estate	52
Services	377
State/Local Government	406

Source: Kentucky Cabinet for Human Resources, Department for Employment Services.

Number of Business Establishments:

	1989
Total Establishments	105
Agricultural Services, Forestry, Fisheries	1
Mining	9
Contract Construction	9
Manufacturing	3
Transportation and Other Public Utilities	5
Wholesale Trade	8
Retail Trade	38
Finance, Insurance, & Real Estate	5
Services	22

Source: U.S. Department of Commerce, Bureau of the Census, County Business Patterns.

CRIME AND CRIME RATES(1990):
(Rate per 10,000 population)

	Number	Rate
Total	2,760	49.8
Violent Crime	9	12.1
Property Crime	28	37.7

Source: Kentucky Justice Cabinet, Kentucky State Police, Crime in Kentucky.

November 04, 1992

LABOR MARKET STATISTICS

The Lebanon Labor Market Area includes Marion County and the adjoining Kentucky counties of Boyle, Casey, Larue, Nelson, Taylor and Washington.

POPULATION

	1990	1980	1970
Labor Market Area	129,327	129,242	113,520
Lebanon	5,695	6,590	5,528
Marion County	16,499	17,910	16,714

Source: U.S. Department of Commerce, Bureau of the Census, January 1991.

POPULATION PROJECTIONS

	1995	2000	2010	2020
Labor Market Area	130,813	131,708	132,831	132,551
Marion County	16,286	16,045	15,700	15,318

Note: Population projections are from Moderate Growth Series forecast.
Source: University of Louisville, Urban Studies Center, State Data Center.

ESTIMATED LABOR SUPPLY

	Current			Future
	Total	Unemployed	Not in Labor Force	Becoming 18 years of age 1993 thru 1997
Labor Market Area*	7,238	4,621	2,617	9,863
Marion County	757	757	0	1,330

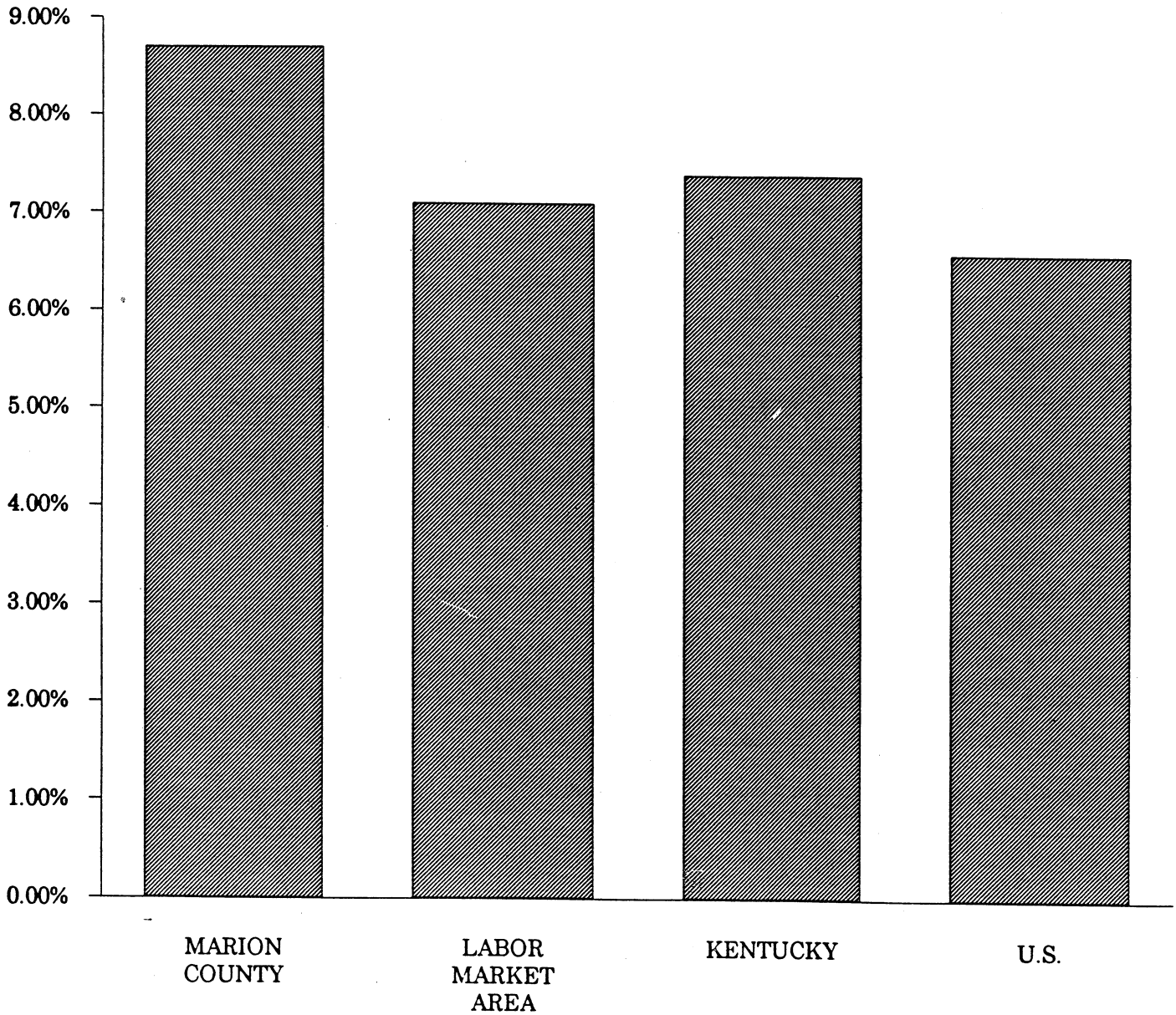
* Additional workers may be drawn from other nearby counties.
Note: Unemployed - persons unemployed and actively seeking work; Not in Labor Force - represents the number of persons who would enter the labor force if suitable employment were available (based on the assumption that persons in Kentucky would like to participate in the labor force in the same proportion that they do nationally). Underemployed persons (employed only 14 to 26 weeks during the year) are no longer included in labor surplus estimates.
Sources: Kentucky Cabinet for Human Resources, Kentucky Labor Surplus Estimates by County, 1992. Kentucky Cabinet for Economic Development, Future Labor Supply Becoming 18 Years of Age, 1993 thru 1997.

LABOR FORCE CHARACTERISTICS OF RESIDENTS, 1992

	Marion County	Labor Market Area
Civilian Labor Force	8,714	64,856
Employment	7,957	60,235
Unemployment	757	4,621
Rate of Unemployment (%)	8.7	7.1

Source: Kentucky Cabinet for Human Resources, Kentucky Labor Force Estimates, Annual Averages, 1992.

UNEMPLOYMENT RATES
1992

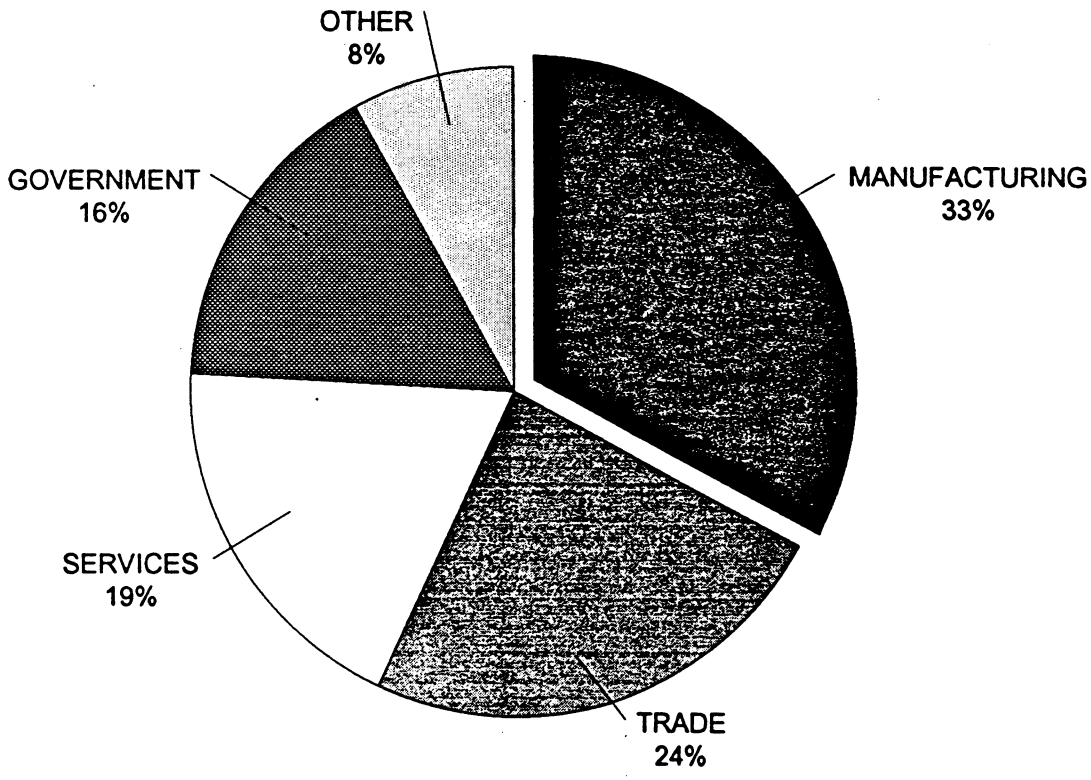


SELECTED COMPONENTS OF NONAGRICULTURAL EMPLOYMENT
BY PLACE OF WORK, 1992

	Marion County	Labor Market Area
All Industries (total)	4,025	43,744
Manufacturing	1,315	15,466
Wholesale & Retail Trade	970	10,156
Services	756	6,772
State/Local Government	630	5,936
Contract Construction	142	1,909

Note: Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Monthly Workers Covered by Kentucky Unemployment Insurance Law, 1992.

MARION COUNTY

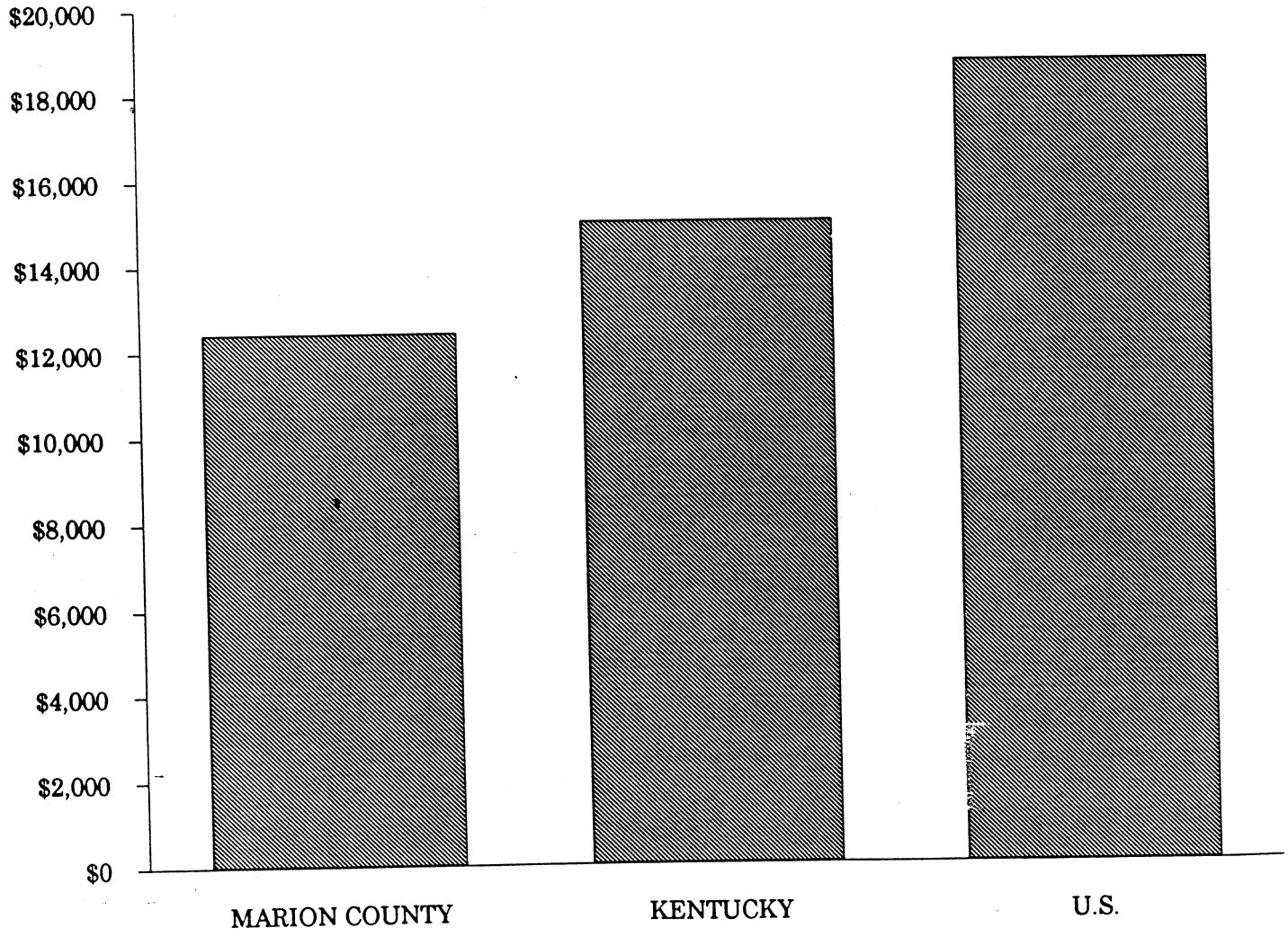


PER CAPITA PERSONAL INCOME

Area	1986	1990	Percent Change
Marion County	$8,977	$12,407	38.2
Labor Market Area Range	$7,314 - $11,468	$10,241 - $14,580	-
Kentucky	$11,273	$14,992	33.0
U.S.	$14,654	$18,696	27.6

Source: U.S. Bureau of Economic Analysis, Kentucky Economic Information System, April 1992.

PER CAPITA PERSONAL INCOME
1990



AVERAGE PLACEMENT WAGES

Marion County is served by the Bardstown local office of the Kentucky Department for Employment Services. The focus of the following data is on job placements made by the Bardstown local office and may therefore be used as an indicator of the wages which employers in the area pay new employees. During the twelve months which ended on June 30, 1993, the local employment office filled 1,486 job openings in various occupational categories. The average hourly wage for selected occupational categories were:

OCCUPATIONAL CATEGORY	NUMBER OF PLACEMENTS	AVERAGE WAGE($)
All Occupations	1,486	4.94
Clerical	174	4.54
Sales	26	4.78
Services (excluding domestic)	224	4.29
Agricultural, Fishery, Forestry, etc.	76	4.35
Processing	91	5.89
Machine Trades	238	5.19
Bench Work	360	4.92
Structural	73	5.84
Motor Freight/ Transportation	40	4.43
Packaging and Materials Handling	139	5.49
Other	7	4.67

The Bardstown local office also serves Nelson and Washington Counties. The above occupational categories are taken from the Dictionary of Occupational Titles published by the U.S. Department of Labor.

Source: Kentucky Cabinet for Human Resources, Department for Employment Services.

AVERAGE WEEKLY WAGES BY INDUSTRY
BY PLACE OF WORK, 1991*

	Marion County	Kentucky (State-Wide)	Tennessee	Virginia
All Industries	$298.53	$394.46	$408.00	$441.00
Mining & Quarrying	.00	661.68	528.00	655.00
Contract Construction	263.63	410.33	436.00	452.00
Manufacturing	322.51	505.56	477.00	509.00
Transportation, Communications & Public Utilities	302.57	528.78	541.00	605.00
Wholesale & Retail Trade	180.78	268.42	N/A	N/A
Finance, Insurance & Real Estate	344.41	449.89	495.00	523.00
Services	354.20	350.41	394.00	455.00
State/Local Government	365.78	413.84	N/A	N/A

	Indiana	Ohio	Illinois	U. S.
All Industries	$429.00	$449.00	$503.00	$465.00
Mining & Quarrying	708.00	609.00	758.00	747.00
Contract Construction	499.00	510.00	635.00	514.00
Manufacturing	583.00	613.00	609.00	579.00
Transportation, Communications & Public Utilities	531.00	567.00	632.00	599.00
Wholesale & Retail Trade	N/A	N/A	N/A	N/A
Finance, Insurance & Real Estate	458.00	498.00	650.00	596.00
Services	368.00	398.00	462.00	443.00
State/Local Government	N/A	N/A	N/A	N/A

* Wages for U.S. and surrounding states rounded to nearest dollar.
N/A Not Available.
Note: The average weekly wage for each category includes the salaries and wages of all persons working for that type business. For example, the manufacturing category includes both production workers and administrative personnel. Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Weekly Wages of Workers Covered by Kentucky Unemployment Insurance Law, 1991. U.S. Department of Labor, Bureau of Labor Statistics, Employment and Wages, Annual Averages, 1991, January 1993.

LABOR MARKET STATISTICS

The Lexington Labor Market Area includes Fayette County and the adjoining Kentucky counties of Bourbon, Clark, Jessamine, Madison, Scott, and Woodford.

POPULATION

	1990	1980	1970
Labor Market Area	405,936	370,900	309,431
Lexington-Fayette County	225,366	204,165	174,323

Source: U.S. Department of Commerce, Bureau of the Census, January 1991.

POPULATION PROJECTIONS

	1995	2000	2010	2020
Labor Market Area	426,549	444,837	471,603	484,366
Fayette County	235,701	244,713	257,621	261,936

Note: Population projections are from Moderate Growth Series forecast.
Source: University of Louisville, Urban Studies Center, State Data Center.

ESTIMATED LABOR SUPPLY

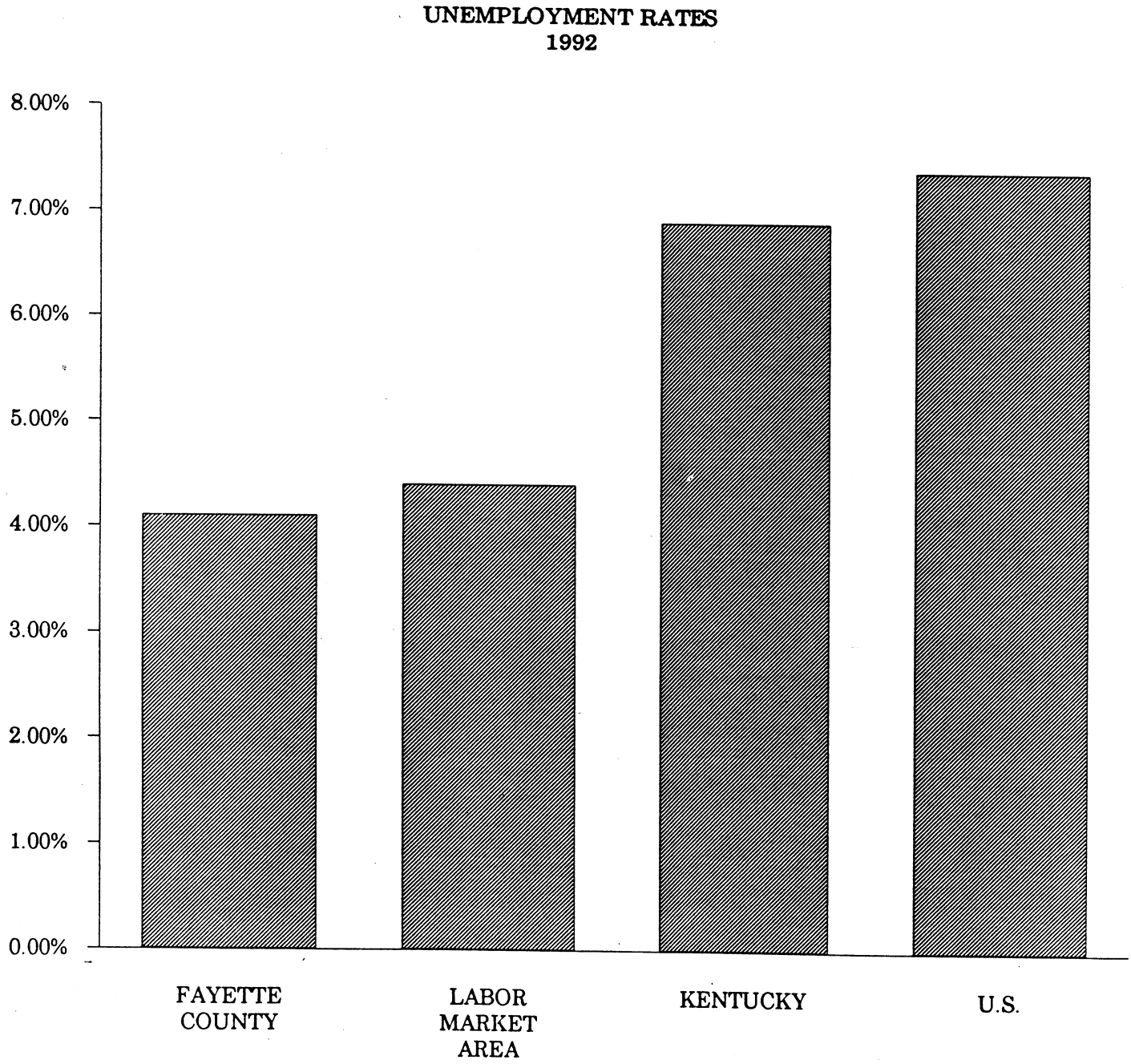
	Current			Future
	Total	Unemployed	Not in Labor Force	Becoming 18 years of age 1994 thru 1998
Labor Market Area*	10,424	9,831	593	26,712
Fayette County	5,271	5,271	0	13,451

* Additional workers may be drawn from other nearby counties.
Note: Unemployed - persons unemployed and actively seeking work; Not in Labor Force - represents the number of persons who would enter the labor force if suitable employment were available (based on the assumption that persons in Kentucky would like to participate in the labor force in the same proportion that they do nationally). Underemployed persons (employed only 14 to 26 weeks during the year) are no longer included in labor surplus estimates.
Sources: Kentucky Cabinet for Human Resources, Kentucky Labor Surplus Estimates by County, 1992. Kentucky Cabinet for Economic Development, Future Labor Supply Becoming 18 Years of Age, 1994 thru 1998.

LABOR FORCE CHARACTERISTICS OF RESIDENTS, 1992

	Fayette County	Labor Market Area
Civilian Labor Force	129,256	223,108
Employment	123,985	213,277
Unemployment	5,271	9,831
Rate of Unemployment (%)	4.1	4.4

Source: Kentucky Cabinet for Human Resources, Kentucky Labor Force Estimates, Annual Averages, 1992.

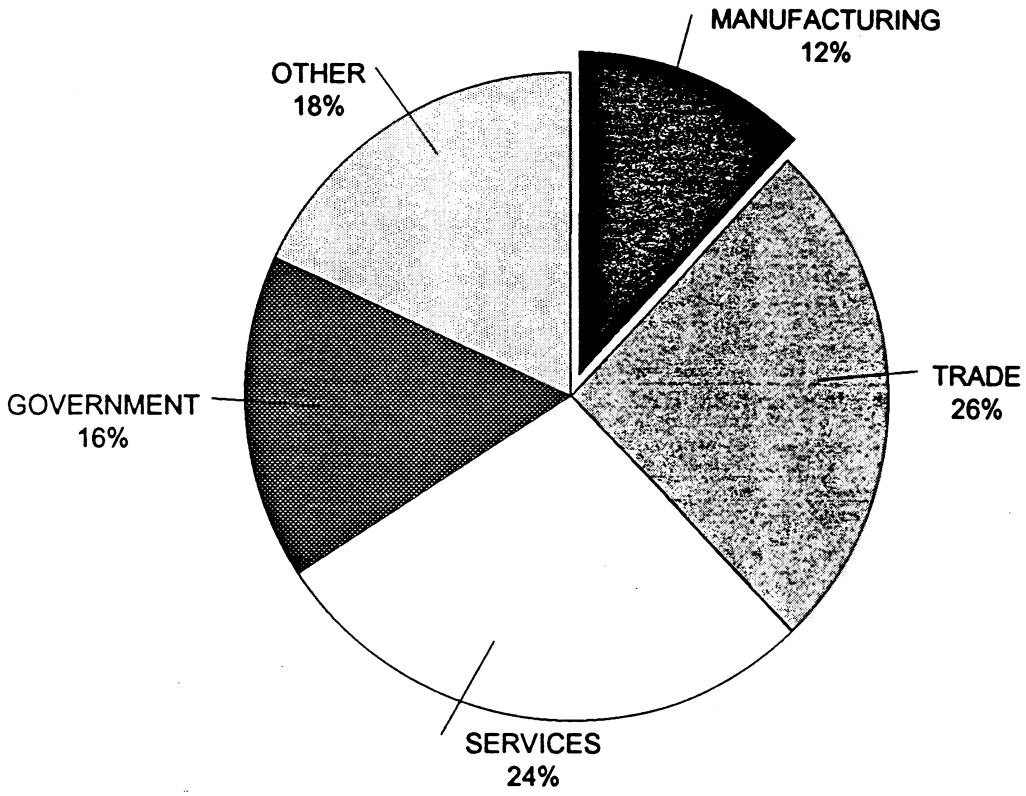


SELECTED COMPONENTS OF NONAGRICULTURAL EMPLOYMENT
BY PLACE OF WORK, 1992

	Fayette County	Labor Market Area
All Industries (total)	137,529	202,056
Manufacturing	16,673	36,882
Wholesale & Retail Trade	35,954	50,774
Services	38,242	48,630
State/Local Government	22,565	32,388
Contract Construction	7,336	10,488

Note: Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Monthly Workers Covered by Kentucky Unemployment Insurance Law, 1992.

FAYETTE COUNTY

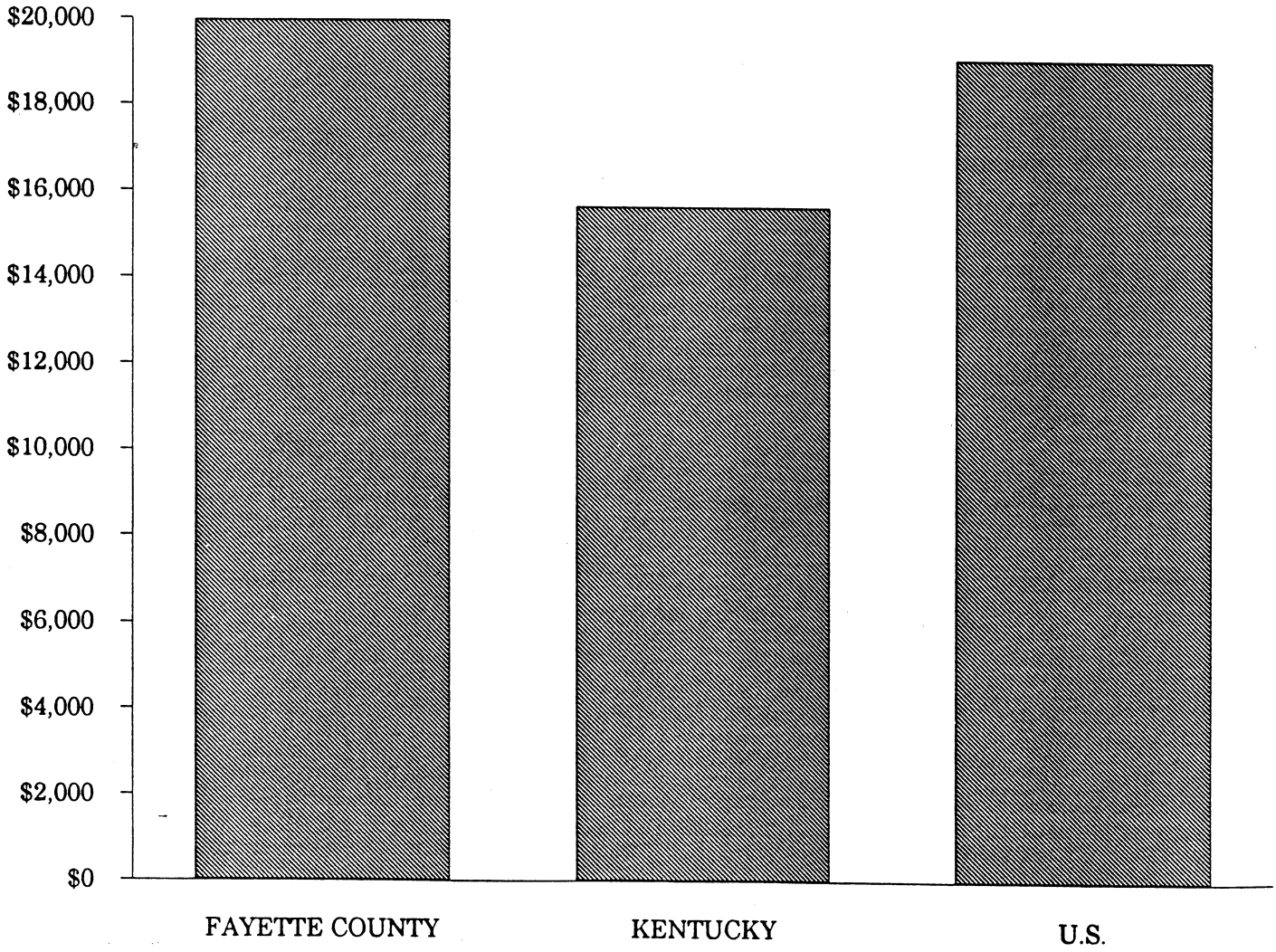


PER CAPITA PERSONAL INCOME

Area	1987	1991	Percent Change
Fayette County	$15,868	$19,964	25.8
Labor Market Area Range	$10,565 - $19,420	$13,432 - $21,893	-
Kentucky	$12,216	$15,626	27.9
U.S.	$15,638	$19,091	22.0

Source: U.S. Bureau of Economic Analysis, Regional Economic Information System, April 1993.

PER CAPITA PERSONAL INCOME
1991



AVERAGE PLACEMENT WAGES

Fayette County is served by the Lexington local office of the Kentucky Department for Employment Services. The focus of the following data is on job placements made by the Lexington local office and may therefore be used as an indicator of the wages which employers in the area pay new employees. During the twelve months which ended on June 30, 1993, the local employment office filled 5,083 job openings in various occupational categories. The average hourly wage for selected occupational categories were:

OCCUPATIONAL CATEGORY	NUMBER OF PLACEMENTS	AVERAGE WAGE($)
All Occupations	5,083	5.90
Clerical	284	5.53
Sales	81	5.62
Services (excluding domestic)	1,313	4.94
Agricultural, Fishery, Forestry, etc.	49	4.83
Processing	923	5.15
Machine Trades	77	7.21
Bench Work	1,147	6.41
Structural	408	7.54
Motor Freight/ Transportation	152	7.40
Packaging and Materials Handling	590	7.18
Other	5	5.27

The Lexington local office also serves Jessamine County. The above occupational categories are taken from the Dictionary of Occupational Titles published by the U.S. Department of Labor.

Source: Kentucky Cabinet for Human Resources, Department for Employment Services.

AVERAGE WEEKLY WAGES BY INDUSTRY
BY PLACE OF WORK, 1992*

	Fayette County	Kentucky (State-Wide)	Tennessee	Virginia
All Industries	$442.48	$415.94	$435.00	$465.00
Mining & Quarrying	734.01	685.48	564.00	690.00
Contract Construction	430.08	431.97	456.00	456.00
Manufacturing	635.76	535.73	510.00	535.00
Transportation, Communications & Public Utilities	554.97	560.84	561.00	637.00
Wholesale & Retail Trade	306.09	282.29	N/A	N/A
Finance, Insurance & Real Estate	506.02	493.68	548.00	576.00
Services	412.84	371.91	419.00	483.00
State/Local Government	521.88	434.01	N/A	N/A

	Indiana	Ohio	Illinois	U. S.
All Industries	$450.00	$473.00	$535.00	$491.00
Mining & Quarrying	731.00	639.00	787.00	799.00
Contract Construction	504.00	525.00	658.00	527.00
Manufacturing	609.00	653.00	652.00	612.00
Transportation, Communications & Public Utilities	548.00	590.00	674.00	632.00
Wholesale & Retail Trade	N/A	N/A	N/A	N/A
Finance, Insurance & Real Estate	511.00	545.00	728.00	670.00
Services	386.00	419.00	488.00	468.00
State/Local Government	N/A	N/A	N/A	N/A

* Wages for U.S. and surrounding states rounded to nearest dollar.
N/A Not Available.
Note: The average weekly wage for each category includes the salaries and wages of all persons working for that type business. For example, the manufacturing category includes both production workers and administrative personnel. Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Weekly Wages of Workers Covered by Kentucky Unemployment Insurance Law, 1992. U.S. Department of Labor, Bureau of Labor Statistics, Employment and Wages, Annual Averages, 1992, October 1993.

LABOR MARKET STATISTICS

The Dawson Springs Labor Market Area includes Hopkins County and the adjoining Kentucky counties of Caldwell, Christian, McLean, Muhlenberg, and Webster.

POPULATION

	1990	1980	1970
Labor Market Area	183,200	183,685	157,451
Dawson Springs	3,129	3,275	3,009
Hopkins County	46,126	46,174	38,167

Source: U.S. Department of Commerce, Bureau of the Census, January 1991.

POPULATION PROJECTIONS

	1995	2000	2010	2020
Labor Market Area	185,401	186,973	189,376	190,996
Hopkins County	46,311	46,272	45,807	44,857

Note: Population projections are from Moderate Growth Series forecast.
Source: University of Louisville, Urban Studies Center, State Data Center.

ESTIMATED LABOR SUPPLY

	Current			Future
	Total	Unemployed	Not in Labor Force	Becoming 18 years of age 1993 thru 1997
Labor Market Area*	27,946	6,149	21,797	13,112
Hopkins County	6,435	1,808	4,627	3,587

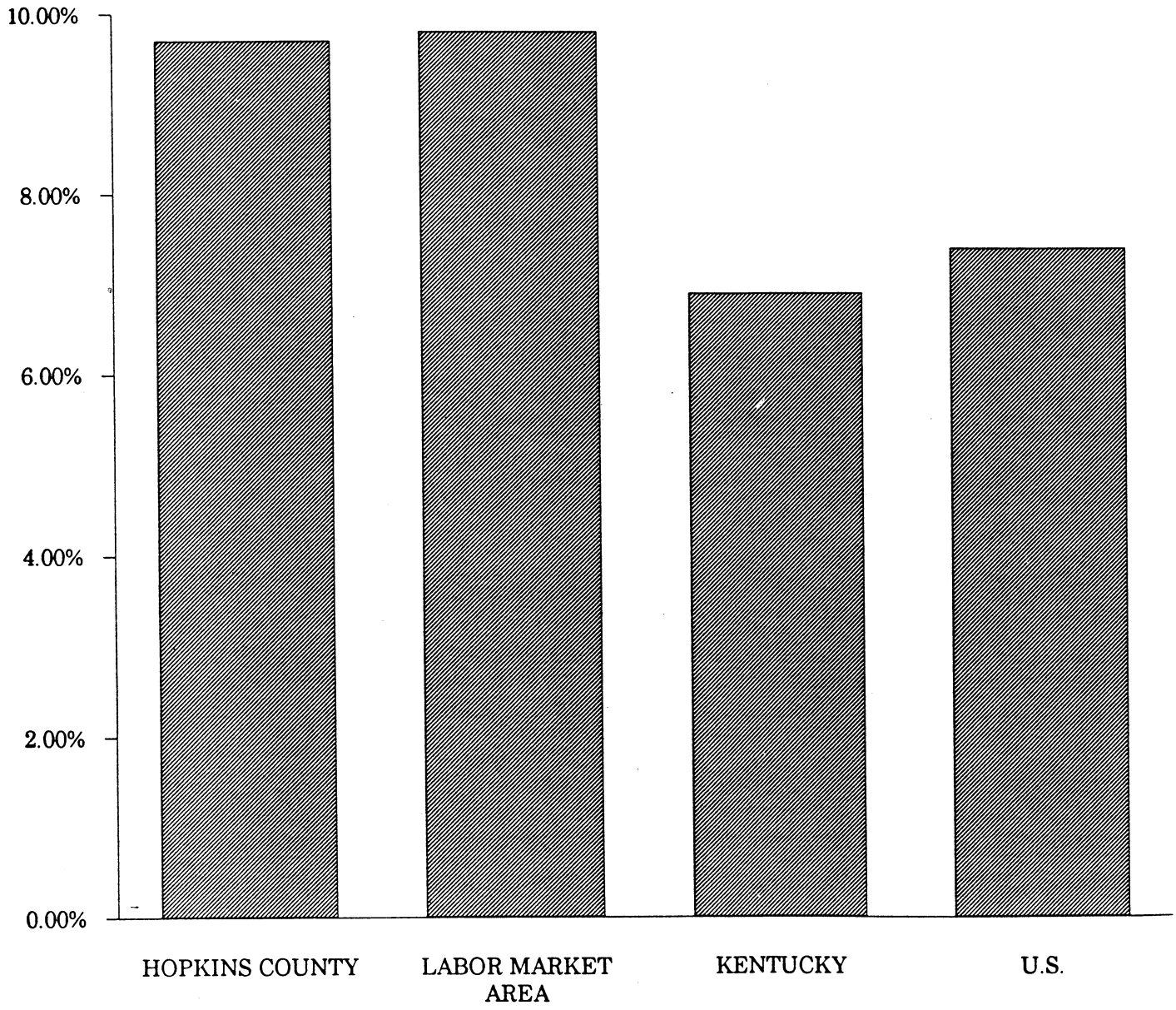
* Additional workers may be drawn from other nearby counties.
Note: Unemployed - persons unemployed and actively seeking work; Not in Labor Force - represents the number of persons who would enter the labor force if suitable employment were available (based on the assumption that persons in Kentucky would like to participate in the labor force in the same proportion that they do nationally). Underemployed persons (employed only 14 to 26 weeks during the year) are no longer included in labor surplus estimates.
Sources: Kentucky Cabinet for Human Resources, Kentucky Labor Surplus Estimates by County, 1992. Kentucky Cabinet for Economic Development, Future Labor Supply Becoming 18 Years of Age, 1993 thru 1997.

LABOR FORCE CHARACTERISTICS OF RESIDENTS, 1992

	Hopkins County	Labor Market Area
Civilian Labor Force	18,559	63,058
Employment	16,751	56,909
Unemployment	1,808	6,149
Rate of Unemployment (%)	9.7	9.8

Source: Kentucky Cabinet for Human Resources, Kentucky Labor Force Estimates, Annual Averages, 1992.

UNEMPLOYMENT RATES
1992

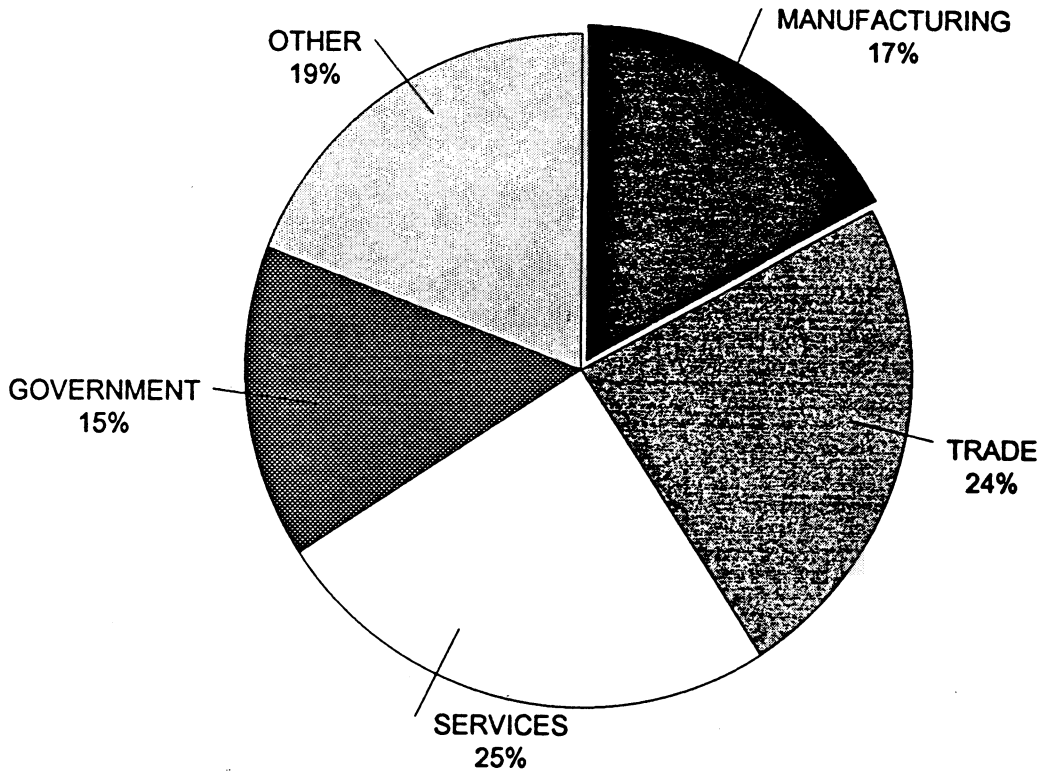


SELECTED COMPONENTS OF NONAGRICULTURAL EMPLOYMENT
BY PLACE OF WORK, 1992

	Hopkins County	Labor Market Area
All Industries (total)	16,580	52,950
Manufacturing	2,761	10,641
Wholesale & Retail Trade	3,988	13,170
Services	4,175	11,158
State/Local Government	2,437	8,269
Contract Construction	557	1,569

Note: Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Monthly Workers Covered by Kentucky Unemployment Insurance Law, 1992.

HOPKINS COUNTY

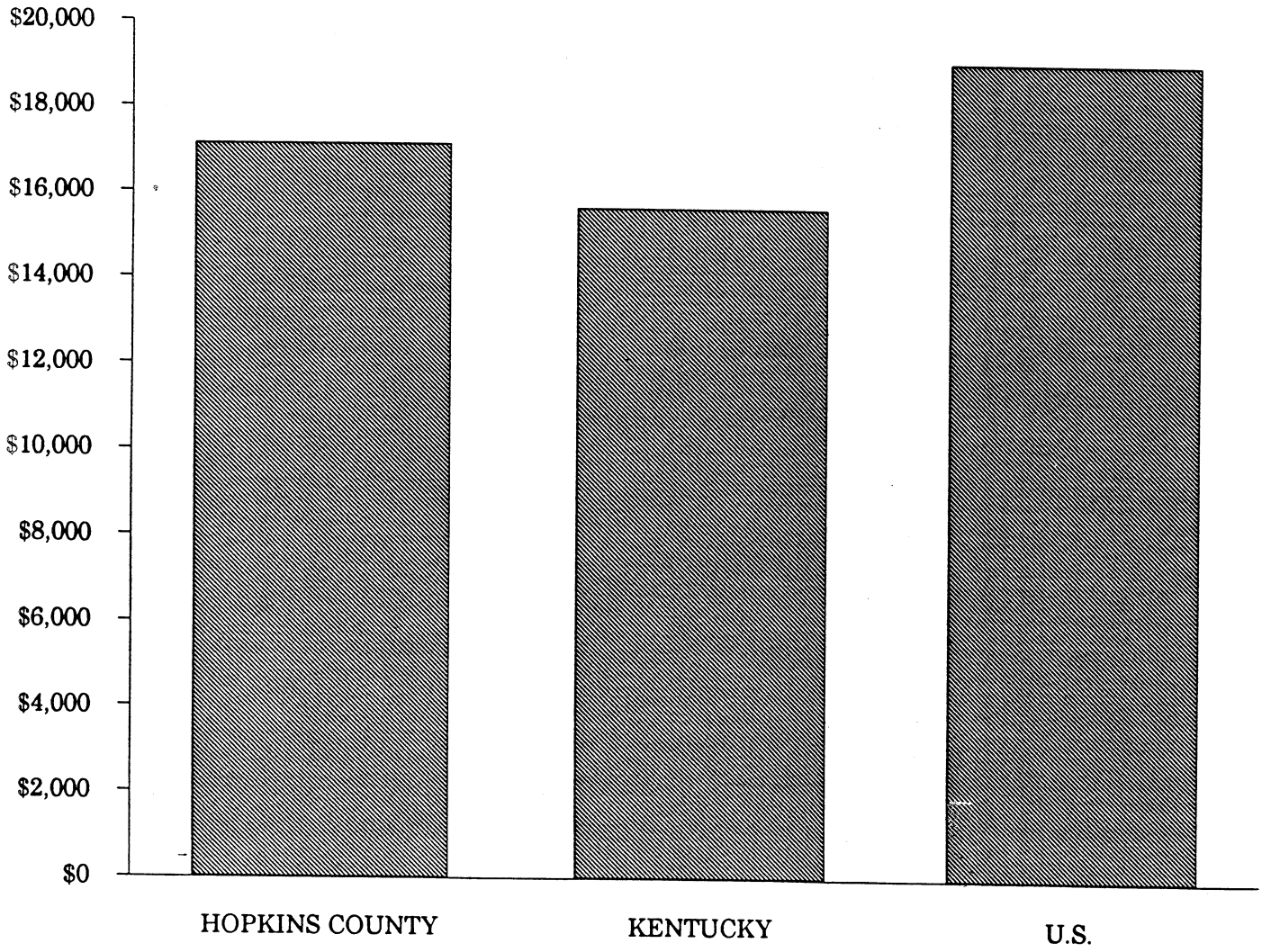


PER CAPITA PERSONAL INCOME

Area	1987	1991	Percent Change
Hopkins County	$13,995	$17,110	22.3
Labor Market Area Range	$10,046 - $13,995	$11,944 - $18,847	-
Kentucky	$12,216	$15,626	27.9
U.S.	$15,638	$19,091	22.0

Source: U.S. Bureau of Economic Analysis, Regional Economic Information System, April 1993.

PER CAPITA PERSONAL INCOME
1991



AVERAGE PLACEMENT WAGES

Hopkins County is served by the Madisonville local office of the Kentucky Department for Employment Services. The focus of the following data is on job placements made by the Madisonville local office and may therefore be used as an indicator of the wages which employers in the area pay new employees. During the twelve months which ended on June 30, 1993, the local employment office filled 1,676 job openings in various occupational categories. The average hourly wage for selected occupational categories were:

OCCUPATIONAL CATEGORY	NUMBER OF PLACEMENTS	AVERAGE WAGE($)
All Occupations	1,676	5.14
Clerical	584	5.12
Sales	122	4.63
Services (excluding domestic)	236	4.39
Agricultural, Fishery, Forestry, etc.	27	4.44
Processing	42	4.64
Machine Trades	35	6.32
Bench Work	314	4.35
Structural	146	7.76
Motor Freight/ Transportation	76	5.58
Packaging and Materials Handling	48	5.44
Other	13	6.69

The Madisonville local office also serves Crittenden and Muhlenberg County. The above occupational categories are taken from the Dictionary of Occupational Titles published by the U.S. Department of Labor.

Source: Kentucky Cabinet for Human Resources, Department for Employment Services.

AVERAGE WEEKLY WAGES BY INDUSTRY
BY PLACE OF WORK, 1992*

	Hopkins County	Kentucky (State-Wide)	Tennessee	Virginia
All Industries	$407.77	$415.94	$435.00	$465.00
Mining & Quarrying	848.57	685.48	564.00	690.00
Contract Construction	374.57	431.97	456.00	456.00
Manufacturing	514.99	535.73	510.00	535.00
Transportation, Communications & Public Utilities	532.31	560.84	561.00	637.00
Wholesale & Retail Trade	261.61	282.29	N/A	N/A
Finance, Insurance & Real Estate	390.13	493.68	548.00	576.00
Services	340.21	371.91	419.00	483.00
State/Local Government	410.91	434.01	N/A	N/A

	Indiana	Ohio	Illinois	U. S.
All Industries	$450.00	$473.00	$535.00	$491.00
Mining & Quarrying	731.00	639.00	787.00	799.00
Contract Construction	504.00	525.00	658.00	527.00
Manufacturing	609.00	653.00	652.00	612.00
Transportation, Communications & Public Utilities	548.00	590.00	674.00	632.00
Wholesale & Retail Trade	N/A	N/A	N/A	N/A
Finance, Insurance & Real Estate	511.00	545.00	728.00	670.00
Services	386.00	419.00	488.00	468.00
State/Local Government	N/A	N/A	N/A	N/A

* Wages for U.S. and surrounding states rounded to nearest dollar.
N/A Not Available.
Note: The average weekly wage for each category includes the salaries and wages of all persons working for that type business. For example, the manufacturing category includes both production workers and administrative personnel. Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Weekly Wages of Workers Covered by Kentucky Unemployment Insurance Law, 1992. U.S. Department of Labor, Bureau of Labor Statistics, Employment and Wages, Annual Averages, 1992, October 1993.

LABOR MARKET STATISTICS

The Somerset Labor Market Area includes Pulaski County and the adjoining Kentucky counties of Casey, Laurel, Lincoln, McCreary, Rockcastle, Russell, and Wayne.

POPULATION

	1990	1980	1970
Labor Market Area	189,773	178,993	141,876
Somerset	10,733	10,829	10,436
Pulaski County	49,489	45,803	35,234

Source: U.S. Department of Commerce, Bureau of the Census, January 1991.

POPULATION PROJECTIONS

	1995	2000	2010	2020
Labor Market Area	181,901	187,885	195,531	197,958
Pulaski County	51,648	53,459	55,373	55,641

Note: Population projections are from Moderate Growth Series forecast.
Source: University of Louisville, Urban Studies Center, State Data Center.

ESTIMATED LABOR SUPPLY

	Current				Future
	Total	Unemployed	Employed Part-Time	Not in Labor Force	Becoming 18 years of age 1993 thru 1997
Labor Market Area*	30,798	6,523	8,441	15,834	14,806
Pulaski County	6,383	1,783	2,050	2,550	3,570

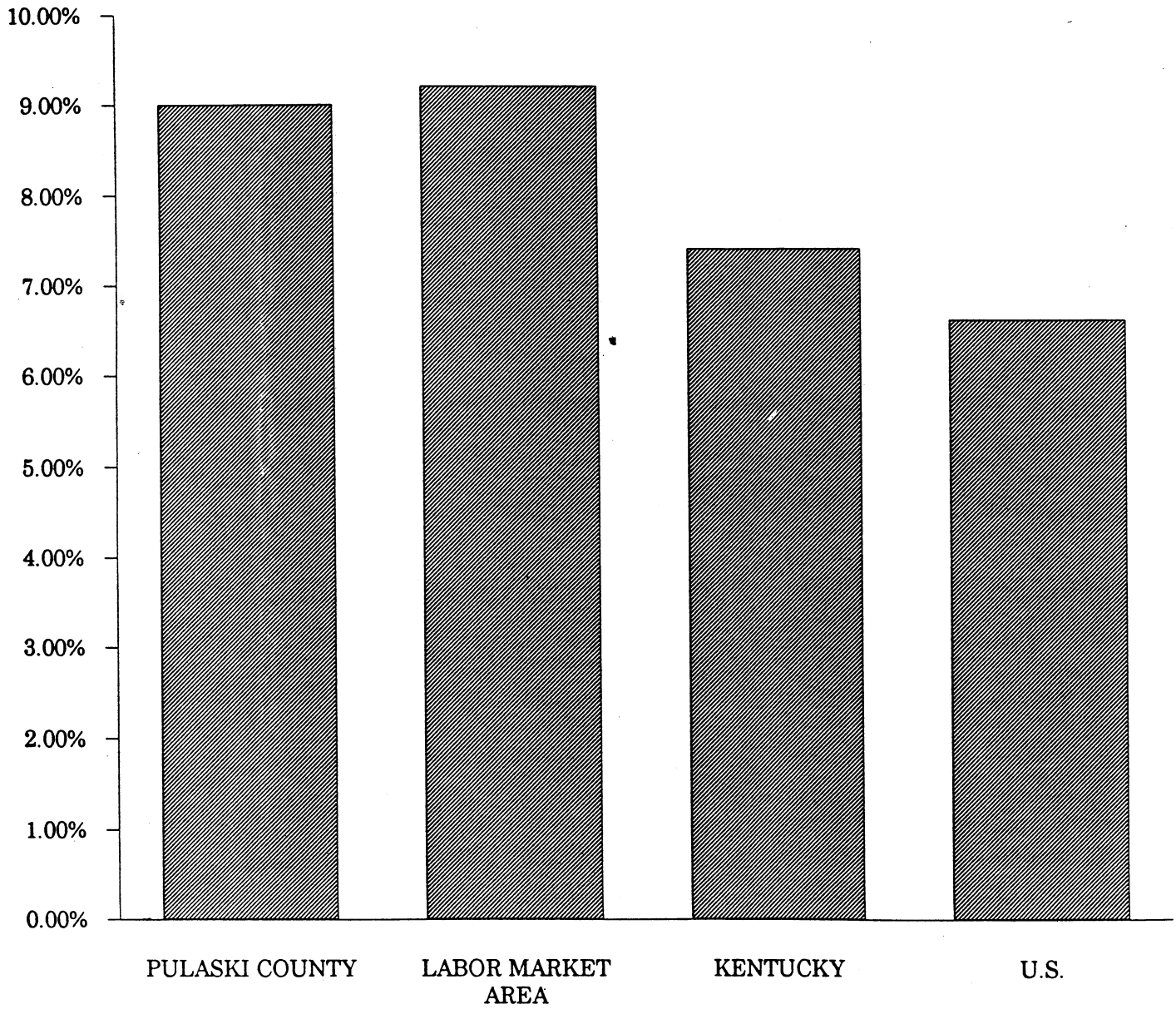
* Additional workers may be drawn from other nearby counties.
Note: Unemployed - persons unemployed and actively seeking work; Employed Part-Time - persons employed but working only 14 to 26 weeks per year; Not in Labor Force - represents the number of persons who would enter the labor force if suitable employment were available (based on the assumption that persons in Kentucky would like to participate in the labor force in the same proportion that they do nationally).
Sources: Kentucky Cabinet for Human Resources, Kentucky Labor Supply Estimates by County, 1989. Kentucky Cabinet for Economic Development, Future Labor Supply Becoming 18 Years of Age, 1993 thru 1997.

LABOR FORCE CHARACTERISTICS OF RESIDENTS, 1991

	Pulaski County	Labor Market Area
Civilian Labor Force	22,983	86,736
Employment	20,913	78,726
Unemployment	2,070	8,010
Rate of Unemployment (%)	9.0	9.2

Source: Kentucky Cabinet for Human Resources, Kentucky Labor Force Estimates, Annual Averages, 1991.

UNEMPLOYMENT RATES
1991

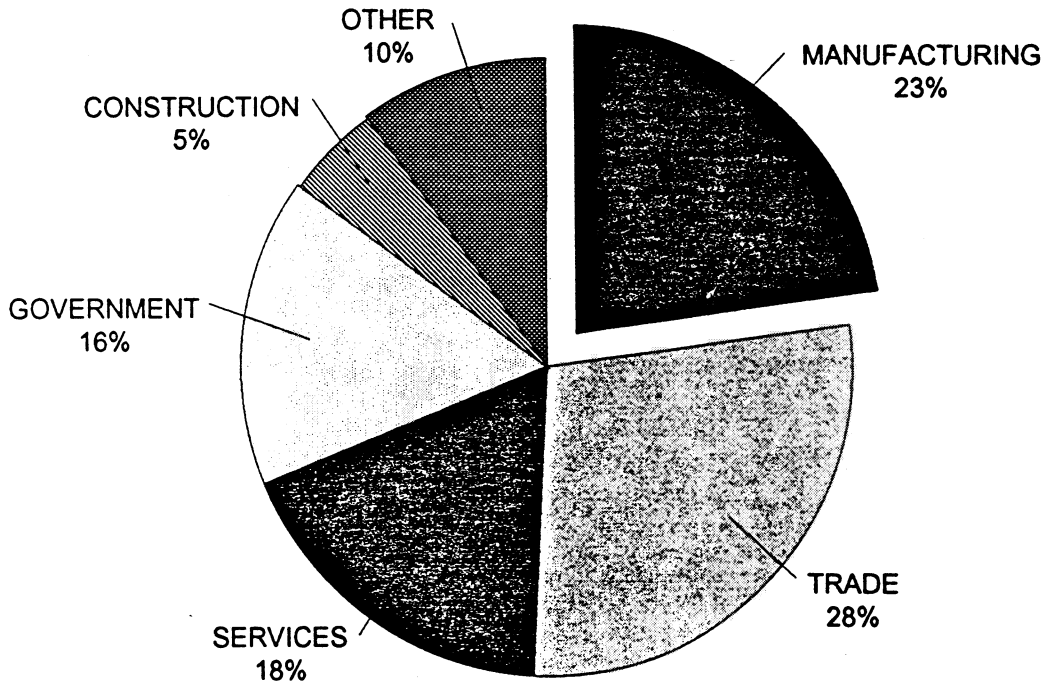


SELECTED COMPONENTS OF NONAGRICULTURAL EMPLOYMENT
BY PLACE OF WORK, 1991

	Pulaski County	Labor Market Area
All Industries (total)	18,167	54,814
Manufacturing	4,196	16,287
Wholesale & Retail Trade	5,044	13,701
Services	3,339	9,123
State/Local Government	2,924	8,783
Contract Construction	840	2,416
Mining & Quarrying	68	342
Other	1,756	4,162

Note: Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Monthly Workers Covered by Kentucky Unemployment Insurance Law, 1991.

PULASKI COUNTY

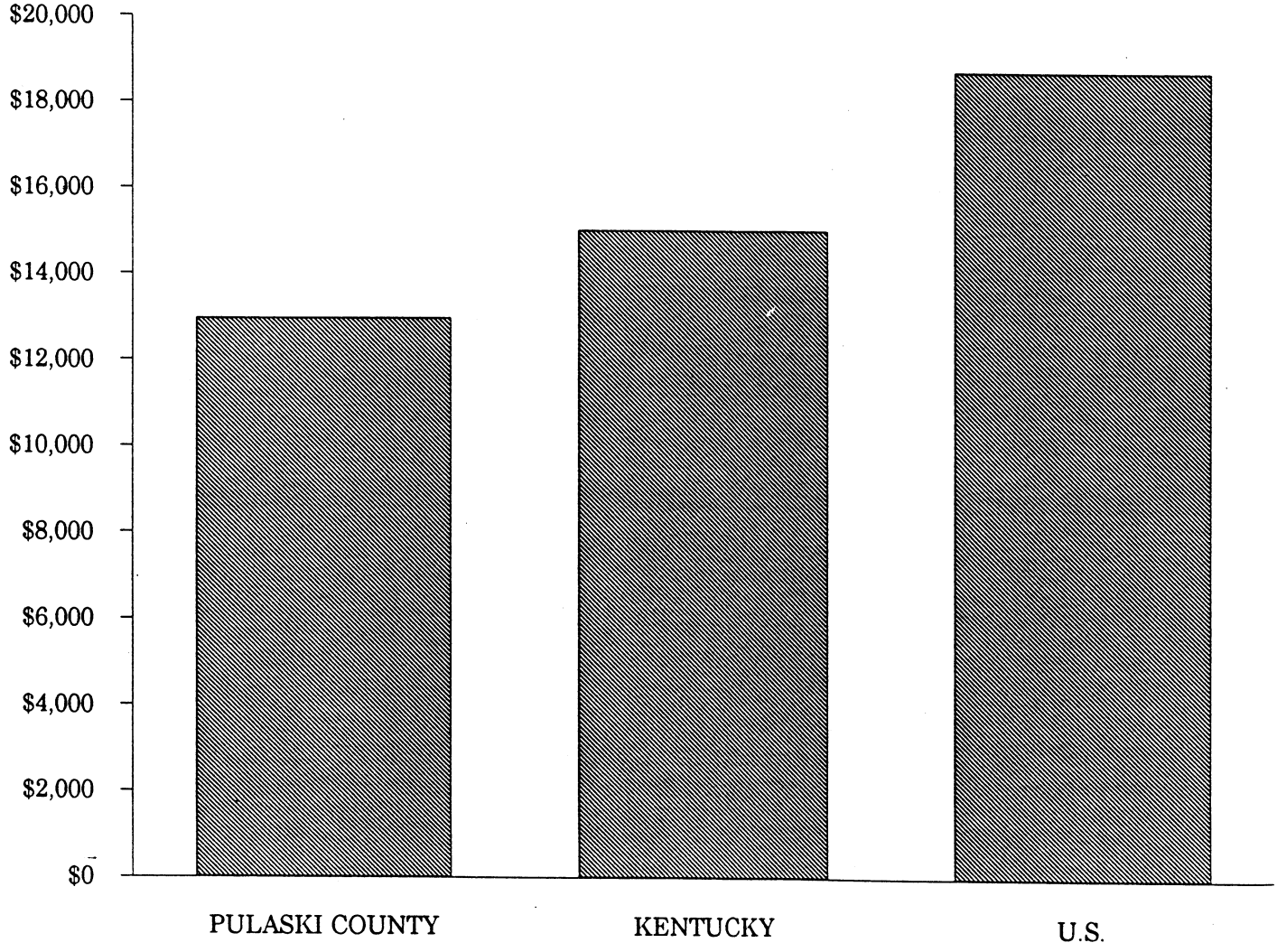


PER CAPITA PERSONAL INCOME

Area	1986	1990	Percent Change
Pulaski County	$9,635	$12,942	34.3
Labor Market Area Range	$5,490 - $9,635	$7,663 - $12,942	-
Kentucky	$11,273	$14,992	33.0
U.S.	$14,654	$18,696	27.6

Source: U.S. Bureau of Economic Analysis, Kentucky Economic Information System, April 1992.

PER CAPITA PERSONAL INCOME
1990



AVERAGE WEEKLY WAGES BY INDUSTRY
BY PLACE OF WORK, 1990*

	Pulaski County	Kentucky (State-Wide)	Tennessee	Virginia
All Industries	$301.24	$379.97	$396.00	$438.00
Manufacturing	360.88	496.95	449.00	487.00
Wholesale & Retail Trade	211.79	255.93	N/A	N/A
Finance, Insurance & Real Estate	335.37	434.93	469.00	508.00
Services	295.95	329.76	378.00	430.00
State/Local Government	340.40	392.28	N/A	N/A
Contract Construction	244.74	401.70	421.00	444.00
Mining & Quarrying	536.15	654.24	535.00	635.00
Transportation, Communications & Public Utilities	428.35	500.70	523.00	575.00

	Indiana	Ohio	Illinois	U. S.
All Industries	$417.00	$439.00	$487.00	$454.00
Manufacturing	561.00	595.00	590.00	555.00
Wholesale & Retail Trade	N/A	N/A	N/A	N/A
Finance, Insurance & Real Estate	442.00	478.00	619.00	571.00
Services	349.00	382.00	444.00	423.00
State/Local Government	N/A	N/A	N/A	N/A
Contract Construction	475.00	504.00	624.00	503.00
Mining & Quarrying	746.00	619.00	747.00	714.00
Transportation, Communications & Public Utilities	519.00	553.00	610.00	578.00

* Wages for U.S. and surrounding states rounded to nearest dollar.
N/A Not Available.
Note: The average weekly wage for each category includes the salaries and wages of all persons working for that type business. For example, the manufacturing category includes both production workers and administrative personnel. Excludes domestic workers, railway workers, certain nonprofit corporations, majority of federal government workers, and self-employed workers.
Source: Kentucky Cabinet for Human Resources, Average Weekly Wages of Workers Covered by Kentucky Unemployment Insurance Law, 1990. U.S. Department of Labor, Bureau of Labor Statistics, Employment and Wages, Annual Averages, 1990, November 1991.

APPENDIX 1

PRIVATIZATION REVIEW

Resolution of the Interim Joint Committee on
State Government of the Legislative Research Commission

1 A RESOLUTION requesting the Auditor of Public Accounts to evaluate the state's
2 experience with contracting with private vendors for the construction or operation of
3 minimum security prisons and the Outwood Mental Retardation Facility and to compare
4 costs and quality of care with similar facilities operated by the state.
5 WHEREAS, Kentucky is facing financial difficulties and looking for more cost
6 effective ways to provide needed services; and
7 WHEREAS, some have suggested increased privatization of government services
8 as a successful tool for lowering the cost of providing services as well as improving the
9 quality of services; and
10 WHEREAS, Kentucky has several years' experience with privatization of minimum
11 security prisons and the Outwood Mental Retardation Facility; and
12 WHEREAS, a review and evaluation of the experience with those institutions and a
13 comparison of the costs and quality of care provided by a privately-operated facility with
14 similar facilities operated by the state is needed to show the feasibility of expanding this
15 type of privatization;
16 NOW, THEREFORE,
17 ***Be it resolved by the Interim Joint Committee on State Government of the Legislative***
18 ***Research Commission:***
19 Section 1. That the Auditor of Public Accounts is requested to evaluate the state's
20 experience with contracting with private vendors for the operation or construction of
21 minimum security prisons and the Outwood Mental Retardation Facility in Dawson
22 Springs and to compare the costs and quality of the care provided by a privately-operated
23 facility with similar facilities operated by the state.
24 Section 2. That the evaluation include but not be limited to comparisons of the
25 following: all costs (capital construction, personnel, operating, care and support, medical
26 equipment and other capital outlay, debt service, insurance, food costs), quality of care,

1 programs, length of time from construction to beginning of operations, and time period
2 required for any professional accreditations.
3 Section 3. That the Auditor of Public Accounts is requested to advise the Chair
4 of the Senate State Government Committee and the Chair of the House State
5 Government Committee no later than January 4, 1994, as to the scope of work to be
6 performed by the Auditor of Public Accounts and the estimated time frame for
7 completion.

APPENDIX 2

PRIVATIZATION REVIEW

Governor's Commission on Quality and Efficiency
Report on Privatization of Government Functions

PRIVATIZATION OF GOVERNMENT FUNCTIONS

Issue

Can the Commonwealth realize cost savings through increased use of privatization?

Background

In 1991 alone, 31 states faced a cumulative deficit of $31 billion.[1] Kentucky, too, faces financial trouble with an estimated projected deficit for 1994 fiscal year of between $200 and $300 million. Service needs continue to rise and the demand increases the need to look for ways to downsize and streamline operations toward becoming more efficient in the provision of public services. Policy makers must keep a watchful eye on anything that might arrest the growth and threaten the fiscal soundness of our government. Re-examining all aspects of operation, including what services should or should not be provided directly by state government, has become the focus in Kentucky as it has in city and state governments across the United States.

In a survey of state governments conducted by Bethesda, Maryland-based Apogee Research, Inc., over 20 percent of the states responding said that they would be developing strategies on a state-wide or agency-wide basis to explore possibilities for increased privatization as an approach to decreasing the size of government. The three most widely used strategies in cities, states and the federal government to downsize and streamline operations include

- Contracting services out (government contracts with a private sector organization to provide a specific service, such as janitorial services, instead of providing the service itself;

- Construction or acquisition and operation of facilities (a private sector organization builds or acquires a facility, such as a prison or a tollroad, and then owns (usually) and operates the facility for the government), and

- Sales of assets. (The government sells assets, such as a hospital or an airport, to a private investor, which operates the asset for public purposes).[2]

Kentucky contracted services in the amount of $72.1 million in 1993. (see Exhibit 1) Kentucky's privatization efforts with institutions include minimum security prisons, the operation of the Outwood Mental Retardation Facility in Dawson Springs and the Quality and

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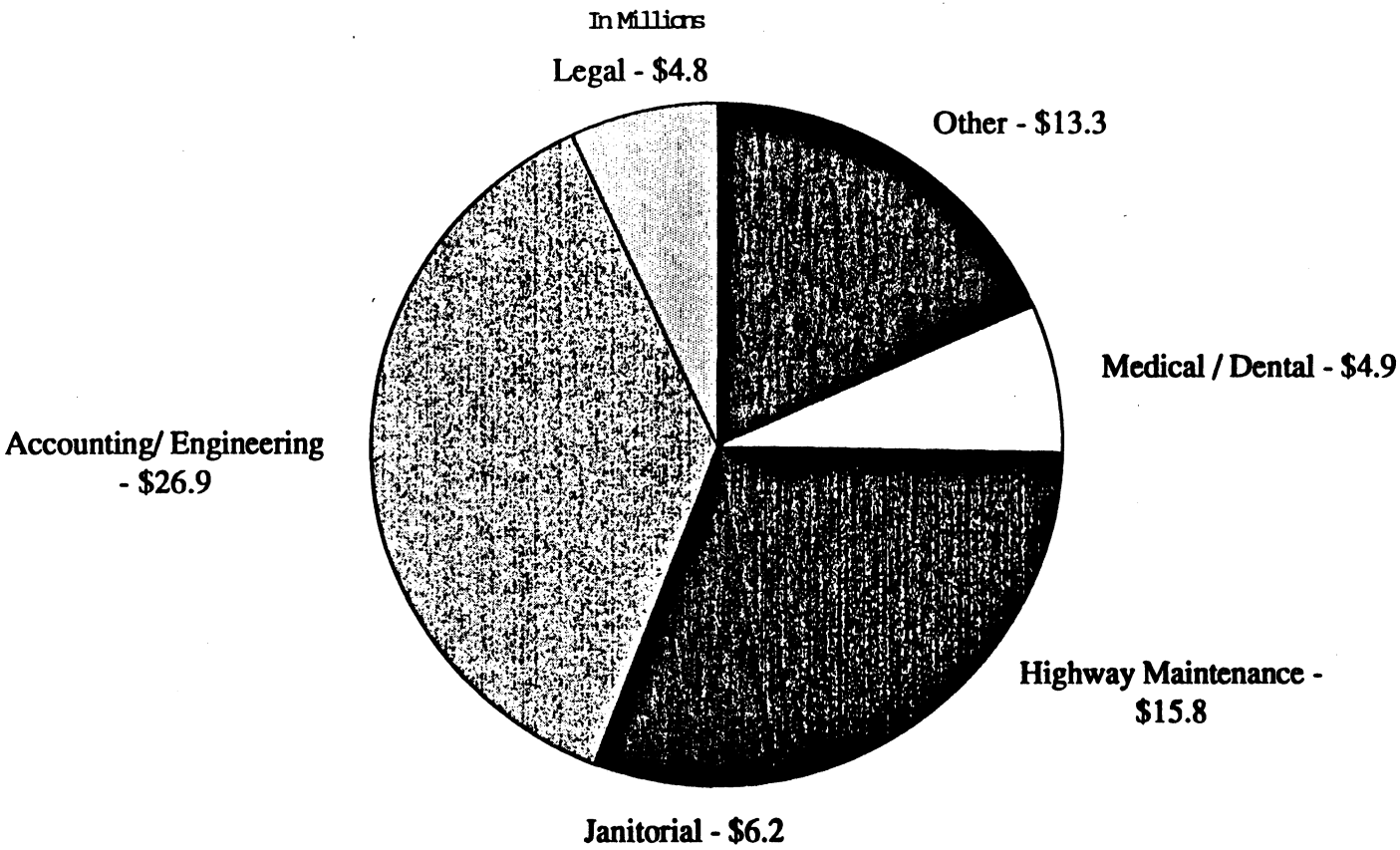
[1]"Financial Squeeze May Pressure States Into Sweeping Budget Overhauls," Los Angeles Times, July 26, 1992, A5.

[2]State Government Privatization 1992, Apogee Research, Inc., P. 1.

Exhibit 1

Service Delivery Through Personal Service Contracts



Source: Finance & Administration FYE 6/30/93

Charity Care Trust (a partnership involving the Commonwealth, Galen, the University of Louisville, the City of Louisville, and Jefferson County which provides for indigent care). These examples of privatization represent another $33 million in expenditures for fiscal year 1993. The combined efforts equal $105.3 million and represent 3.3 percent of the state's personnel and operating expenditures for 1993.

Critics of privatization strategies have expressed concerns that contracting services merely shifts costs from personnel to operations, and the potential elimination of jobs and problems with service quality are sufficient reasons for opposing privatization. However, programs have been implemented in other states which have interjected competition within the public sector as it bids against private vendors to perform services. A striking example of how competition improves the performance of both public and private operations is in Minneapolis where garbage collection was divided between city crews and private haulers. During the early stages of the arrangement, the city haulers had higher costs while the private haulers generated more service quality complaints. Monitoring over a five-year period reflected a decrease in costs of the city operation toward the standard set by the private firms, while the private services improved their quality toward that offered by the city crews.

Further, personnel issues arising from privatization of services can be addressed through programs that mandate that public employees either be the first hire of the private contractor or retrained and assigned work in other government departments. In a 1989 survey by the National Commission on Employment Policy (NCEP) of 86 city and county officials regarding the effects of privatization on employment, a total of 2,213 government workers were affected by contracting-out 34 city and county services. Of these employees, only 7 percent were laid off; 58 percent went to work for the private contractor; 24 percent were transferred to other government departments; and 7 percent retired.[3]

In designing privatization approaches, research indicates the goals should be to bring down the cost of service delivery by instilling competition in providing public services; moving the state out of providing services that can be provided by the private sector; and selling off certain state assets to the private sector. Privatization experts suggest that designation of a lead agency and strategic planning efforts to privatize support and service delivery can result in an estimated 20-40 percent savings over current expenditures.[4] A compelling example of how privatization can result in cost savings is in California. A private consultant in a 1990 analysis of approximately 25 percent of California's budget found that more than $1.2 billion could be saved by contracting for certain services in the areas of corrections, highway

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[3]The Long Term Employment Implications of Privatization: Evidence from Selected U.S. Cities and Counties, prepared by Dudek & Company for the National Commission for Employment Policy, Washington, D.C., March 1989.

[4]Eggers, William D., Privatization Opportunities for States, Reason Foundation, January, 1993, p. 5.

maintenance, development centers, and state aid to local government.[5] Over 100 studies have documented cost savings when privatization strategies have been utilized.[6]

The more competition that is introduced into government, the greater the potential that necessary state services are provided at a lower cost. The uncertainties of cost savings and administrative monitoring can be settled through a pre-analysis of contracting opportunities, a carefully prepared request for proposal, and well-devised procedures for contract administration, monitoring, and performance evaluation.

In summary, partnerships between the public and private sectors can improve services and decrease costs to the taxpayer in the delivery of state services. Kentucky could stand to lose the opportunity to save an additional $65.8 million to 131.7 million of its General Fund budget if it does not rigorously pursue privatizing some of its services, beginning with candidates listed in Exhibit 2. Efforts to privatize services in Kentucky must result in true dollar savings and a minimum of personnel disruption. The determination of which services are viable candidates for privatization should be made by standardized, objective and independent assessments and free of political influence. Consideration must be given to

- the type of activity
- the amount of expected quality and efficiency gain
- the availability of potential vendors
- ability to define desireable outcomes, measure performance and hold the vendor accountable, and
- the cost of returning the service to the government's responsibility in the event serious problems are encountered.

This approach will increase the likelihood that privatization will be successfully and extensively implemented and provide state policymakers a powerful tool to begin getting their fiscal house in order without increasing taxes.

Findings and Recommendations

Finding: An estimated $105.3 million was spent in Fiscal Year 1993 for private operation of facilities and for services provided by individuals/companies outside of state government. This figure represents 3.3 percent of the Commonwealth's total personnel

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[5] William D. Eggers, "Study Finds State of California Could Save Nearly 1.3 Billion by Privatizing a Few Key Services," Privatization Watch, Santa Monica, CA; Reason Foundation, July 1990, pp. 1-2.

[6] A chart summarizing the findings of over 100 studies on privatization is located in John C. Hilke, Competition in Government-Financed Services (New York: Quorom Books, 1992).

Exhibit 2

Candidates for Privatization	Budgeted (in millions)	Potential Savings (in millions)	
Program/Service	**For 1994**	**10%**	**20%**
Adoption Services	$26.9	$2.7	$5.4
Airports	$1.5	$0.1	$0.3
Benefits Services for Employees	$0.7	$0.1	$0.1
Central Supply	$0.9	$0.1	$0.2
Child Support Enforcement	$35.5	$3.5	$7.1
Computer Services and Training	$34.1	$3.4	$6.8
Employment & Placement Services	$18.2	$1.8	$3.6
Exam Design and Testing Services	$1.4	$0.1	$0.3
Food Stamps Administration	$47.0	$4.7	$9.4
GSC-Training	$1.2	$0.1	$0.2
Highway Maintenance	$139.1	$13.9	$27.8
Highway Vehicle Maintenance	$37.0	$3.7	$7.4
Historic Properties	$0.5	$0.0	$0.1
Medicaid Administration	$47.4	$4.7	$9.5
Mental Health/Mental Retardation	$134.7	$13.5	$26.9
Payroll	$2.0	$0.2	$0.4
Postal Services	$0.4	$0.0	$0.1
Printing	$4.9	$0.5	$1.0
Social Services (Social Workers)	$50.0	$5.0	$10.0
State Parks- Resorts & Cafeteria	$49.0	$4.9	$9.8
Telecommunication Services	$14.3	$1.4	$2.9
Veterans Nursing Home	$12.0	$1.2	$2.4
	$658.6	$65.8	$131.7

Other candidates for privatization

Pharmacy Services
Laboratory Services
Security Services
Custodial Services
Vehicle Fleet Operation and Maintenance
Safety
Public Relations
Legal Services

Real Estate Leasing
Property Appraisal
Auditors
Accounts Receivable
Prisons
Employee Assistance
Tax Collections
Highway Construction Inspection
Exam Monitoring and Administration

and operating expenditures for 1993.

Finding: There is no evidence that Kentucky has a systematic, comprehensive, statewide strategy to assess which government services could benefit from the introduction of competition strategies as a method of increasing the efficiency and decreasing the cost of services in the public sector. With no one focused on this approach, there are missed opportunities for flexibility, savings and increased employee efficiency and morale.

Recommendation 1: **The Governor should declare his support for increased privatization of government services by establishing a Privatization Commission. This lead agency will:**

- design a comprehensive state-level privatization program to identify, evaluate and recommend opportunities for privatization
- develop a process to review existing privatized programs to assure continued savings are realized
- develop and recommend innovative programs to reduce the impact privatization efforts have on personnel.

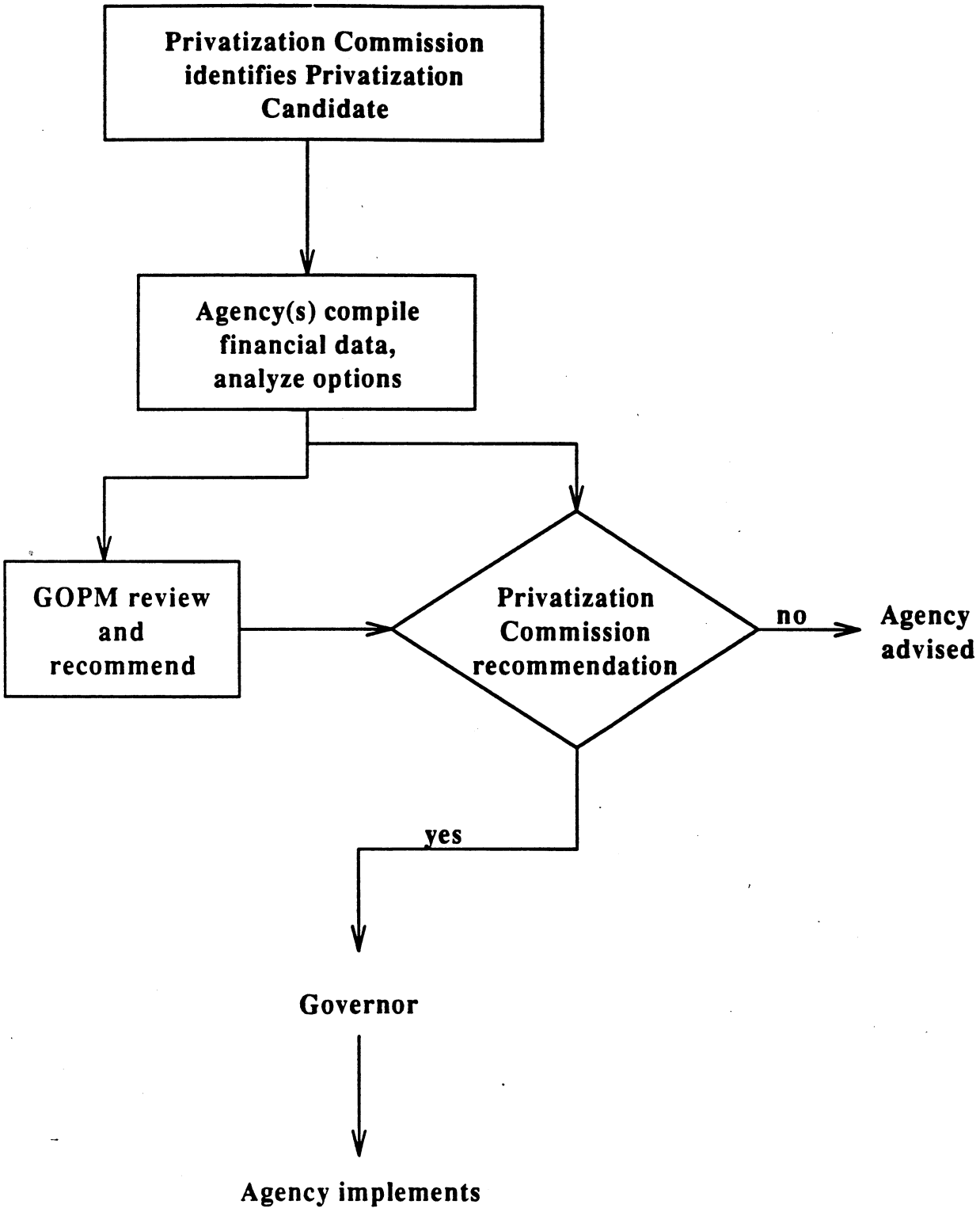
The commission should exist for six years with membership composed of three private and three public sector individuals. At the direction and guidance of the commission, the agency currently delivering a service considered to be a candidate for privatization will conduct feasibility studies including assessment, computations and conclusions and submit these to the commission. These studies would be further evaluated by the Office of Policy and Management. The commission's determination based on its pre-established criteria and after considering the agency's study and recommendations from the Office of Policy and Management would then be submitted to the Governor and the responsible agency head. A flowchart of the process is reflected in Exhibit 3.

Recommendation 2: **Agencies seeking funding for new programs should be required to analyse the use of privatization strategies as an alternative to increasing the number of personnel on the state payroll or to the provision of the service through other state resources.**

Implications

Service: Critics of privatization will argue that privitization has produced poor quality work, unreliability, high turnover of employees and little or no real cost savings. Resistance to change and what to do with existing employees also are seen as problematic. A state-wide strategy to interject competition into public service delivery and a comprehensive approach to

Exhibit 3
Privatization Review Process



privatization's advantages other than on a piece-meal basis has the potential of improved and more efficient service to the public at a reduced cost to the taxpayer.

Staffing: In the short term, there would be a modest increase in expenditures and personnel in conjunction with the staffing and operation of a Privatization Commission. The potential savings, considering that the commission achieves a high degree of success, will offset the short-term investment of dollars. Regarding the criticism that privatization results in loss of jobs, the Privatization Commission must include in its mission, the design of employee adjustment and incentive programs such as retraining and placement in other areas of need, employee buyout, first consideration by private contractors, pension plans and severance pay programs.

Budgetary: Fiscal implications of this recommendation cannot be specifically determined; however, it is conservatively estimated that for the long term, an ongoing, systematic effort to provide greater opportunities for privatization will result in savings to the state conservatively estimated to be from 10-20 percent of the current cost of the program/service. Applying this estimate to the services listed in Exhibit 2 - Candidates for Privatization, Kentucky could derive cost savings of from $65.8 million to $131.7 million.

APPENDIX 3

PRIVATIZATION REVIEW

Responses to the Original Draft Reports
- Res-Care, Inc.
- Cabinet for Human Resources
- U.S. Corrections Corporation
- Department of Corrections

PRIVATIZATION REVIEW
Responses to the Original Draft Reports

The following responses contain comments made on the original drafts of the financial comparison and program review sections. In many cases, changes were made as a result of the comments and have been incorporated in the final version as presented herein. In other cases, where a disagreement in format or philosophy occurred, the draft remained unchanged.

The responses are included in their entirety in order to show the differing views on some aspects of the privatization issue.

Res-Care
INCORPORATED

May 20, 1994

John Cubine
Chief of Staff
Commonwealth of Kentucky
Auditor of Public Accounts
144 Capitol Annex
Frankfort, KY 40601

Dear Mr. Cubine:

Thank you for allowing Res-Care the opportunity to respond to the recent program review of the Commonwealth of Kentucky's system for serving persons with mental retardation and other developmental disabilities. We compliment your office on the thoroughness and accuracy of this report, and appreciate your responsiveness and cooperation throughout.

Find attached our response to the program review. Should you have questions or comments, please feel free to contact me directly.

Thank you once again.

Sincerely,

Ronald G. Geary

Ronald G. Geary
President, Chief Executive Officer

Executive Offices • 1300 Embassy Square • Louisville, Kentucky 40299
(502) 491-3464 • Fax (502) 491-8514

RES-CARE RESPONSE TO OAKWOOD/OUTWOOD STUDY

We want to take this opportunity to express our appreciation for the interest the Commonwealth of Kentucky has displayed in the operation of Outwood. We compliment the assigned team for its ability to compile an immense amount of data into such an accurate, detailed report in a short time period. The report is well-done, and the team should be commended for its efforts.

As with any type of performance audit we receive or initiate, information from this report will enable us to continue to improve our performance at Outwood and other operations. We believe scrutiny and monitoring of our operations by internal and external sources allow us to continuously improve the quality of our services.

We also appreciate the opportunity to respond to the report that has been compiled, and we want to use this opportunity to supplement the written report with some additional information.

First, we believe it is important to examine operations such as Outwood and Oakwood from a historical perspective. For example, while we ask our operations to be at their best everyday, when judging an operation's performance, we believe it is important to look at long-term performance as opposed to an isolated period of time. While this report considers only one licensure survey and one accreditation survey, we feel the report could be enhanced if long-term performance, perhaps over a five-year period, were reviewed as well.

Also as a supplement to the report, we have included a letter of commendation Outwood received from the chairman of the board of directors of the Accreditation Council on Services for People with Disabilities. The report mentions a similar letter received by Oakwood (page 44), and we want to ensure that the team has access to the Outwood letter as well.

We are proud of Outwood's accreditation, which was first achieved shortly after we began operating the facility in 1983. We view accreditation as one of the highest honors our operations can receive, and it is our goal to eventually have all of our 35 operations, including those we only recently acquired, accredited by the Council.

We believe our focus on accreditation is one factor that has allowed us to successfully individualize all aspects of the Outwood operation for the benefit of the people we support and serve. This emphasis on individuality is something the report noted on several occasions. Our emphasis on serving each person as an individual, not just a number, is readily noticed by the team. We concur with the report's findings regarding the quality of life and training

for people living at Outwood and we must compliment our dedicated staff for their exceptional performance in this area.

This emphasis on individuality is also part of our ongoing focus on quality. While it is not mentioned in the report, all of our operations across the country are in the process of implementing an adapted form of Total Quality Management, which we have labeled "The Res-Care Quality Way." This method of quality management focuses on an evolving model for increased employee involvement in the management process.

The Res-Care Quality Way is comprised of six principles we have established as priorities for all our operations. These include: (1) creating direction, (2) focusing on consumers, (3) forming partnerships with employees, (4) emphasizing employee involvement, (5) maximizing face to face communication, and (6) managing for outcomes.

In adopting and implementing the Res-Care Quality Way, Outwood management was compelled to examine its organizational structure, including how decisions were made and communicated to staff. We realized that to successfully implement a participatory management style, Outwood's administrative structure had to be reorganized. We peeled away layers of decision making in order to open up communication lines to staff. As a result, some middle management positions were eliminated.

Following the restructuring, we began the process of communicating to staff the concepts of inclusion and empowerment. Staff were "given permission" to make decisions and to be creative within a team framework in the planning and development of new programming direction. Because of this, we have discovered that all levels of staff are eager to make decisions and contribute ideas in the continued pursuit of meeting the stated needs of individuals served.

Although the Res-Care Quality Way was not specifically mentioned by the team, we were pleased to see that they noticed evidence of its results. For example, in the report section labeled "Interviews with Staff," the team stated that Outwood's administrative staff has a vision and plan for future growth and improvement, and this plan has been communicated to employees at all organizational levels. We were also pleased with the report's statement that "people spontaneously spoke about new directions in programming and how they were contributing to the overall plan." This exemplifies what we have hoped to accomplish with the Res-Care Quality Way: a commitment by all staff to pursue quality services.

We recognize the team's concern with last year's turnover rate at Outwood. While we make no excuses, we would ask to put this statistic in perspective. Last year was an extremely unusual year for Outwood employees. In December 1992, the National Labor

Relations Board certified that a labor union could represent Outwood employees. Contract negotiations commenced in January 1993 and ended nine months later, in September 1993. Following the failed negotiations, Outwood employees signed a petition requesting decertification of the union.

While we do not blame the union for Outwood's turnover rate, as with any event which cultivates opinions and attitudes on both sides of an issue, the stress and anxiety of this prolonged period of uncertainty contributed to Outwood's higher than normal turnover rate in 1993.

In 1992, we had 54 involuntary/voluntary terminations, which resulted in a turnover rate of 33 percent, 24 percentage points lower than the year in question.

Turnover among direct care professionals is a concern throughout our field. According to recent studies, the average turnover rate for direct care workers in individual facilities in the United States ranges anywhere from 0 percent to 467 percent.

Crude separation rate, the most common method of turnover rate calculation and the one used in this report, is somewhat misleading because it does not identify positions that may have "turned over" more than once. For example, five of Outwood's 90 voluntary/ involuntary terminations in 1993 involved one cook's helper position that turned over five times. The 90 terminations also included temporary and seasonal positions, which by design were to be terminated.

When examining our operations, we not only review the crude separation rate or "turnover rate," but also the stability rate. An operation's stability rate measures the number of people who have been employed by the facility for more than one year. In the week ending May 13, 1994, Outwood's stability rate was 65 percent. This means 65 percent of Outwood's current employees have been working at the facility for more than one year.

Also, a recent report by Dr. David Braddock, president of the American Association on Mental Retardation and one of the country's leading authorities on public policy affecting persons with developmental disabilities, mentions that while minimizing employee turnover is necessary at any facility, low employee turnover does not automatically ensure high quality of care. If employees are dissatisfied, but stay because of limited employment opportunities or some other reason, their performance will probably be less than satisfactory and negatively affect the care they provide. Regardless, we continue to aggressively address this issue in all our operations.

We realize that privatization is a sensitive, often controversial area. And, although privatization is quickly becoming

a growing trend at all levels of government, it is certainly not a new idea. Privatization has been a natural outgrowth of federal, state and local governments attempting to become more efficient without lowering their levels of service.

We have learned from articles and studies regarding privatization that government bodies consider privatization an attractive alternative for a variety of reasons. Many are attracted to privatization solely for cost-reduction purposes, while others view privatization as a way to reduce the red tape and bureaucracy of providing services, thus allowing needs to be met more quickly.

Many states also see privatization as a way to allow them to continue as policymaker, regulator, manager and protector of services without actually producing or providing those same services.

Based on the information being assimilated, those representing the taxpayers of Kentucky must ultimately decide whether privatization of certain government services is in the best interest of its constituents. There are many issues to consider, and we believe this study is an excellent beginning.

The Accreditation Council

On Services for People With Disabilities

RECEIVED
NOV 05 1992
OUTWOOD ICF/MR
DAWSON SPRINGS, KY

8100 Professional Place
Suite 204
Landover, MD 20785-2225
(301) 459-3191
(301) 577-0703-FAX

Sponsoring Organizations

American Association on Mental Retardation

American Occupational Therapy Association

American Psychological Association

The Arc (formerly Association for Retarded Citizens of the U.S.)

Association for Behavior Analysis

Epilepsy Foundation of America

National Association of Private Residential Resources

National Association of Social Workers

United Cerebral Palsy Associations, Inc.

James F. Gardner, Ph.D
Chief Executive Officer

October 26, 1992

Earl E. Harris
Administrator
Outwood
23524 Dawson Springs Road
Dawson Springs, KY 42408

Dear Mr. Harris:

On behalf of the Board of Directors of The Accreditation Council, I commend you and the staff of Outwood for your efforts in providing services and supports of quality to people with developmental with disabilities. Your participation in our national accreditation program demonstrates your willingness to achieve a level of quality unsurpassed by most agencies.

The Board recognizes that a great deal of time and energy has been expended to meet the standards of quality of The Council as these standards are applied by our professional surveyors in a most vigorous survey methodology. We appreciate the focus on quality demonstrated throughout your agency and the employees' willingness to assist us during the accreditation process.

Outwood has earned our admiration for its commitment to the provision of services and supports of quality for people with developmental disabilities. We congratulate you on your accomplishment!

Sincerely,

Dennis E Popp

Dennis E. Popp
Chairman, Board of Directors

DEP/gh

The Accreditation Council

On Services for People With Disabilities

8100 Professional Place
Suite 204
Landover, MD 20785-2225
(301) 459-3191
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Sponsoring Organizations

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Epilepsy Foundation of America

National Association of Private Residential Resources

National Association of Social Workers

United Cerebral Palsy Associations, Inc.

James F. Gardner, Ph.D
Chief Executive Officer

October 26, 1992

The Honorable Brereton C. Jones
Governor of Kentucky
State Capitol
Frankfort, KY 40601

re: Outwood
23524 Dawson Springs Road
Dawson Springs, KY 42408

Dear Governor Jones:

It is my pleasure to inform you that this agency has been reaccredited for two years by The Accreditation Council. The Council is a national quality enhancement organization representing national consumer and professional organizations and service providers dedicated to improving the quality of services for people with developmental disabilities through the establishment of standards; provision of education, consultation, and training; dissemination of publications; and accreditation of agencies.

Outwood has been found to adhere to comprehensive and demanding standards, and this attainment demonstrates that agency's commitment to excellence in the provision of services and its accountability to the citizens of Kentucky.

Sincerely,

James F. Gardner, Ph.D.
Chief Executive Officer

JFG/gh
cc: Earl E. Harris, Administrator

Res-Care
INCORPORATED

June 6, 1994

John Cubine
Chief of Staff
Office of the Auditor of Public Accounts
Commonwealth of Kentucky
144 Capitol Annex
Frankfort, KY 40061

Dear Mr. Cubine:

Thank you for the opportunity to respond to the Outwood/Oakwood privatization cost study. You will find our response attached.

Should you have questions, please do not hesitate to contact me directly. Thank you again.

Sincerely,

Ronald G. Geary

Ronald G. Geary
President and Chief Executive Officer

Executive Offices • 1300 Embassy Square • Louisville, Kentucky 40299
(502) 491-3464 • Fax (502) 491-8514

RES-CARE RESPONSE TO OUTWOOD/OAKWOOD FINANCIAL STUDY

Thank you for the opportunity to respond to the financial portion of the Commonwealth of Kentucky's recent privatization study. As the potential for substantial cost savings is generally the reason most governments consider the idea of privatization, this is a very important part of the research. To the best of our knowledge, numbers presented in the report are accurate. Therefore, we would like to use this opportunity to present some additional conclusions that can be derived from the information.

Overall Cost Savings

We believe this report reflects that privatization can result in considerable overall savings. Using the figures provided for 1993, we estimate that by having Res-Care manage Outwood the past 10 years, the Commonwealth of Kentucky has saved nearly $4 million. Using 1992 figures for the same calculation, a savings of approximately $5 million is revealed.

To arrive at these figures, we compared Res-Care's cost of operating Outwood with what it would presumably cost the Commonwealth to assume management of the facility. If the state were to operate Outwood in the same manner it operated Oakwood in 1993, the cost would be approximately $390,000 greater each year (See Attachment 1). Using figures from 1992, the cost would be $460,000 greater each year.

To further compare costs, we used figures cited in the report to calculate the apparent cost to the Commonwealth if Res-Care were to operate a facility the size of Oakwood. What we found is that if Res-Care managed Oakwood, the state could save a minimum of $2.1 million per year using 1993 figures (See Attachment 2) and a minimum of $2.4 million per year using 1992 figures. Over a 10-year period, Res-Care's management could result in a savings of more than $20 million. Also, because economies of scale are normally observed in larger facilities, the savings might actually be greater (See "Economies of Scale").

Our assessments can be reviewed by examining Attachments 3 and 4. These two tables are simply expanded versions of the ones provided in the report.

We believe the cost savings illustrated in Attachments 1-4 are the most important conclusions that can be drawn from the information presented. However, we would like to briefly comment on other comparisons made in the original report.

Controllable Expenses

We perceived the portion of the report labeled "Basic Expenses/Expenditures Incurred by Facilities" as those costs which the operator of the facility can directly control. As this particular segment indicates, the per diem calculation shows that the state saved $15.68 per person per day in controllable expenses in 1993 and $18.21 per person per day in controllable expenses in 1992 for a facility we operated as opposed to one the state operates. This resulted in a savings in controllable expenses of $453,500 per year (1993 figures) or $523,348 per year (1992 figures) for Res-Care to manage Outwood. If in theory Res-Care were to manage Oakwood, the savings in controllable expenses could be approximately $2.4 million per year (1993 figures) or approximately $2.8 million per year (1992 figures).

Overhead and Administrative Expenses

The next portion of the report is referenced "Overhead and Other Expenses Incurred by CHR and Applied to the Facilities." We believe that some portions of this segment provide information that is not relevant to the idea of privatization because certain costs mentioned are not controllable, regardless of who operates a facility. For example, consider the cost of interest expense on bonds. Neither Res-Care nor the state can currently control this cost. The cost is fixed according to the manner in which the state has decided to finance Outwood's construction. This cost remains the same regardless of who operates the facility, and, therefore, is not relevant in terms of comparison of private versus state-operated facilities.

Additionally, while it currently serves only 80 clients, Outwood's administration buildings were initially constructed to handle many more clients. As can be seen on the first page of the financial comparison, the cost to build Outwood was $71,116 per client as opposed to $17,075 per person at Oakwood. This means the depreciation cost per person is substantially higher at Outwood than at Oakwood. Because this is another example of a figure that remains constant regardless of who operates the facility, for purposes of this study the depreciation cost of both Outwood and Oakwood should not be considered.

The second portion of this segment deals with Cabinet of Human Resources administrative costs. The Oakwood figure for CHR allocation illustrates the state's cost for CHR supports such as accounting, payroll preparation, personnel administration, legal support, etc. CHR does not provide such supports for Outwood; this type of assistance is provided by Res-Care's corporate office. Any services provided Outwood by CHR, such as contract monitoring or Medicaid billing, would be insignificant when compared with the services CHR provides Oakwood.

Res-Care's management fee, the final item mentioned in the report, is the cost allotted the company to provide support services for Outwood. This fee includes the cost of general and administrative expenses, such as accounting, payroll preparation, personnel administration, risk management, legal support, corporate communications and other services that allow Outwood to operate efficiently. Any portion of the fee not used for these purposes is provided to Res-Care as compensation for maintaining the high quality of care at Outwood. Res-Care pays taxes to the Commonwealth of Kentucky and federal government on the amount of this compensation.

If depreciation expense, interest expense on bonds and other overhead costs are disregarded for both Oakwood and Outwood, but "CHR Cost Allocation Plan" and "Management Fee" are included to calculate total comparable cost per facility, the cost would be $13.46 per person per day higher at Oakwood than Outwood (1993 figures). The report's 1992 total comparable cost figures indicate that the cost would be $16.00 per person per day higher at Oakwood than Outwood.

Economies of Scale

Finally, we believe the issue of economies of scale should probably be emphasized in the report. The fact that a smaller facility is determined to have a lower per diem cost than that of a larger facility, such as indicated in this report, is unusual and certainly not expected. Because nearly 340 more clients use the services provided at a 420-bed facility, the cost is distributed among more people at Oakwood and should be considerably less per person. As with any type of business, a larger operation provides certain economies of scale not available to smaller operations. Therefore, the fact that Outwood, a facility less than one-fifth the size of Oakwood, has a much lower cost per person than Oakwood is certainly significant.

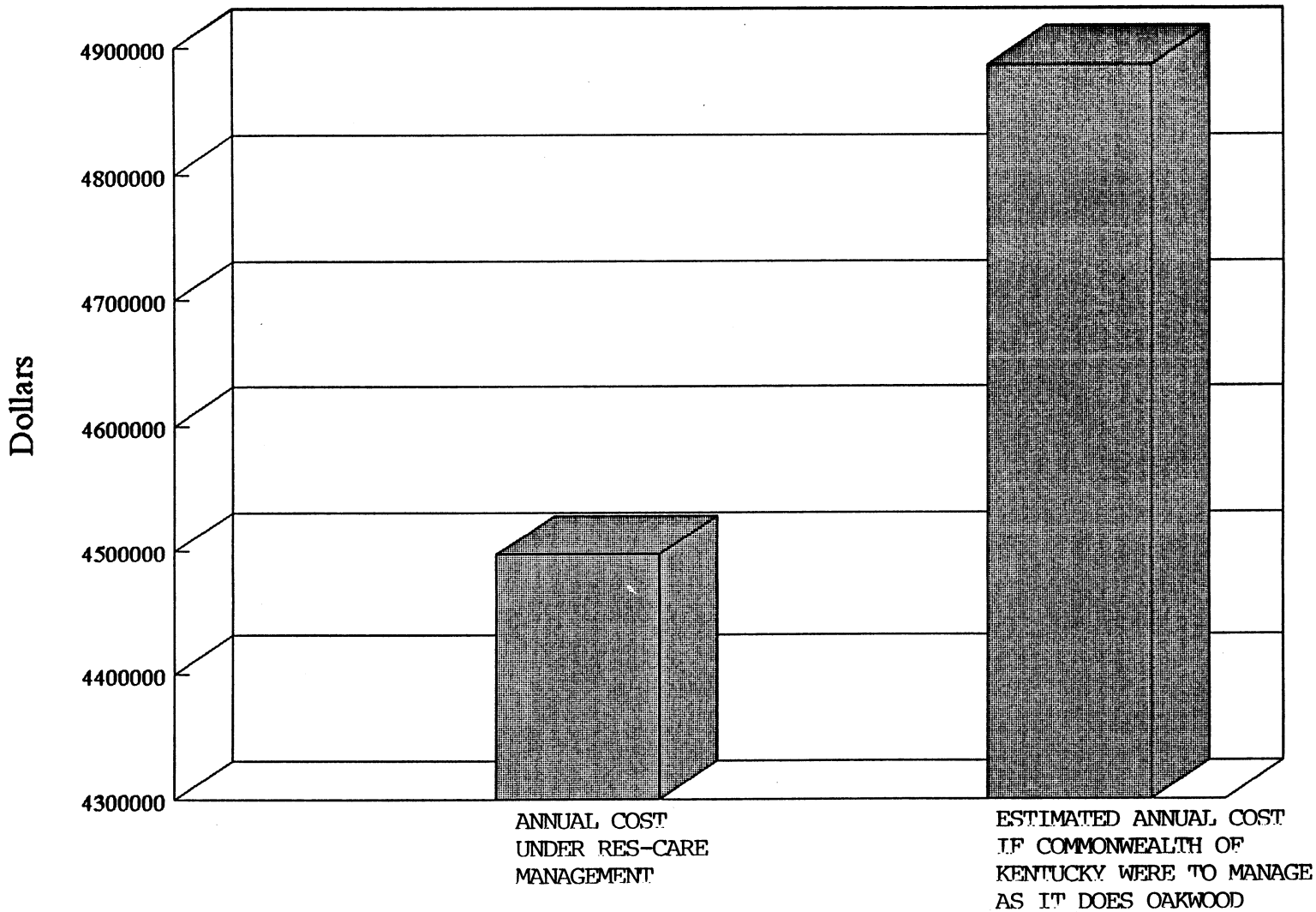
Summary

In summary, if fixed costs such as depreciation and interest are disregarded for the purposes of this study, the cost per client day at Outwood is significantly lower than that at Oakwood. Considering the fact that Outwood is a small facility not capable of capturing the same economies of scale available to Oakwood and that Outwood has always maintained a high level of quality of care, we believe these results show the success Outwood has achieved under Res-Care management through the years.

Once again, thank you for the opportunity to respond to this report on privatization. We hope the information provided proves useful.

OUTWOOD

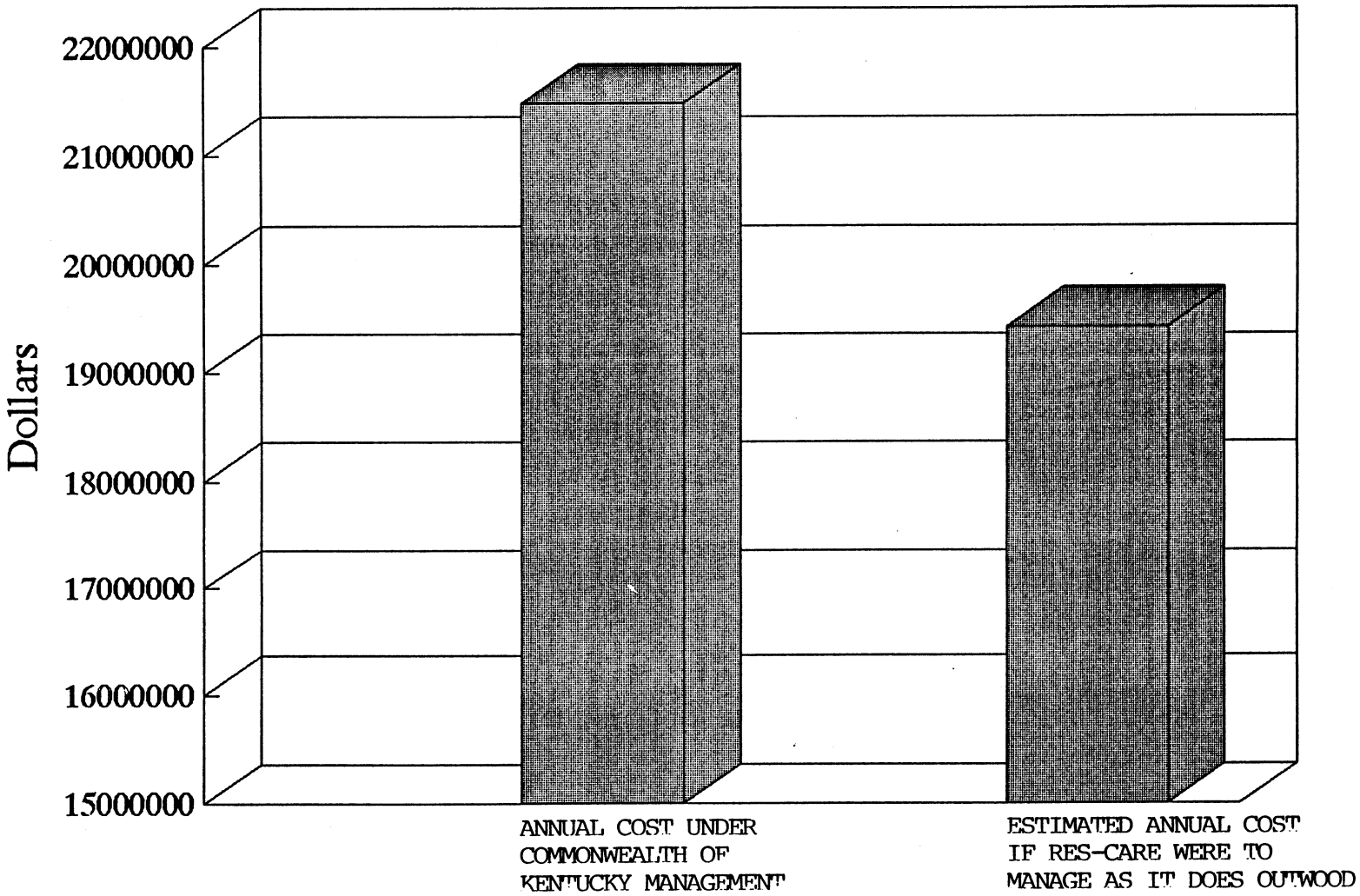
For Year Ended June 30, 1993



Attachment 2

OAKWOOD

For Year Ended June 30, 1993



Comparison of ICF/MR Facilities
Oakwood and Outwood
For the Year Ended June 30, 1993

1993 Attachment 3

	Oakwood – 152,646 days		If Res–Care Operated	Outwood – 28,923 days		If State Operated
	Total	Per Diem	Oakwood	Total	Per Diem	Outwood
Basic Expenses/Expenditures Incurred by Facilities:						
Personnel and Related Costs	$15,604,267	$102.23		$2,430,740	84.04	
Utilities	468,043	3.06		148,639	5.14	
Maintenance and Repairs	105,289	.69		77,744	2.69	
Supplies	911,641	5.97		86,493	2.99	
Care and Support	1,732,037	11.35		309,517	10.70	
Other Operating Costs	463,214	3.03		180,996	6.26	
Special Programs	286,483	1.88		20,589	.71	
Total	$19,570,974	$128.21	$17,177,254	$3,254,718	$112.53	$3,708,218
Overhead and Other Expenses Incurred by CHR and Applied to the Facilities:						
CHR Cost Allocation Plan	$1,280,206	$8.39				242,663
Specific Costs–						
Depreciation Expense	630,603	4.13	630,603	363,262	12.56	363,262
Interests Expense on Bond Issue	0			541,703	18.73	541,703
Other	0			30,562	1.06	30,562
Total	$1,910,809	$12.52		$935,527	$32.35	$1,178,190
Management Fee	0		$1,619,574	$306,850	$10.61	
Total Costs	$21,481,783	140.73	$19,427,431	$4,497,095	$155.49	$4,886,408
Savings by Res–Care Operating			$2,054,352	$389,313		

Comparison of ICF/MR Facilities
Oakwood and Outwood
For the Year Ended June 30, 1992

	Oakwood – 153,525 days		If Res–Care Operated Oakwood	Outwood – 28,735 days		If State Operated Outwood
	Total	Per Diem		Total	Per Diem	
Basic Expenses/Expenditures Incurred by Facilities:						
Personnel and Related Costs	$15,561,379	$101.36		$2,396,092	83.38	
Utilities	495,614	3.23		146,258	5.09	
Maintenance and Repairs	145,322	.95		110,394	3.84	
Supplies	817,592	5.32		77,092	2.68	
Care and Support	722,918	4.71		225,246	7.84	
Other Operating Costs	542,865	3.54		166,970	5.82	
Special Programs	1,302,478	8.48		20,899	.73	
Total	$19,588,168	$127.59	$16,792,564	$3,142,951	$109.38	$3,666,299
Overhead and Other Expenses Incurred by CHR and Applied to the Facilities:						
CHR Cost Allocation Plan	$1,255,230	$8.17	588,937			234,765
Specific Costs–						
Depreciation Expense	588,937	3.84		359,673	12.52	359,673
Interests Expense on Bond Issue	0			804,147	27.98	804,147
Other	0			11,057	.38	11,057
Total	1,844,167	$12.01		$1,174,877	$40.88	$1,409,642
Management Fee	0		$1,595,125	$298,500	10.39	
Total Costs	$21,432,335	$139.60	$18,976,626	$4,616,328	$160.65	$5,075,941
Savings by Res–Care Operating			$2,455,709	$459,613		

CABINET FOR HUMAN RESOURCES
COMMONWEALTH OF KENTUCKY
FRANKFORT 40621

DEPARTMENT FOR MENTAL HEALTH AND
MENTAL RETARDATION SERVICES
An Equal Opportunity Employer - M/F/D

May 17, 1994

John Cubine
Chief of Staff
Auditor of Public Accounts
144 Capitol Annex
Frankfort, Kentucky 40601

Dear Mr. Cubine:

This is in response to your May 11, 1994, letter to Secretary Childers in regard to the draft program reviews of Outwood and Oakwood. Secretary Childers asked that I respond directly to you.

Our staff have reviewed the draft report of the "An Examination and Comparison of the Quality of Care and the Quality of Life Provided at Outwood and Oakwood". We have not identified any errors, and we have no disagreement with the report. Our staff feel that the reviewers did an excellent job in the comparison of the two facilities in such a short period of time. We believe the primary findings are accurate and consistent with the Department's program review of these facilities.

Let me know if you need additional information.

Sincerely,

Elizabeth Rehm Wachtel

Elizabeth Rehm Wachtel, Ph.D.
Commissioner

CB/agc

cc: Masten Childers II

CABINET FOR HUMAN RESOURCES
COMMONWEALTH OF KENTUCKY
FRANKFORT 40621

OFFICE OF THE SECRETARY

June 7, 1994

Mr. John Cubine
Chief of Staff
Auditor of Public Accounts
144 Capitol Annex
Frankfort, Kentucky 40601

Dear Mr. Cubine:

We have reviewed the financial comparisons for the privatization study of the Outwood ICF/MR Facility and the Oakwood ICF/MR Facility and have no corrections. However, we suggest the following to replace the information highlighted on page two:

> "The second segment represents the overhead and other expenses that are incurred by CHR and applied to each facility. Under CHR's cost allocation plan with the federal government, Oakwood must bear its fair share of overhead cost from various administrative functions within CHR. The primary basis for this allocation is the state payroll system. Since Outwood's payroll is not part of the state's system, there is no corresponding share of overhead cost as is found in Oakwood. Both facilities still record depreciation expense for..."

Currently, the administrative overhead costs of the Cabinet (excluding administrative costs within the Department for Mental Health and Mental Retardation Services) which are underwritten by agency funds derived from the Department for Mental Health and Mental Retardation Services residential facilities through the staff office deduction total approximately $4.6 million annually. If the Outwood ICF/MR Facility was operated and staffed by state employees, some portion of this $4.6 million would be underwritten by Outwood.

We appreciate having the opportunity to review the comparisons.

Best regards,

Masten Childers II
Secretary

USCC
U.S. CORRECTIONS CORPORATION
2500 Seventh Street Road
Louisville, Kentucky 40208
Phone: 502.635.5444 . Fax: 502.635.6002

May 28, 1994

Mr. John Cubine, Chief of Staff,
Commonwealth of Kentucky,
Auditor of Public Accounts,
114 Capitol Annex,
Frankfort, Kentucky, 40601

Dear Mr. Cubine:

Thank you very much for the opportunity to comment on the draft of the Auditor's review of the inmate programs being provided at the state operated Blackburn Correctional Complex and at two of our private facilities under contract to the Commonwealth. Please note:

1. The Review's evaluators computed the percentage of program staff with degrees for each facility. The percentage of program staff with college degrees was apparently mis-calculated for the Marion Adjustment Center. Specifically, out of a total of seventeen (17) Program Staff, ten (10) have college degrees. This computes to be a 59% ratio of program staff with college degrees. Additionally, all program staff have the necessary education level to fill the position that they hold. For example, clerical positions and clerks positions by contract are either high school graduates or have a GED equivalent.

2. Vocational Programs at the Marion Adjustment Center were identified as having a pending program component. This is no longer the case. A certified Computer Program is now under way at the facility with a total of fifty one (51) inmates enrolled. In addition to the vocational programs, there are "On the Job Training" Programs offered at the facility in the Electrical, Plumbing and Carpentry fields. It should also be noted that during the majority of the years the Marion Adjustment Center has been in operation there have been three certified vocational programs. In 1992, certified vocational courses were offered in computer training, heating and air conditioning and masonry. On the average, during that year, approximately 125 inmates were continuously enrolled in these certified vocational programs. In 1993, however, the school under contract with USCC to provide these programs closed. Since then USCC has been actively rebuilding its vocational programs and their enrollments.

3. The evaluators indicated that vocational training at the Lee Adjustment Center was not comparable to that at Blackburn. However, it should be further noted that the Vocational Program, "Building Construction Technology", offered at the Lee Adjustment Center is a comprehensive program offering components of Carpentry, Electricity and Plumbing while Blackburn's program components are specialized in only one field of the building trades verses the multi-disciplined component offered at our facility.

4. The evaluators suggest that the staff member supervising the Drug Abuse Program at the Marion Adjustment Center was not qualified. This is not the case. Our Correctional Counselor was promoted from the rank of Correctional Officer to the present position based strictly on merit, education and experience. This counselor holds a Bachelor Degree in Psychology with an emphasis on Counseling and has completed 18 hours of graduate work pertaining to Institutions. Prior to employment with USCC, the counselor served in a supervisory capacity at a residential care facility for the developmentally disabled.

5. Inmate Pay scales were found to be inadequate at both state and private facilities. However, the Kentucky Department of Corrections policy has established three (3) pay rates. Specifically, $0.10 per day for unassigned inmates; $0.75 per day for unskilled labor (janitors, school students, etc) and $1.25 per day for skilled labor (cooks, mechanics, barbers etc.) In an evaluation of the current wage program 65% of the inmate population at the Marion and Lee Adjustment Centers earn $0.75 per day. This is not viewed as having a negative impact on school/program enrollments. Traditionally, the enrollments in these programs are higher since janitors and non-skilled labor jobs are not considered to be that desirable. Rather the majority of inmates seem to prefer classroom opportunities versus picking up litter and cleaning assignments.

6. Library services at our two facilities were considered to be insufficient. We disagree. Library services offered at the Marion and Lee Adjustment Centers provide quality services to the inmate population. Resource material in the social library is abundant. The two institutions' libraries contain 10,000 volumes of reading materials alone. In addition, there are fourteen daily newspapers and sixteen magazines currently being received. Even for its school libraries, the Commonwealth of Kentucky does not mandate the number of books they must contain. However, the Southern Association for Accreditation of Secondary Schools requires eight books per student for a school to be accredited provided there are other resources available - ten books per student if otherwise. With a current minimum population of 800 inmates at both facilities, that comes to 6,400 to 8,000 volumes required to meet the accreditation standards for secondary school libraries. Our libraries, therefore, excede these distinct accredidation requirements. Moreover, in addition to our regular reading libraries, each facility has its own legal library that is, by court mandate, current and extensive. They, in fact, rival those at any of our state's major law firms.

7. The payments of staff canteen workers at the Marion Adjustment Center using canteen monies to do so was questioned. However, the use of inmate canteen funds to pay the wages of staff canteen workers is an accepted correctional practice and is not a unique situation at the Marion or Lee Adjustment Centers. Several state operated facilities currently utilize this same method of operational management. At present the Blackburn Correctional Complex utilizes a subcontracting service with a company named CANTEEN Inc. Based on contractual agreements with Blackburn and CANTEEN staff wages at the Blackburn canteen are also paid from canteen monies.

8. Private Prison salaries were considered to be low in comparison to state employees. In Table One of the draft Review, a comparison of Selected Institutional Characteristics was provided to include starting salaries of Correctional Officers. Officers at the Marion Adjustment Center receive an annual salary adjustment of 5% upon completion of the first year of employment. Additionally, the salary level is adjusted on an annual basis. Please know, therefore, that after the first year of employment a USCC correctional officer has a salary level of $13,125 per year in comparison to Blackburn at $13,668 per year.

Mr. Cubine, thank you again for the opportunity to respond to the draft Program Report. I hope these points will be of help. I appreciate very much your efforts and await the final report. If I, or any of my staff, can be of further assistance feel free to contact me.

Sincerely,

Robert B. McQueen
President

USCC RESPONSE

ITEMS THAT MAY NEED TO BE RECTIFIED TO PROVIDE AN ACCURATE COMPARISON OF PUBLIC TO PRIVATE FACILITIES

1. THE COST TO THE STATE OF A NEW FACILITY NEEDS TO BE ADDED, BOTH IN THE COST OF DEPRECIATION AND THE INTEREST EXPENSE. THE BUDGET REQUEST FOR 1990 INCLUDED A PROPOSED 500 BED FACILITY AT A COST OF CONSTRUCTION OF $26,000,000 AT THAT TIME THE LEGISLATURE CHOSE TO ACCEPT LAC AS AN ALTERNATIVE. DEPRECIATION ON THIS OVER FORTY YEARS WOULD BE DIRECTLY COMPARABLE TO THAT OF LAC, AS WOULD THE INTEREST EXPENSE.

MY CALCULATIONS -	PER YEAR	(USED 500 BEDS) PER BED
DEPRECIATION	650,000	3.56
INTEREST/AVG OVER 20 YRS @ 5%	607,000	3.33
		6.89

2. PERSONNEL AND RELATED COSTS AT MAC AND LAC NEED TO BE INCREASED BY $813,918 AND $792,445 RESPECTIVELY WITH A CORRESPONDING DECREASE IN G&A EXPENSES

3. BLACKBURN OPERATES AT 99% CAPACITY WHEREAS MAC AND LAC OPERATE AT 91.6% AND 82.2% RESPECTIVELY IN 1992 AND 89% AND 74% RESPECTIVELY IN 1993. THE SAME CAPACITY SHOULD BE USED FOR ALL INSTITUTIONS TO ARRIVE A TRUE COMPARISON OF THE EXPENDITURES. THERE WOULD BE A DIRECT INCREASE IN VARIABLE EXPENSE FOR THE MEALS AT MAC AND LAC AND FOR MEDICAL EXPENDITURES, BUT THE OTHER COSTS ARE FIXED. BOTH MAC AND LAC RETAINED STAFFING THROUGHOUT THE DOWNTURN IN POPULATIONS IN 1993. SUCH AN ADJUSTMENT WOULD BETTER COMPARE PER DIEM CALCULATIONS

MINOR ADJUSTMENTS AND COMMENTS:

A. THE DEPARTMENT OF CORRECTIONS OVERHEAD APPLIED TO MAC AND LAC APPEAR EQUALLY WEIGHTED WITH BLACKBURN IN THE AREA OF CORRECTIONS MANAGEMENT, EVEN THOUGH THE DEPARTMENT DOES NOT PROVIDE THE DAILY MANAGEMENT OF PURCHASING, PERSONNEL MANAGEMENT, REGULATORY COMPLIANCE, ETC. IT APPEARS THIS AMOUNT IS OVERWEIGHTED. FURTHER, IN 1993, WHEN POPULATIONS AT MAC AND LAC DECREASED IN RELATION TO BLACKBURN, THE OVERHEAD ALLOCATED REMAINED THE SAME. THIS ISN'T CONSISTENT WITH WHAT WOULD BE EXPECTED GIVEN THE ALLOCATION METHODOLOGY.

B. ARE THE DEPARTMENT OF CORRECTIONS EXPENDITURES INCLUSIVE OF ALL EXPENDITURES RELATED TO OPERATION OF THE DEPARTMENT SUCH AS:
   a) KENTUCKY MATCHING OF EMPLOYEES RETIREMENT WITHHELD
   b) KENTUCKY'S OVERMATCHING OF RETIREMENT TO PROVIDE RETIREMENT FUNDING AFTER BOTH THE EMPLOYEES WITHHOLDING AND THE EMPLOYERS MATCHING AMOUNTS ARE EXHAUSTED IN PAYMENT OF RETIREMENT BENEFITS.
   c) KENTUCKY MATCHING OF SOCIAL SECURTY EXPENSE
   d) KENTUCKY'S COST FOR WORKERS' COMPENSATION EXPENSES
   e) COSTS OF SERVICES PROVIDED BY OTHER STATE AGENCIES INDIRECTLY FOR THE BENEFIT OF THE DEPARTMENT OF CORRECTIONS AND ITS EMPLOYEES, IE; ADMINISTRATION OF RETIREMENT SYSTEM, ADMINISTRATION OF PERSONNEL AND PAYROLL, DEPARTMENT OF INFORMATION SYSTEMS, SERVICES PROVIDED BY THE DEPARTMENT OF EDUCATION, HUMAN RESOURCES, ETC.

COMMONWEALTH OF KENTUCKY
Department of Corrections
State Office Building
Frankfort, Kentucky 40601
502/564-4726

Brereton C. Jones
Governor

Jack C. Lewis
Commissioner

May 26, 1994

Mr. John Cubine
Chief of Staff
Auditor of Public Accounts
Room 144, Capitol Annex
Frankfort, Kentucky 40601

Dear Mr. Cubine:

We have received on May 13 and subsequently reviewed the draft program review entitled "Correctional Program Effectiveness: Private Correctional Facilities in the Commonwealth of Kentucky" as prepared for your office by the Department of Justice Administration, University of Louisville, dated March 1994. Pursuant to your request dated May 11, 1994, this Department is providing comments and responses to the subject report. We request that inaccuracies in the draft program review document as identified within this correspondence be corrected or that the Department's position in matters of dispute be included in the final report.

This correspondence is arranged in three (3) sections: (1) Response to Findings, relating to pages 7 thru 24 of the draft program review document; (2) Response to Recommendations, relating to pages 25 thru 27 of that document; and (3) Response to Summary and Conclusions, relating to pages 28 thru 29 of that document.

Response to Findings

1) On Page 8 the report states, "Specifically, the aggregate population information on the presence of needs based on the Inmate Classification Instrument was not available."

Response - The Admissions and Classification Unit performs a complete needs assessment on all inmates entering the system. This needs assessment includes: alcohol abuse, substance abuse, sex offender status, educational needs, vocational needs, and group and individual counseling needs. Also, new commitments without a high school education are tested utilizing

the T.A.B.E. These needs assessments are available and maintained in a form usable to the Department although we understand that aggregate data may not be available in a form suitable for use by outside reviewers conducting evaluation studies.

2) On Page 9 the report states, ". . . we can make no precise determination since we have no quantitative information on what needs exist within the population of each facility."

Response - The Corrections Department possesses and maintains information on the individual inmate's needs. Inmates are classified to institutions where their program needs can be met, i.e Sex Offender Program. Again we understand that aggregate data may not be maintained in form usable to all outside reviewers. The necessary information is maintained in form usable by the Department.

3) On Page 10 the Table 2 listing of programs and services is incomplete.

Response - Blackburn Correctional Complex has group and individual counseling and farming all of which are not reflected in Table 2.

4) On Page 12 the report states, "The Substance Abuse Programs at all three facilities rely primarily on Alcoholic Anonymous and Narcotics Anonymous."

Response - These institutions all utilize the Substance Abuse Program now located at the Kentucky State Reformatory. Inmates needing the Substance Abuse Program are transferred to the Reformatory. After completion of the program, they are returned to a minimum security facility. A complete line of programs cannot be offered at all facilities due to resource constraints; therefore, inmates are assigned to facilities based upon priority needs assessments and program resources.

5) On Page 13 the report states, "However, the use of a correctional officer or ex-correctional officer as treatment staff for these options is inappropriate . . . reduces their credibility and ability to develop trust among the inmate population."

Response - The Department disagrees with the assumption that the job title of correctional officer reduces the staff members ability to develop trust. The individual's ability, not his job title, is the only significant factor.

6) On Page 14 the report states, "The parenting programs offered at the two private facilities have the potential to provide for greater enhancement of parent/child relationships than the program offered at Blackburn Correctional Complex."

Response - If this statement is based on the assumption that Blackburn does not have the visitation component, it is incorrect. The Blackburn program has both classroom instruction and the parent/child visitation. (See Attachment A)

7) On Page 14 the report states, "However, Blackburn Correctional Complex has a study release program . . ."

Response - This is in error. The study release program was discontinued many years ago.

8) On Page 15 the report states, "These types of generic degrees may or may not enhance employability following release."

Response - The Department disagrees with the implications of this statement. The Corrections Department has been working with the Council on Higher Education to develop an Associates Degree program that would be available system-wide. The general studies associate degree is the best option available at this time in the opinion of the Department.

9) On Page 17 the report states, "Pay for inmates ranges from $.10 to $1.80 per day depending on the specific work assignment. Those inmates involved in educational and vocational programs receive the lowest or lower pay . . . This may act to inhibit participation in educational and vocational program."

Response - The pay scale is $.75 or $1.25 per day not $.10 to $1.80. Inmates attending educational programs are paid $.75 per day. This has not been an inhibiting factor in inmate participation. Inmates completing their G.E.D. or vocational programs are also awarded educational good time. This reduces their sentence by sixty (t0) days and outweighs the small monetary differential.

10) On Page 20 the report states, "The expenditure of canteen proceeds to fund a staff member to work in the canteen does not seem consistent with the policies and procedures for the use of canteen proceeds."

Response - The Department disagrees with this interpretation of canteen policies and procedures. The canteens are separate non-profit corporations. Only the net profits of canteen operations are to be used for inmate benefits. Staff salaries are legitimate expenditures for the private canteen operations just as they are for the non-profit canteens operated by state facilities.

11) On Page 22 the report states, Information on educational program completions was additionally sketchy."

Response - The adult education programs at Blackburn

Correctional Complex are operated under a Memorandum of Agreement with the Workforce Development Cabinet.

Blackburn T.A.B.E. tests all inmates after 75 hours of instruction at every level of adult education. Each inmate's test scores are kept on file. All T.A.B.E. tests are taken to Kentucky Central Tech. (See Attachment B). This information is available upon request.

12) On Page 23 the report states, "Information on program participation and completion should be collected and regularly reviewed . . ."

Response - The Workforce Cabinet maintains records on each participant and the number of certifications and successful completions. This information is available upon request.

13) On Page 24 the report states, "Secondly, the information on misbehavior was to be gathered from disciplinary infraction records with the facility. These were not available in a usable form . . ."

Response - Disciplinary reports are maintained in each inmate's file. Also, more serious infractions are reported on the Extraordinary Occurrence Report. These reports are broken down by institution and the information is maintained on disk in the Research and Evaluation Office. This information is maintained in a form usable for this Department.

Response to Recommendations

The Department offers its response to the nine (9) specific recommendations contained in the draft program review document in the same order as presented in that document.

1. Aggregate characteristics of institutional population had been kept for years through the use of the Inmate Classification System. The process was time consuming and of little apparent cost benefit. The results substantiated the four assumptions reported on Page 9. Programs have been developed accordingly with an emphasis on sex offender and violent offenders. Additionally, a needs assessment is completed on every inmate entering the system and is utilized in the classification process.

2. It is agreed that the Department of Corrections could maintain more detailed information on program participation, program completion, and the characteristics of participants that appear to be related to program completion for the purpose of program evaluation. The Department requested $75,000 in the biennial budget to evaluate its educational programs. This request was not funded.

3. The issue of the inmate pay scale for vocational and educational programs has been discussed for years. There is no indication that the lower pay scale for educational programs has a negative effect on inmate participation. There are in fact waiting lists to participate. The Department disagrees that inmates are penalized through decreased earning capacity because they elect to participate in educational programming. Inmates can reduce the length of their sentence by obtaining educational good time for successful program completion.

4. A review of the inmate pay scale and job assignment grades was completed in 1993 and a new pay scale procedure was issued in December 1993.

5. The vocational offerings at Marion Adjustment Center an Lee Adjustment Center are delineated by contract. The Department continues to monitor contract compliance of Marion Adjustment Center and Lee Adjustment Center and advises these facilities of compliance issues. Additionally, if an inmate requests a vocational course offered at another facility, consideration would be given regarding a transfer to that facility.

6. The current marketability of skills taught through vocational programs are determined by the Kentucky Workforce Development Cabinet, Kentucky Occupational Information Coordinating Committee (KOICC). KOICC determines state-wide for Kentucky Tech post secondary programs where and what job opportunities are available. Blackburn Correctional Complex is a certified Kentucky Tech School. (See Attachment B).

7. The Department agrees that every effort should be made to hold scheduled vocational courses.

8. Educational programs are open entry. There is open enrollment in all literacy, Adult Basic Education, G.E.D. courses and vocational courses.

9. The Department agrees that there should be a balance between the security and programmatic operations of correctional facilities. The Kentucky Department of Corrections does a superior job, in our opinion, in maintaining an effective balance between security and programs. Good programming is good security.

Response to Summary and Conclusions

1. On Page 26, Paragraph 1, reference is made to "the absence of available and usable information". The Department has demonstrated that the information is available but perhaps not in an aggregate form usable by the reviewers. Information is usable by the Department to meet its basic operating needs. The fact that aggregate data is not maintained in a form usable by the reviewers may be a shortcoming of the scope and

resources of the review process. In the absence of sufficient internal resources to comprehensively evaluate such programs, it is useless to commit scarce resources to maintaining more information than is necessary or usable. The Department takes exception to the conclusion that it pays limited attention to the need to collect and retain information or to attempt to conduct internal review and assessment of program effectiveness. Significant resources are required to collect and retain data on numerous programs and to evaluate programs.

2. On Page 26, Paragraph 2, the report characterizes correctional programs as at best adequate; not necessarily strong or innovative; sufficient; traditional; not tailored to meet institutional needs; offered in the same way for the past twenty years, etc.

   The Department takes exception to this characterization in the report particularly "in the absence of usable information." No stated conditions, causes, criteria or effects are offered by the reviewers to draw or support such conclusions.

3. On Page 27, Paragraph 1, the report refers to the absence of empirical data to provide evidence of program effectiveness. The Department contends that such data exists but perhaps not in a form deemed useful to the reviewers for program evaluation purposes. The report proceeds to offer generalized assertions regarding the beneficial role of various correctional programs with which the Department incidentally agrees.

Sincerely,

Jack C. Lewis

Jack C. Lewis
Commissioner

JCL/spt

cc: Secretary Billy G. Wellman
Dewey Sowders

COMMONWEALTH OF KENTUCKY
Department of Corrections
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Frankfort, Kentucky 40601
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Brereton C. Jones
Governor

Jack C. Lewis
Commissioner

June 6, 1994

Mr. John Cubine
Chief of Staff
Auditor of Public Accounts
Room 144, Capitol Annex
Frankfort, Kentucky 40601

Dear Mr. Cubine:

Pursuant to your request this agency has reviewed the draft financial comparison report prepared by your office dated May 27, 1994. The Department offers the following comments regarding this report:

1) Reference: Page 2, original facility cost/BCC

What is the source and basis of the noted facility cost of BCC ($2,144,548)? The Department suggests that the actual fair value of the facility at the time of conversion to a correctional facility in 1972 plus actual conversion costs should be used. This information may admittedly be difficult to retrieve, however.

2) Reference: Page 2, original facility cost/MAC

The facility cost of MAC is listed as unknown. U.S.C.C. must possess the original cost basis of the facility for depreciation and income tax purposes.

3) Reference: Page 2, age/date of facility/BCC & MAC

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While it is important to establish that both BCC and MAC are very old, converted facilities, it is also relevant and important to note at what date each was converted to a correctional facility. Blackburn was converted to and established as a correctional facility in 1971 and MAC in 1985.

4) Reference: Page 4, overhead incurred by Kentucky Department of Corrections

An inconsistency must be pointed out regarding the application of FY 92 Kentucky Department of Corrections overhead expenses to CY 92 private prison expenses. While we do not know that a correction in this inconsistency would be material, we simply do not know. Converting BCC expenditures to a CY basis would be possible, although very tedious. This same comment is applicable to the FY 93 and CY 93 schedules.

5) Reference: Page 4, personnel and related costs

It is interesting that such a tremendous gap exists between the personnel costs of state and private facilities (BCC @ $19.45 p/inmate/day; LAC @ $9.58 p/inmate/day; MAC @ $11.25 p/inmate/day). This disparity seems to beg an explanation. Is it a function of the number of post positions, the inmate/staff ratio, wage rates, or a combination thereof? It is also interesting to note that all non-personnel and related expenses are significantly higher at the private facilities (BCC @ $9.58; LAC @ $13.51; MAC @ $13,29) This too seems to warrant an explanation.

6) Reference: Page 4, general administrative expenses/expenditures

The tremendous disparity between the state and private facilities surely demands a comment or explanation (BCC @ $293,548; LAC @ $1,275,668; MAC @ $1,301,944).

7) Reference: Page 4, depreciation and amortization/BCC

The report apparently intends to compute the life cycle cost of an assumed new minimum security prison based upon construction costs of recent construction projects at the Roederer Correctional Complex. The purpose of this computation apparently is to compare depreciation expenses with the two private facilities. In the comparison of the three actual facilities in this report, it does not seem appropriate to the Department to interject hypothetical scenarios. Why not amortize the original facility cost of BCC as noted on page 2 of the report over the remaining life cycle of the facility?

8) Reference: Page 4, depreciation and amortization/LAC and MAC

What is the cost basis of the depreciation listed for MAC and LAC? What cost recovery or life cycle period is used and why? Is an accelerated recovery method used for tax purposes that may not be appropriate in a life cycle cost analysis?

9) Reference: Page 4, interest expense/BCC

The report apparently intends to compute the interest cost on an assumed bond issue of an assumed new minimum security prison. It seems that interjecting hypothetical scenarios into the comparison of these three actual facilities corrupts the analysis. Why not use the

current interest value of the original facility cost as noted on page 2 of the report?

10) Reference: Page 4, expenses paid directly by Kentucky Department of Corrections

Does the expenses for LAC and MAC include the Department's personnel and operating expenses of the program manager, accountant and on-site monitor whose sole duties are related to the private prisons? Also, prior to the recent consolidation contract, the Department absorbed all costs related to inmate data entry into the ORION system. Under the new contract, the contractor is appropriately responsible for this function. The Department has estimated approximately .2 FTE personnel expenses expended in resources annually under the old contracts which were in effect under the period of review.

11) Reference: Page 4, BCC man-days

It appears that 365 calendar days were used to compute the total number of man-days for BCC (385 ADP x 365 = 140,525) for FY 92. As 1992 involves a leap year, the actual man-days should be 140,910 (385 ADP x 366). The private prisons are unaffected as actual billed man-days are presumably used.

12) Reference: Page 4, total BCC costs (excluding overhead)

The Department's records support total FY 92 expenditures of $4,225,723 and not $4,559,998 ($4,079,387 + $480,611) as indicated in the report.

13) Reference: Page 4, BCC/Overhead-Training

As your office is aware, the Department is recomputing this distribution to BCC ($29,951) and LAC ($35,086). This redistribution will be provided to your office as soon as it is completed (within several days). The FY 93 redistribution has previously been forwarded to your office by our Planning and Evaluation Branch.

14) Reference: Page 4, net income earned by LAC and MAC

What is the source and basis of these figures? Are they audited? Are they based upon income tax returns? If so, the issue of depreciation methods is of concern?

15) Reference: Page 5, other revenues earned by LAC and MAC

What is the source and basis of these items? Do they include telephone commissions? Does BCC's revenue and expenditures include inmate telephone commissions?

16) Reference: Pages 6 and 7

Given the lack of comparative information provided by U.S.C.C. for its facilities in CY 1993, it hardly appears useful to display these pages. However, U.S.C.C. should have this information available soon pursuant to current contracts which provide that the annual financial audit of the contractor shall be submitted within 30 calendar days of completion but not later than 180 calendar days following the close of each fiscal year.

If you have any questions about this correspondence, please advise. Thank you.

Sincerely,

Jack C. Lewis

Jack C. Lewis
Commissioner

JCL/spt

cc: Secretary Robert G. Lawson
Dewey Sowders, Deputy Commissioner