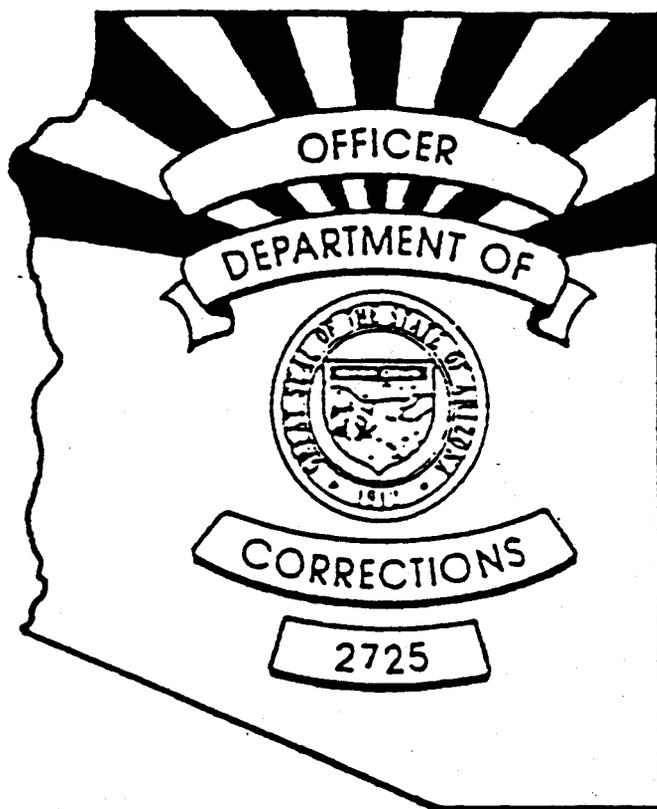


STATE OF ARIZONA

PROJECT S.L.I.M. REPORT ON THE

DEPARTMENT of CORRECTIONS



July 2, 1992

DEPARTMENT OF CORRECTIONS

PROJECT SLIM

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APPENDIX

ADC Interagency Agreement Memo -- ASPC-Phoenix Food Service Appendix A

Pharmaceutical Contracts Comparative Analysis Appendix B

July 2, 1992

Mr. Samuel A. Lewis
Director
Arizona Department of Corrections
1601 West Jefferson
Phoenix, Arizona 85007

Dear Mr. Lewis:

We have completed the Governor's Statewide Long-Term Improved Management (SLIM) review of the Arizona Department of Corrections (ADC), and are pleased to present you our report of findings and recommendations. Our analysis was conducted from November 1991 through April 1992.

This summary describes the objectives of the review, the approach used throughout the analysis, and the major changes recommended as a result of the study. We have quantified the potential benefits and summarized the key implementation tasks, including legislative support needed to implement proposed recommendations into actual benefits. Our detailed findings and recommendations follow this summary.

Benefits of approximately \$11.2 million were identified through this review for the Agency.

Later in this summary we discuss CSO pay. The Current turnover is about 18% annually due largely to low pay. Providing \$8 million for increases ranging from 5% - 16.5% through the various levels would reduce this turnover. Should this action be taken, the net result of this report would approximate \$2.9 million in benefits.

OBJECTIVES AND GOALS

The overall objective of this study was to evaluate the Arizona Department of Corrections (ADC) using various business analysis and total quality management (TQM) techniques to identify cost effective improvements to Agency's internal organization, and to reduce the cost of inmate incarceration, thus benefiting the general public. Our goal was to identify process improvements, eliminate rework and duplication, and to provide an organization structure which will effectively support the mission statements of the various divisions within ADC. In addition, our goal was to establish organizational structures that will support the long term goal of continuous improvement.

APPROACH

We approached the Agency study by taking an integrated view of the organization. An initial high level scoping of the Agency was performed to prioritize processes for review. Following the initial scoping, a detailed diagnostic was performed of selected areas.

For each major area reviewed, we analyzed the mission, strategic focus, the product/process delivery methodology, the process technology, methods for using and managing information, performance measurements, quality and service issues and measurements, organizational structures, and the logistics and physical assets used the organization to deliver services.

We began by using the "shelf data" provided to us by ADC to become familiar with the mission, size, structure and responsibilities of the major areas of the Agency. We then conducted interviews with all levels of supervision, selecting technical and line personnel to focus on areas which could be improved. Where appropriate, we used interviews to develop detailed process flows to identify non-value added elements that could be eliminated. During the course of our review, we conducted over 350 interviews of Agency and external personnel (see Exhibit 1, SLIM Interview List).

In addition to the interview technique we employed the following analyses:

- Quantification of cost to determine the impact of reducing or eliminating various activities
- Identification of prevention activities ("upstream") to reduce more costly failures further in the process ("downstream")
- Assessment of organizational structure to determine:
 - Layering
 - Span of control
 - Alignment of departmental missions
 - Distribution of responsibilities

- Fragmentation of duties
- Overlapping or redundant functions
- Centralization versus decentralization
- Assignment of authority consistent with responsibility.

Our initial step in analyzing the organizational structures involved identifying opportunities for streamlining processes and modifying practices to improve performance. In addition, we assessed the following key areas:

- Alignment of units, sections, bureaus and divisions
- Appropriate spans of supervisor control based on work requirements to reduce the cost to manage, improve organizational flexibility and empower lower levels of the organization
- Elimination of redundant functions and consolidation of fragmented responsibilities.

We analyzed processes at the institutions, seeking to determine the level of integrated services and applications employed in supporting one another. Our diagnostic included performing a detailed assessment of four institutions to both understand the correctional system and to benchmark operations. We then conducted comparative analyses of outside service procurement alternatives to see if services and commodities could be obtained at less cost. Finally, we studied various processes linking the institutions to the Central Office.

In order to quantify the effects of making changes, we obtained time estimates for work requirements. We also used Agency available statistics to assess the variety and volume of transactions processed.

As we developed our recommendations, we reviewed the proposed changes with appropriate supervisors and managers to determine completeness of the analysis. In addition, we met with senior Agency management to review our findings.

SUMMARY FINDINGS AND RECOMMENDATIONS

Major potential benefits come from income generated by charging inmates for medical services and utilities. Potential savings also come from expansion of the Home Arrest Program and some minor organization change.

Administration Division

a. Food Service

Food service was reviewed and alternatives were identified to improve cost effective delivery to inmates. Each alternative suggests potential cost savings, and it has been agreed that Food Services for ASPC - Phoenix should be contracted. The contracted price should include the cost of kitchen remodeling at the Phoenix complex to accommodate this change, amortized over a specified time period.

b. Facilities Management

We are recommending that this unit be restructured, with responsibility for all construction, oversight and management be returned to DOA per existing Legislative mandate. We also recommend oversight for routine maintenance activity be shifted to the institutions. The primary responsibilities remaining for this Bureau will be to act as technical advisors for design and construction of new prisons, and renewing of existing facilities.

c. Other Areas To Be Reviewed

This study did not include the detailed desk analysis of various accounting and administrative functions. We did conduct a general discussion with the Director highlighting areas of potential additional process improvement and cost containment, based on our initial scoping of the overall Agency.

We believe potential opportunities for improvement exist in accounting, budget review and data processing, as well as combination of units within both this Division and Human Resources. These combinations would streamline the organization and reduce the numbers of middle managers. We have not analyzed data processing issues as a Unit within this Agency. However, a "special study" for Project SLIM is currently underway addressing the entire issue of information technology for state agencies as a whole.

Adult Institutions

a. Materials Management

We recommend centralizing materials management activity at each institution where appropriate, and developing an integrated information network (inventory management) for timely communications between institutions regarding inventory items.

b. Correctional Service Officer (CSO) Compensation

A specific recommendation regarding this issue has not been included in the detailed section of this report, but we wish to underscore the critical importance of CSO pay scales. CSO pay in this State is substantially below that of neighboring states as well as the Federal system. This contributes to an annual turn over rate in excess of 14%, with individual institutions experiencing as much as 50% turn over.

Current recruiting and training costs are \$5810 per employee. This figure includes salary and ERE, RUSH costs, lodging and subsistence. The current turn over experience equates to training 630 individuals per year. Assuming a target turn over of 9%, the state could experience a savings of approximately \$2.4 million in training costs.

To achieve this reduced turn over we recommend that a salary adjustment ranging from 16.5% for CSO positions to 5% for Majors be reviewed for implementation. This increase would cost approximately \$10.7 million. The net cost to the State would approximate \$8.3 million. This increase,

although not attaining parity with neighboring states, will be a large step in the right direction. Continued analysis and adjustments may be required in the near term, depending on the impact this increase will have on turn over.

c. Time Computation

The numerous release types this state employs has caused time computation to become very complex. As a result the potential for errors has been amplified. These factors have caused offender services to perform multiple audits to ensure data accuracy and has also created delays in delivering time computations on a timely basis.

We recommend statutes be revised to reduce the number of release categories. This will favorably impact staffing in Time Computation, and will reduce modification demands for AIMS.

d. Inmate Records

We recommend eliminating the complete duplication of records. Due to statute requirements regarding public access it appears that a complete inmate master file should be maintained in the Central Office. We believe that file requirements can be reduced in the institutions, and this issue will be addressed during the implementation phase of Project SLIM.

Human Resources/Development

a. Health Services

Pharmaceutical costs are high when compared with other procurement methods and vendors. During the course of our field work, some initial progress was obtained in modifying the current contract. ADC is working with DOA procurement to obtain a waiver to purchase outside the contract or to have the contract modified.

b. Personnel

We recommend reducing the number of approval levels for filling vacant positions. Although this recommendation does not suggest potential savings, the elapsed time for this process will be substantially reduced, and middle managers will have more time to devote to line management issues.

Community Corrections

a. Home Arrest

We support the Agency's effort to expand the Home Arrest Program, and recommend budget approval for 1993 capital requirements. An additional analysis of this issue should be performed, recognizing the potential savings by maximizing the utilization of this incarceration method.

b. Release Mechanisms

Since December 1990, there have been four reports addressing ADC's overcrowding problem. One of the reports was completed by the Auditor General in December 1990. The report addressed the large number of release types utilized in Arizona. The number of alternatives have resulted in a complicated system that may actually work against reducing prison population. While Arizona has ten early release mechanisms, most other states have four or fewer. The report recommends the legislature simplify Arizona's release to four types, those being Provisional, Earned Release Credit Date, Emergency Release, and Parole.

Three additional reports were conducted on the Criminal Code. The Institute for Rational Public Policy conducted one of the studies for the Arizona Legislative Council. The report is popularly known as the Kay Knapp Report and argued against the State's mandatory sentencing statute. The Arizona Prosecuting Attorney's Advisory Council produced a second report with Dr. Michael Block. This report in contrast to the Knapp study, supported the existing statute. A third study was conducted by the ADC. This report was recently released and focused on the impact of mandatory sentencing on the prison population. It analyzed sentencing and correction data, with an emphasis on the mandatory sentencing statutes and

their implementation over the past 13 years. Although four studies have been completed no action has been taken to resolve correct the system of release methods.

It appears that the current Mandatory Sentencing Laws and the release mechanisms are in direct conflict. Mandatory sentencing says "lock them up for longer periods," and the release methods are struggling for ways to "get them out in a hurry" so the State doesn't have to spend money to build and operate more prison beds. Consequently, Arizona has created a very cumbersome system for ADC to administer.

According to the ADC study, Mandatory Sentencing accounts for 47.1% of future beds. As of January 1, 1992, there were 15,464 inmates housed in a prison system designed for 14,994. Of the 15,464 inmates, 3,866 (25%) of the inmates were in prison solely because of the longer terms associated with mandatory sentencing. Unless countermeasures are taken, the Agency projects the prison population will increase by approximately 6,000 inmates by January 1, 1997. This will bring the total inmate population to 21,464. At that time, approximately 6,911 inmates (32.2% of the total population) will be in prison because of mandatory sentencing.

To accommodate inmate population growth, ADC will need 6,470 additional beds by January 1, 1997. Of the 6,470 beds needed, 3,045 (47.1%) will be needed solely to accommodate the State's current policy on mandatory sentencing. Those 3,045 beds represent \$97,440,000 total construction costs, based on 1992 construction costs of \$32,000 per bed. If you add operating cost of \$16,457 per bed (at today's costs) multiplied by the 3,045 beds, the results equates to \$50,111,565 per year.

We recommend conducting a focused diagnostic of release mechanisms to develop specific detailed alternatives, actions plans and time frames for implementation.

Support Staff

We are recommending a statute change to eliminate the Venture Team. The studies and projects formerly conducted by this group should transfer to the on-going SLIM Team.

GENERAL CONCLUSIONS

Over the past several years, ADC management has implemented many changes to improve control. This has been accomplished with a minimal management staff and has achieved substantial improvement and benefits for the State. Management has done an outstanding job in "turning around" many unfavorable conditions which existed prior to the current state of managers. This has been accomplished, according to several state analyses and studies, with a lean staff, particularly at the institutions.

However, as the State moves toward Total Quality Management concepts, it remains for ADC to assess the need to move in that direction, and begin to modify its approach to various control issues.

Three critical issues which impact the efficiency of this Agency need further analysis. The first is information processing. There are "islands of information" being created as a result of poor and ineffective mainframe applications. Even within the individual institutions, applications are not tied together. This results in clerical staff consolidating manual reports and data, and combining various reports from different applications into summary reporting, e.g., inventory control and financial reporting. Institutions are not using standard "systems applications." They use various micro computer applications or maintain manual records.

Because "systems" do not work, people are "thrown" at a problem. A mistake may have been made, so manual validation now becomes the rule of operation. AIMS is the most obvious example of this problem. Employees not only validate and re-validate data entry, but make hard copies, sort, and include various data in inmate files. This is a major cause for excessive staffing involved in time computation and inmate records.

The second critical issue is the high number of inmate release options available in the State. This issue impacts overcrowding as well as complicating time computation and inmate records. This issue has been studied more than once and should be resolved.

The final issue for further review is the administration and support functions in the Central Office. Repetition of activity is apparent across the separate Divisions, which may tend to result in over-staffing.

There is also evidence of excessive layering which was found in some of the Bureaus analyzed during this segment of the process.

A final area which should be explored is that of privatization of prisons. Lower security level prisons have been operated by private security companies at least in Texas, with substantial savings to the state.

SUMMARY OF SAVINGS

We have outlined 16 recommendations which will provide both service level and financial performance improvements for the Agency. These benefits will accrue through changes in procurement, further standardization of procedures, and internal policies related to inmates.

Exhibit 2, Summary of Titles and Savings, outlines the impact of these recommendations in the following categories:

Income	\$ 1,301,500
Cost Avoidance	8,333,100
Cost Reduction	<u>1,614,000</u>
Total	<u>\$11,248,600</u>

The savings depicted include two items not covered by individual recommendations in the detail section of this report. These are:

1. Utility Usage -- From the data furnished to the Team by ADC Management, it is estimated that \$4 per month per inmate would generate revenue of \$768,000 annually. Considering an indigent factor of 9.6% of the population, and that this recommendation would increase that rate to about 19.2%, net revenue generation could approximate \$620,500 annually.

2. ADC currently has proposed House Bill 2140, which would require inmates to earn the \$50 "Gate Money" they currently receive at discharge. Considering an increased indigent factor of 19.2%, this action would generate an estimated \$264,500 per year.

Exhibit 3, Summary of Position Savings, outlines the impact on staffing in the various units from recommendations. In this connection, we are recommending a modest change in staffing from 6,099 to 6,082, saving 17 positions.

Present and proposed organizational structures affected by our recommendations are outlined in the Exhibits section following the Executive Summary. These structures are proposed and preliminary and will be finalized during implementation.

IMPLEMENTATION

Implementation is the critical step in the process of achieving savings. Potential savings are often identified but not achieved when the implementation process is distracted by day-to-day activities, and managers shy away from unpleasant issues. Successful implementations are marked by two criteria: (1) a strong commitment from senior management to achieve as much of the savings as proves possible; and (2) designation of implementation team leaders with the mental toughness to see the task through to completion.

The implementation process is best carried out soon after the review process. This maintains momentum while the topics are fresh in people's minds. We estimate that most of the recommendations contained in the report can be implemented within a period of twelve months. Some recommendations, however, may require additional time depending upon legislative approval.

Our Preliminary Implementation Schedule in Exhibit 4, outlines a sequence and approximate duration for each recommendation. A detailed plan will be established at the outset of the implementation. Individual recommendations and implementation requirements are included with the recommendations in the detailed section of this report.

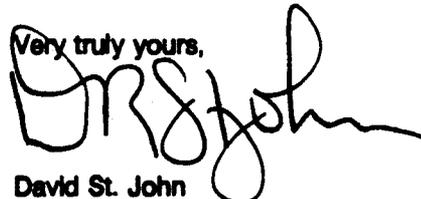
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Mr. Samuel A. Lewis, Director
Arizona Department of Corrections
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We wish to thank you as the Director of the Arizona Department of Corrections and your entire staff for their cooperation, participation, suggestions, and support during this study.

We appreciate the opportunity to be of service to the Governor and the Project SLIM Steering Committee. Should you have any questions regarding this report please feel free to contact the Project SLIM Executive Director or any member of your Project SLIM Team.

- Mel Litzenberger, Coopers and Lybrand
- Beverly Francy, Land Department
- David Borg, Department of Administration
- Les Marquis, Department of Administration

Very truly yours,

David St. John
Executive Director
Project SLIM

SLIM INTERVIEW LIST		
Arizona Department of Corrections (ADC)		
Name	Title	Date
Abe Kakar	Inv Supv I, Winslow, I&I	11/13
Albert Bonillas	Fire Spec/Motorpool Supv, Perryville	11/13
Alex Garabedian	Psychologist III, Phoenix	11/14
Andy Best	Investigator III, Phoenix, I&I	11/14
Ann Martinez	Captain, Phoenix, I&I	11/15
Ann Yarbrough	Planning Policy/Rules Unit Supv.	11/18
Anna Lewis	Personnel Asst. II	11/22
Annabelle Hunt	Mgr, Payroll & Acct, Admin	11/22
Annette Antoine	Correctional Nurse Supv I, Phoenix, HR/D	11/22
Anthony Zelenak	Administrator, Fac Mgmnt, Admin	11/22
Armando Gonzalez	CSO II, Kaibab North Sec, Winslow	11/22
Janet Austin	Capt, Search Team, Douglas DWI	11/22
Antonio Celaya	Mgr, Intel Unit, I&I	11/22
Rosemary Martinelli	CSO I, Mail & Property, Santa Maria, Perryville	11/22
Antonio Martinez	Investigator Mgr, Douglas, I&I	11/22
Arnold Soto	CSO I, Flamenco, Phoenix	11/22
Nina Weller-Schultz	CSO I, CDU, Douglas	11/22
Michael Baldenegro	CSO II, Gila, Douglas	11/22
Barbara Nagel	Program & Projects Specialist	11/22
Barry Keith	Admin Svc Ofcr, Comm Bureau, Admin	11/22
Ben Myers	Assoc Dep Warden, Globe, Phoenix	11/25
Bill Benitez	Hearing Officer, Grievance, I&I	11/26
Bill Gaspar	Deputy Warden, Rincon, Tucson, AI	11/26
Bill Gotcher	Warden, Safford, AI	11/26
Bill Guy	Facilities Health Supv, Phoenix, HR/D	11/26
Bill Heuschele	Deputy Warden, Echo, Tucson, AI	11/26
Bill Huston	Warden, Yuma, AI	11/26
Bill Peddy	SACRC, CAI	11/26
Blaine Marshall	Administrator, Shock Inc, Florence, AI	11/26
Bob Jimmedis	ASH Kitchen, DHS	11/26
Bob Long	Buyer II, Winslow	11/27
Jorge Borrego	CSO I, Papago, Douglas	11/27
Brenda Martinez	Accounting, IBS & A&R, Winslow	11/27
Buck Dendy	Prgram Mgr. I Discovery	11/27
Bud Witmer	Pharmacist, Winslow, HR/D	11/27
Brett Halperin	CSO I, Control, ACW, Phoenix	12/2
Bud Hull	Major, Chief of Sec, Complex, Douglas	12/3
Bernard Monheiser	Records Clerk, Complex, Douglas	12/3
B. Neros	CSO I, Medical, Santa Maria, Perryville	12/3
Buff Sumpter	CSO I, Flamenco, Phoenix	12/3
Rebecca Taylor	Sgt, Intelligence Officer, Coronado, Winslow	12/3
Cal Parsons	Acting Physical Plant Supv, Winslow	12/3
Cal Parsons	Acting Physical Plant Supv, Winslow	12/10
Carl Brandt Williams	CSO I, Flamenco, Phoenix	12/4
Carmen Coniglio	CSO I, Aspen, Phoenix	12/4

Carol Collins	Budget Cont./Dev. Supv.	12/4
Charles Brewer	CSO I, Coronado WIPP Coordinator, Winslow	12/5
Chet Homan	EDP, P.R. Ldr, MIS, Admin	12/5
Chuck Ryan	Warden, Winslow, AI	12/5
Clarence Newman	Business Mgr, Phoenix	12/5
Cyndi Thomas	CSO II, Complex Sec, Winslow	12/5
Charles Ballard	Capt, Shift Commander, Coronado, Winslow	12/6
C. E. Good	Major, Complex Sec, Winslow	12/6
Carlos Garcia	CSO I, Complex, Douglas	12/6
Carol Gibson	CSO I, Flamenco, Phoenix	12/6
Carolyn Jones	CPO I, Santa Cruz, Perryville	12/9
Charles L. Baber	CSO II, Douglas	12/9
Connie McPherson	CSO I, Complex Control, Winslow	12/9
Cynthia Myers	CSO I, Mohave, Douglas	12/10
Dale Copeland	Warden, Perryville	12/10
Dallas Starns	Sgt, Commisaries, Florence	12/10
Donald Clark	Phys Plan Supv II, Globe, Phoenix	12/11
Dan Danser	CSO I, Storekeeper, Florence	12/11
Dan Vannelli	Asst Deputy Warden, Cimarron, Tucson, AI	12/11
Danny Head	CSO II, Kaibab Opns, Winslow	12/11
Darla Elliott	Deputy Warden, ACW, Phoenix	12/11
Daryl Fischer	Planning Research Unit Supv.	12/11
Dave Stetson	Program Audit Supv, Insp Bureau, I&I	12/11
Dawn Dean-Ray	Storekeeper, Santa Maria, Perryville	12/12
Dean Yedica	Bus Mgr, ASO III, Florence	12/12
Debbie White	Personnel Tech, Winslow	12/12
Debra Allred	CSO II, Complex Mail & Prop, Winslow	12/12
Denise Lopez	CSO I, Intake, Santa Maria, Perryville	12/12
Dennis Harkins	Deputy Warden, Coronado, Winslow	12/12
Diane Miller	Asst Deputy Warden, Kaibab, Winslow	12/13
Diane Miller	Asst Deputy Warden, Kaibab, Winslow	1/14
Dina Shields	Warehouse Supv, Douglas	12/17
Don Greenwald	Admin Svc Officer, Health, HR/D	12/18
Don Horne	Administrator, M&B Bureau, Admin	12/18
Don McLaughlin	Phy Plant Mgr, Douglas	1/13
Don Spidell	Corr. Physican's Asst.	1/14
Donaciano Tafoya	CSO II, Kaibab South, Winslow	1/14
Donna Keller	Admin. Sec., Coronado, Winslow	1/14
Dora Willis	Timekeeper, Kaibab, Winslow	1/14
Doug Hilyard	Staff Develop & Train'g Bus. Mgr.	1/14
Doug Petersen	CPS, Baker Ward, Alhambra, Phoenix	1/14
Doug Schuster	Fugitive Coodinator, Admin Inv Bureau, I&I	1/14
Duane Vild	Training Bureau Mgr.	1/14
Danny Archibald	CSO I, Complex Sec, Alhambra, Phoenix	1/14
David Bourgeois	Captain, Shift Commander, Kaibab, Winslow	1/14
Donald Boshens	CSO I, Intake/Mail & Property, Douglas	1/14
Donald C. Belousek	CSO I, Property, Alhambra, Phoenix	1/14
Derek Holroyd	Discipline Chairman, Kaibab, Winslow	1/14
Dennis Killa	CSO II, Douglas	1/14
Dawn Pillich	Records Clerk, Complex, Douglas	1/14
Daniel Taylor	Lt, Operations Lieutenant, Kaibab, Winslow	1/14
Eddie Wilson	CSO I, CDU, Douglas	1/14
Deborah Worrall	CSO I, Kaibab South, Winslow	1/14

Deborah Zeller	CSO II, Alhambra, Phoenix	1/14
Edward Johnson	CSO II, Coronado Sec, Winslow	1/14
Eric Galante	CSO I, Douglas	1/14
Edward Mendoza	Lt, Sec, Globe, Phoenix	1/15
Charles Flannigan	Captain, Cimarron, Tucson, AI	1/15
Frank Terry	Major, Chief of Sec, Central Unit, Florence, AI	1/15
Fred Ballard	Asst Deputy Warden, E Unit, Florence, AI	1/15
F. Bauer	Major, Chief of Sec, Phoenix	1/15
F. Grabowski	Sgt, Discipline Coordinator, ACW, Phoenix	1/15
Gail Parin	Legal Coordinator	1/15
Gene Messer	Assoc. Supt. State Hospital	1/15
Gene Moore	AD, Community Corrections (CC)	1/15
George Herman	Deputy Warden, Kaibab, Winslow	1/15
George Ricci	Physical Plant Mgr, Phoenix	1/15
Georgia Campbell	EDP, P.R. Ldr, MIS, Admin	1/15
Glen Parin	Deputy Warden, Mohave, Douglas, AI	1/15
Glen Parin	Deputy Warden, Mohave, Douglas, AI	1/16
Larry Grashaber	Lt, Intake Supervisor, Alhambra, Phoenix	1/15
Gwen McKenzie	Accounting Tech III (IBS), Phoenix	1/15
Gilberto Fuentes	Supv, Intake/Mail & Property, Douglas	1/15
Gary Lassator	CSO I, Complex Sec, Winslow	1/15
G. W. Hicks	Lt, Security, Santa Cruz, Perryville	1/16
Hal Carden	Warden, Phoenix	1/16
Hal Carden	Warden, Phoenix	4/10
Harol Whitley	Deputy Warden, North Unit, Women, Flo, AI	1/16
James Hoy	Lt, Shift Lieutenant, Kaibab, Winslow	1/16
Hut Hutson	Administrator, Flamenco	1/16
Steven Hyland	CSO I, Control, Alhambra, Phoenix	1/16
Howard Goldman	Exec Asst, I&I	1/16
H. W. Sanders	CSO I, Douglas	1/16
I&I Mgrs	Monthly Mgr Meeting, I&I	1/16
Jacques Flasschoen	Business Mgr, Douglas	1/16
James Adams	Assoc Warden, Perryville	1/16
James Bentley	Adm. Officer for Mgmt. (Support Staff)	1/16
James Brown	Buyer II, Perryville	1/16
James Chilcoat	Administrator, Admin Invest Bureau, I&I	1/16
James Pinckney	Phy Plant Director, Perryville	1/17
James Robison	Storekeeper, Eyman, Florence	1/17
James Upchurch	Deputy Warden, Phoenix, Alhambra, AI	1/17
Jan Cunningham	Personnel/Operations Unit Supv.	1/17
Janice Edwards	Buyer II, Winslow	1/17
Jeanette Turner	Nursing Health Program Mgr, HR/D	1/17
Jeff Hood	Deputy Warden, Santa Rita, Tucson, AI	1/17
Jeff Weger	Storekeeper, Globe, Phoenix	1/17
Jim McFadden	Deputy Warden, SMU, Florence, AI	1/17
Jim Thomas	Warden, Tucson, AI	1/17
Jo McDaniels	Planning Bureau Mgr.	1/17
Joan Page	Food Services - Administrator	1/17
John Hallahan	Warden, Douglas	1/17
John Spearman	Administrator, Insp Bureau, I&I	1/21
Jonathan Kosten	CSO I, Alhambra, Phoenix	1/21
Judi Kilgus	Fiscal Svc. Mgr. II Bus. & Fin. Bureau	1/21
Judy Brooks	Nurse Supv, Winslow, HR/D	1/21

Judy Frigo	Administrator, N Unit - Women, Florence, AI	1/21
Judy Maestas	Personnel AA III, Winslow	1/21
Judy Workings	Admin Asst III, Personnel, Phoenix	1/21
Julie Harris	CSO I, Communications, Phoenix	1/21
Veronica Abrigo	Records Supv, Complex, Douglas	1/21
James Brandon	CSO I, Complex Detention Unit, Winslow	1/21
John Breslin	Sgt, Shift Supv, Coronado, Winslow	1/21
Jimmy Carr	Investigations Supv III, Perryville, I&I	1/21
Jamie Cundiff	CSO I, Flamenco, Phoenix	1/21
Jane Eastburn	Records Clerk, Complex, Douglas	1/22
Jeffrey Gagnon	CSO I, Alhambra, Phoenix	1/22
Jeffrey Godbey	CSO II, Complex, Douglas	1/22
Joe Hagen	Investigator III, Perryville, I&I	1/22
Jerry Hill	CSO I, Flamenco, Phoenix	1/22
J. Holtzman	CSO I, CDU, Perryville	1/22
James Horner	CSO II, Complex, Douglas	1/22
Joseph Medina	CSO II, Alhambra, Phoenix	1/22
J. M. Jackson	CSO I, Gila, Douglas	1/22
Jose Perez	CSO I, Mohave, Douglas	1/22
Jack Schwartz	CPS, Kaibab, Winslow	1/22
Joel Thomas	Lt, Chief of Security, Maricopa, Douglas	1/22
Jackie Upchurch	CSO II, Work Crew, Douglas	1/22
John Wheeler	CSO I, Complex Sec, Winslow	1/22
J.C. Keeney	AD, Adult Institutions (AI)	1/22
Karen Humiston	Deputy Warden, Gila, Douglas, AI	1/23
Karen Richardson	CRN Supv, Phoenix, HR/D	1/23
Karen Smith	Payroll Supv, Bus & Fin Bureau, Admin	1/23
Kathy Franks	Buyer II, Phoenix	1/23
Ken Elms	Sgt, Complex Transportation, Douglas	1/23
Karen Ansley	CSO II, Maricopa, Douglas	1/23
K. G. Welsh	CSO II, Alhambra, Phoenix	1/23
K. S. Reddy	Food Svcs, Phoenix	1/23
Lacy Scott	AA II, Santa Cruz, Perryville	1/23
Larry Tweet	Purch Supv, Bus & Fin Bureau, Admin	1/23
Lee Cobbs	CSO I, Comm Bureau, Admin	1/23
Leonard McIntyre	Fiscal Svcs Spec III, Perryville	1/23
Leslie Potter	CRN, Phoenix, HR/D	1/23
Leslie Willey	Sgt, Complex Work Crews, Douglas	1/23
Lester Hughes	CSO I, Alhambra, Phoenix	1/23
Lizette Johnson	Accounting, IBS & A&R, Winslow	1/23
Deborah Loomis	CSO I, Maricopa, Douglas	1/23
Loretta Spaulding	ASO I, IBS, Florence	1/23
Louie Lassara	Storekeeper, Phoenix (excl Globe)	1/23
Lucy Hays	Admin Asst, I&I	1/23
Luz Gil	Buyer II, Douglas	1/23
Lora Candarelli	CPO, ACW, Phoenix	1/23
Lupe Hackenbracht	Lt, Classification, Kaibab, Winslow	1/23
Luis Hernandez	CSO I, Complex, Douglas	1/23
L. Lopez	Mgr, Internal Affairs, I&I	1/23
Laura Ramirez	Asst Deputy Warden, Coronado, Winslow	1/23
Luren Riley	CSO I, Alhambra, Phoenix	1/23
Linda Smith	Lt, Asst Chief of Sec, ACW, Phoenix	1/23

Lorena Walker	CSO II, Mohave, Douglas	1/24
Maggie Wheeler	Staff Develop & Train'g Admin. Ass't.	1/24
Mary Rivera	CSO I, Central Stores Clerk, Florence	1/24
Margaret Jones	Psych, Tucson, Dept of Health Services	1/24
Marilyn Wilkens	AD, Arizona Correctional Industries (ACI)	1/24
Mark Berry	Captain, Insp Bureau, I&I	1/24
Mark Dobronski	TC Supv Spec III, Comm Bureau, Admin	1/24
Mary Leverdure	Mgr, Contracts Admin, Admin	1/24
Jimmie McClellan	Capt, Chief of Sec, Alhambra, Phoenix	1/24
Melody Zaitz	Timekeeper, Kaibab, Winslow	1/29
Michael May	NACRC/New Dawn, CC	1/30
Michael Poier	Asst. Adm. Planning, Facility Maint.	1/30
Michelle Raiston	Director's Office, Exec. Staff Asst.	1/30
Mike Arra	Publ. Information Officer	1/30
Mike Dominiak	Administrator, Aspen, Phoenix	1/30
Mike Dunster	Inmate, Complex Intake, Winslow	1/30
Mike Durham	Management Analyst, Insp Bureau, I&I	1/30
Mike Kirby	Hearing Officer, Insp Bureau, I&I	1/30
Mike Kowren	Mgr, Purchasing, Admin	1/30
Mike Nolan	Health Admin, Nevada Dept of Corrections	1/30
Mike Reilly	CSO I, Communications, Phoenix	1/30
Mike Smarik	Admin., Business & Finance	1/31
Milt Mahler	CPOII, Alhambra, Phoenix	2/3
Gary Montasser	CSO II, Gila, Douglas	2/3
Michael Backes	CPO II, Santa Cruz, Perryville	2/3
James Bhan	CSO I, CDU, Douglas	2/3
Michael Chudomelka	CSO I, CDU, Douglas	2/4
M. H. Guyer	CSO I, Alhambra, Phoenix	2/4
John McCullogh	Capt, Chief of Sec, San Juan, Perryville	2/4
Michael Morgan	CSO I, Complex Detention Unit, Winslow	2/4
Marvin Shatto	Supv, CDU, Douglas	2/4
Mary Vermeer	Deputy Warden, Santa Maria, Perryville	2/4
Mary Wehmeyer	Sgt, Shift Supv, Coronado, Winslow	2/4
Nancy Sior	Admin Asst III (Personnel), Perryville	2/4
Norm Green	CPO, Grievance Coord, Kaibab, Winslow	2/4
N. Lopez	CSO I, Intake, Santa Maria, Perryville	2/4
Nolan Thompson	Investigations Supv I, Perryville, I&I	2/4
Pat Barber	Investigator III, Int Audit Bureau, I&I	2/4
Pat Butlin	Nurse Practitioner, Winslow, HR/D	2/4
Pat Valentine	Compliance Auditor, Insp Bureau, I&I	2/4
Paul Schriener	Deputy Warden, East Unit, Florence, AI	2/4
Paul Smerko	CSO II, Communications, Phoenix	2/4
Michael Pennington	Lt, Shift Lieutenant, Kaibab, Winslow	2/4
Patricia Dilla	CSO I, Rover, Yard, ACW, Phoenix	2/4
Paul Greenan	CSO I, Control, ACW, Phoenix	2/4
Paul Jungers	CPS, ACW, Phoenix	2/4
Pedro Sosa	Work Crew Supv, Aspen, Phoenix	2/4
Ralph Rillos	Major, Fort Grant, AI	2/4
Rex Herron	Strategic Planner	2/4
Richard Rabago	Personnel Manager	2/4
Rick Kauth	Equipment Mechanic (Motorpool), Winslow	2/4
Rick Lewis	Storekeeper, Globe, Phoenix	2/4
Robert Rief	Lt, Security, Gila, Douglas	2/4

Rob Olding	Admin, Adult Parole	2/4
Robert Altwies	Acting AD, Community Corrections (CC)	2/4
Robert Callaway	Admin Asst III, Personnel, Douglas	2/4
Robert Hawk	Rush—Major	2/4
Robert Sharpe	Administrator, MIS, Admin	2/4
Robert Thomack	CSO I, Coronado Opns, Winslow	2/4
James Robinson	CSO I, Papago, Douglas	2/4
Rod Pittman	EDP, P.R. Ldr, MIS, Admin	2/4
Rodolfo Delgado	CSO I, Complex Transportation, Douglas	2/4
Andy Rodriguez	Capt, Chief of Sec, Flamenco, Phoenix	2/4
Roger Crist	Warden, Florence	2/4
Roger Riggs	Pharmacy Mgr, Central Office, HR/D	2/4
Ron Zuniga	AD, Investigations & Inspections (I&I)	2/5
Roy Rogers	CSO II, Key Control, Complex Sec, Winslow	2/5
Raul Alvarado	CSO I, Complex Transportation, Winslow	2/5
Gregory Clifford	CSO I, Support Svcs, ACW, Phoenix	2/5
R. C. Struck	CSO I, Douglas	2/5
R. D. Shouse	CSO II, K-9 Handler, Complex Sec, Winslow	2/5
Randy Kaufman	CSO I, Alhambra, Phoenix	2/5
Richard Massey	Investigator, Globe, Phoenix, I&I	2/5
Ronald Moore	CSO I, Douglas	2/5
Ronnie Parsons	CSO I, Coronado, Winslow	2/6
Richard Paterson	CSO I, Yard Security, Coronado, Winslow	2/11
Russ Savage	Deputy Warden, San Juan, Perryville	2/11
Richard Shepard	Capt, Chief of Sec, ACW, Phoenix	2/12
Rosemarie Villanuev	CSO I, Coronado, Winslow	2/12
James Ward	Supv I, I. A., I&I	2/12
Joel Wright	Capt, Chief of Sec, San Pedro, Perryville	2/12
Sam Hernandez	Storekeeper, Santa Maria, Perryville	2/12
Sam Lewis	Director, ADC	2/12
Sam Sublett	Deputy Warden, Operations, Florence	2/13
Sasha Charvat	Business Mgr, Globe, Phoenix	2/13
Shannon Nelson	Warehouse, Winslow	2/13
Shari Bowman	Acct Tech III, IBS, Florence	2/13
Shirlene Reilly	CSO I, Complex Sec, Winslow	2/13
Stan Bates	AD, Admin	2/13
Steve Beeler	Business Manager, Winslow	2/13
Steve Copeland	Bus Mgr, Perryville	2/14
Steve Donnell	Business Mgr., Fac Mgmt, Admin	2/14
Steve Smilka	Admin Asst, Pharmacy, Alhambra, Phoenix	2/14
Steve Varnell	Asst Admin Constr, Fac Mgmt, Admin	2/14
Steven Bostrom	CSO I, Flamenco, Phoenix	2/14
Steven E. Dowiat	CSO II, Flamenco, Phoenix	2/14
Sandra Haverland	Records Clerk, Globe, Phoenix	2/14
Stephanie Mendoza	CSO I, Mail & Prop, Coronado, Winslow	2/18
Stacie Mitchell	CSO II, Gila, Douglas	2/18
Saul R. Sotelo	CSO I, K-9 Handler, Complex Sec, Winslow	2/19
Steve Sloboda	Asst Deputy Warden, Maricopa, Douglas	2/19
Scott Wright	CPO, Globe, Phoenix	2/19
Tamera Green	Food Svcs, ACW, Phoenix	2/20
Tania Radvan	Acct Supv, Bus & Fin Bureau, Admin	2/20
Terry Branom	Major, Complex Sec, Perryville	2/20
Terry Stewart	AD, HR&D	2/21

Thomas Lutz	Chief of Health Svcs, HR/D	3/9
Timothy Lawrence	Security Chief, Comm Bureau, Admin	3/10
Toby Smith	Secretary, Complex, Winslow	3/10
Tom Blaine	Administrator, Crim Inv Bureau, I&I	3/10
Tom Hill	EDP, P.R. Ldr, MIS, Admin	3/12
Tom Horton	Physical Plant Supv II, Winslow	3/18
Tom Postek	Warehouse Supv, Phoenix	3/20
Tony Zelenak	Admin. Fac. Mgmt. Bureau	3/26
Tracy Wilson	CSO I, Complex Sec, Winslow	3/25
Troy West	Hearing Officer, Insp Bureau, I&I	3/27
Casey Tuttle	CSO II, Douglas	3/25
Thomas Dastrup	CSO II, Kaibab North, Winslow	3/25
Ronald R. Heike	CSO I, Communications, Perryville	3/25
Thomas Henson	Investigator, Winslow, I&I	3/16
Todd Humphreys	CSO I, Complex Detention Unit, Winslow	3/16
Tom Korff	Deputy Warden, Gila, Douglas	3/16
Vivian Bohrn	Class/Parole Supv, Globe, Phoenix	3/17
Wanda Sanders	Facility Health Admin, Winslow, HR/D	3/17
Water Scott	Mgr. State Hospital	3/17
Wendy Meschkow	Bldg Plans Coord I-Project Mgr, Fac Mgmt	3/17
William Taylor	Warehouse Supv, Perryville	3/18
Wilma Cavender	Lt, Santa Maria, Perryville	3/18
William Hohl	CSO II, Mohave, Douglas	3/25
William Sparpana	CSO I, Alhambra, Phoenix	3/26
William White	Supervisor, Complex Sec, Winslow	3/27
Patrick Young	CSO I, Control Room, Flamenco, Phoenix	3/27
Zada Smith	CSO I, South Unit Control, ACW, Phoenix	3/27
Lydia Johnson	Corr. Records Supv. II, Off. Svcs.	4/7
Arlene Myers	Adm. Asst. II, Offender Svcs.	4/7
Merlene Calvert-Doy	Corr. Records Supv. I, Off. Svcs.	4/7
Kathleen Bruno	Corr. Records Supv. I, Off. Svcs.	4/7
Ed Flateau	Corr. Records Clerk, Off. Svcs.	4/7
Harry Burke	Corr. Records Supv. II, Perryville	4/8
David Schwake	Food Services Mgr. - Wackenhut	4/8
Robert Olding	Administrator-Offender Services	3/12
Audrey Burke	Admin. Svcs. Off. II, Off. Svcs.	3/12
Donna Zuniga	Corr. Records Supv. II, Off. Svcs.	3/13
Laurene Crunelle	Corr. Records Supv. I, Off. Svcs.	4/6
Thomas Sullivan	Corr. Records, Supv. Admin, Off. Svcs.	3/12
Karen Wilcox	Corr. Records Supv. I, Off. Svcs.	4/8
Frances Oscunda	Corr. Records Tech. II, Off. Svcs.	4/8
Babette Wilburn	Corr. Records Tech II, Off. Svcs.	4/7
Jim Creamer	Corr. Records Tech. II, Off. Svcs.	4/7

EXHIBIT 2
SUMMARY OF TITLES AND SAVINGS

ADC		SUMMARY OF TITLES & SAVINGS				
Title	Income	Avoidance	Savings	Public	FTEs	Cap. Exp.
ADC Facilities Management			162,100		6	
Food Services			339,100		7	
Timekeeping						
Central Warehouse						
Inmate Clothing						
Stores Prices			700,000			
Time Computation			0			
Records						
Mental Health Services						
Pharmaceutical Costs		173,100				
Medical Encounters	681,000	4,500,000				
Hiring Process						
Director's Office			148,300		4	
Home Arrest		3,660,000				1,201,700 **
Utilities	620,500					
Gate Money			264,500			
TOTAL	1,301,500	8,333,100	1,614,000	0	17	1,201,700
GRAND TOTAL ALL CATEGORIES			11,248,600			
**Expansion will require additional \$231,000 annual operating cost						

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SUMMARY OF POSITION SAVINGS

EXHIBIT 3

	CURRENT	RECOMMENDED CHANGE	REMAINING
ADMINISTRATION	101	-13	88
-Division Support	3	0	3
-Business & Finance	42	0	42
-Management Info. Services	19	0	19
-Facilities Management	10	-6	4
-Management & Budget	10	0	10
-Food Service	7	-7	0
-Communications	10	0	10
INSPECTIONS & INVESTIGATIONS	76	0	76
-Division Support Staff	4	0	4
-Administration Investig.	20	0	20
-Criminal Investigations	39	0	39
-Inspections & Systems	11	0	11
-Intergovernmental lia.	2	0	2
ADULT INSTITUTIONS	5164	0	5164
-Division Support	9	0	9
-Female Issues/Subst. Abuse	1	0	1
-Pastoral	2	0	2
-Educational Services	3	0	3
-Offender Services	68	0	68
-ASPC Douglas	597	0	597
- Florence	1884	0	1884
- Perryville	664	0	664
- Phoenix	286	0	286
- Globe	58	0	58
- Tucson	750	0	750
- Winslow	468	0	468
-ASP Fort Grant	172	0	172
-ASP Safford	107	0	107
-ASP Yuma	95	0	95
HUMAN RESOURCES/DEVELOPME	505.5	0	505.5
-Division Support	9	0	9
-Health Services	431.5	0	431.5
-Personnel Services	10	0	10
-Planning	14	0	14
-Staff Development	14	0	14
ARIZONA CORRECTIONAL IND.	51	0	51
COMMUNITY CORRECTIONS	182.5	0	182.5
DIRECTOR	19	-4	15
-Support Staff	19	-4	15
TOTAL	6099	-17	6082

ADC IMPLEMENTATION SCHEDULE
(PRELIMINARY)

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ADC IMPLEMENTATION SCHEDULE (PRELIMINARY)																				
TITLE	MONTHS																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
ADMINISTRATION DIVISION																				
ADC FACILITIES MANAGEMENT	→	→	→	→																
FOOD SERVICES	→	→	→	→	→	→	→	→	→											
ADULT INSTITUTIONS																				
TIMEKEEPING	→	→																		
STORES PRICES	→	→	→	→	→	→	→	→	→											
CENTRAL WAREHOUSE			→	→	→	→	→	→	→											
INMATE CLOTHING	→	→																		
RECORDS				→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
TIME COMPUTATION				→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→

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ADC IMPLEMENTATION SCHEDULE
(PRELIMINARY)

TITLE	MONTHS																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
HUMAN RESOURCE/DEVELOPMENT																				
MENTAL HEALTH FUNDING																				
MEDICAL ENCOUNTERS																				
OUTSIDE MEDICAL SERVICES																				
PHARMACEUTICAL COSTS																				
HIRING PROCESS																				
COMMUNITY CORRECTIONS																				
PRISONER RELEASE																				
HOME ARREST																				
DIRECTOR'S OFFICE																				
UTILITY PAY																				
GATE MONEY																				

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FACILITIES MANAGEMENT

Current Situation

In 1985 the Legislature by statute, shifted responsibility for Capital (New) and Renewal prison construction from the Arizona Department of Correction (ADC) to the Department of Administration (DOA). At that time a majority of the ADC facilities management staff were reassigned to DOA. Since that time ADC through the Bureau of Facilities Management has provided technical support to DOA on prison construction projects. By Internal Management Policy #103.4.3 effective December 22, 1986 ADC Wardens and the Bureau were provided specific definitions and procedures for Capital, Renewal Construction and Maintenance projects. From the conceptual design process to project completion the technical support provided by the Bureau includes:

- Establish site and facility construction criteria
- Develop site selection master plan
- Architectural/engineering assessments, proposals and reviews
- Environmental, water, wastewater and other regulatory reviews
- Preliminary or conceptual cost estimates
- Construction warranty assistance and review.

Prison site selection is mandated by statute, as a responsibility of the Legislature. However, the Bureau assists in site selection by identifying, evaluating and proposing the selection of new sites, which are made every two to three years.

Since 1985, ADC's Bureau staff has increased to ten FTEs (see Exhibit 5, Bureau of Facility Management – Present Organizational Structure):

- Administrative Services Officer V
- Plans and Construction Supervisor

- **Building Plans Coordinator**
- **Planner III**
- **Program Project Specialist (allocated but not currently funded)**
- **Occupational Safety Consultant**
- **Administrative Services Officer II**
- **Administrative Secretary I**
- **Clerk Typist II**
- **Clerk Typist III (Limited).**

Additional support is provided by three inmate clerical staff.

Item 5.6.3.1 of the Internal Management Policy directs that one percent of the institution's replacement value be allocated for routine and preventive maintenance expenditures each fiscal year. These maintenance projects are actually administered by the individual institutions, however they must be coordinated through the Bureau who acts as liaison between the institutions, Central Office and Director. A project request, generated at the institution level, is sent to the Bureau for review and recommendation, routed to the Assistant Director of Administration and, if required, to the Director. The coordination, administration, supervision, bidding process and consulting functions on these projects are the responsibility of the Bureau's Plans and Construction Supervisor and Building Plans Coordinator. An average of 120 projects are proposed and administered annually. The average cost per project is \$5,000 or less, according to Bureau Staff. An example given of one of these projects is the purchase and installation of a water softener at one of the institutions.

All purchase requests and invoice payments for the small maintenance and constructions projects are sent to the Bureau for review.

The Administrative Service Officer II, grade level 21, acts as the Bureau's Business Manager. The responsibilities of this position include the following:

- Monitor six hundred purchase requests
- Review twelve hundred invoices
- Prepare endowment funding requests (ten projects)
- Review and process Risk Management, Industrial and Inmate loss claims.

This position reviewed 113 general property claims, 14 building claims, 120 automobile loss claims for risk management; 1,430 reported Industrial Injury Claims, 931 of these were referred to the State Compensation Fund; 469 Inmate Loss claims, 276 of these claims were settled by ADC for amounts of \$75 and under. (Claims over \$75 were processed by the Department of Administration.)

AS A COMPARISON: At another State agency an Accounting Tech II grade level 11 has responsibility for processing and reviewing 4,000 purchase requests and 3,000 invoices in addition to other responsibilities.

The Bureau's Planner III position is responsible for the development and publishing of the ADC Annual Capital/Renewal Budget Request, Five Year New Bed Projection/Request, Twenty Year Plan and Fixed Asset Management Report. These reports are used to coordinate and develop budget requests with the JLBC analyst and provide statistical data for various surveys, questionnaires, and charts. Statistical data are also gathered from other states and governmental agencies and are shared nationally and internationally through this position.

The fixed asset report serves as the asset inventory report and provides information on present value, building, improvements, square footage, overall facility cost, site improvements, building and improvements replacements, proposed demolition projects and major renewal projects.

The Bureau's Occupational Safety Consultant position has responsibility for coordinating and reviewing the Fire/Safety functions. This position maintains the records and provides information on ADC's Fire/Life Safety programs, training programs and inspections. It assists with investigations and reports on Fire/Safety injuries, illnesses, property losses and site-emergency plans.

The Bureau Administrator is responsible for the evaluation, recommendation and development of reports on private property acquisition proposals. These proposals generally involve land with existing buildings and improvements, which may be suitable for future prison sites. A request to purchase such a

site generally originates at the Governor's Office or by the Legislature. An example of such a proposal would be to purchase an older existing motel, hospital or similar facility for conversion to prison inmate use. Reportedly between 20 and 30 such proposals have been evaluated and analyzed by the Bureau in recent years. Currently between 6 to 13 projects are under evaluation. The Bureau's report will include a feasibility study, environmental analysis, cost approach, redesign, remodeling recommendations and structural analysis. Each report consumes a substantial amount of Bureau staff time. To date only one facility (a motel) has been purchased for use as low-level security unit.

Impact

As previously stated, Statutorily DOA is responsible for the Capital/Renewal prison construction projects. ADC's primary involvement in these projects originally was to provide technical support and assistance to DOA.

The original Bureau staff remaining after the 1985 statute revision was adequate to administer these functions. Since that time ADC has requested to assume some of DOA's responsibilities of renewal construction projects and has added their own staff to accommodate this additional work. The DOA staff handling ADC projects has not decreased. The current situation is confusing for both agencies, increases the communication problems, number of meetings, and is not cost effective for the State.

The individual institutions must delay minor construction and maintenance projects due to internal policies which require the Bureau to review and comment on each project. Each institution has maintenance staff and a Business Manager on-site who could administer these minor projects and the related purchase requests and invoices.

The current process used to evaluate proposed future improvements and sites for prisons is time consuming and expensive. As previously stated, only one site has ever been acquired for ADC uses out of several that have been evaluated.

- The responsibility to prove a site is suitable for prison use to the seller. This could be accomplished by an internal policy which would describe specific prison site criteria. Feasibility studies, appraisals and cost analysis reports could be provided by the proposed seller from an State approved list of private contractors. It is estimated that a change in policy and procedure would significantly reduce such proposals.

Recommendations

We recommend the following:

- **Return all functions to DOA as statutorily mandated**
- **Revise internal policies to allow for small construction and maintenance projects to be fully administered on-site at each institution**
- **Reassign all budget review responsibilities to the ADC Budget Section**
- **Assign all inmate loss claims to each Adult Institutions Business Manager, to be processed directly to DOA Risk Management or if \$75 or less to be administered directly by each institution**
- **Assign all of the following responsibilities to the clerical staff:**
 - **Files and records maintenance functions**
 - **Any claims processing remaining with the Bureau**
 - **Any invoice and purchasing request processing remaining with the Bureau**
- **Draft policy to establish criteria and shift responsibilities to the property owner on all proposed prison site conversion projects**
- **Combine the Fire, Safety and remaining property loss functions into the Occupational Safety Consultant position. Shift the Industrial claims processing directly to the Personnel Office**
- **Assign a majority of the work involving the Institutional inspections and technical reports to the seven on-site Fire/Safety FTE's. Reports can be relayed to the Bureau for their information**
- **Eliminate the following positions (see Exhibit 6, Bureau of Facility Management – Proposed Organizational Structure):**

- Plans and Construction Supervisor
- Building Plans Coordinator
- Program Projects Specialist
- Administrative Service Officer II
- Clerk Typist II
- Clerk Typist III (Limited)

Benefits

If all Capital/Renewal projects are returned to DOA, as statutorily required, ADC's Bureau technical and support staff can be reduced to an appropriate size. The processing of invoices, purchase requests and related business office responsibilities will be reduced or eliminated.

Reference is made to the DOA SLIM team recommendation that property claims be written only for claims of \$5,000 and up. This recommendation would reduce the amount of work the Bureau staff completes.

The shift of the renewal projects responsibilities back to DOA, greater involvement of staff at the institutional level, and restructuring of the remaining Bureau staff will result in a cost saving to the State and more effective management of resources of ADC.

Additional benefits include the following:

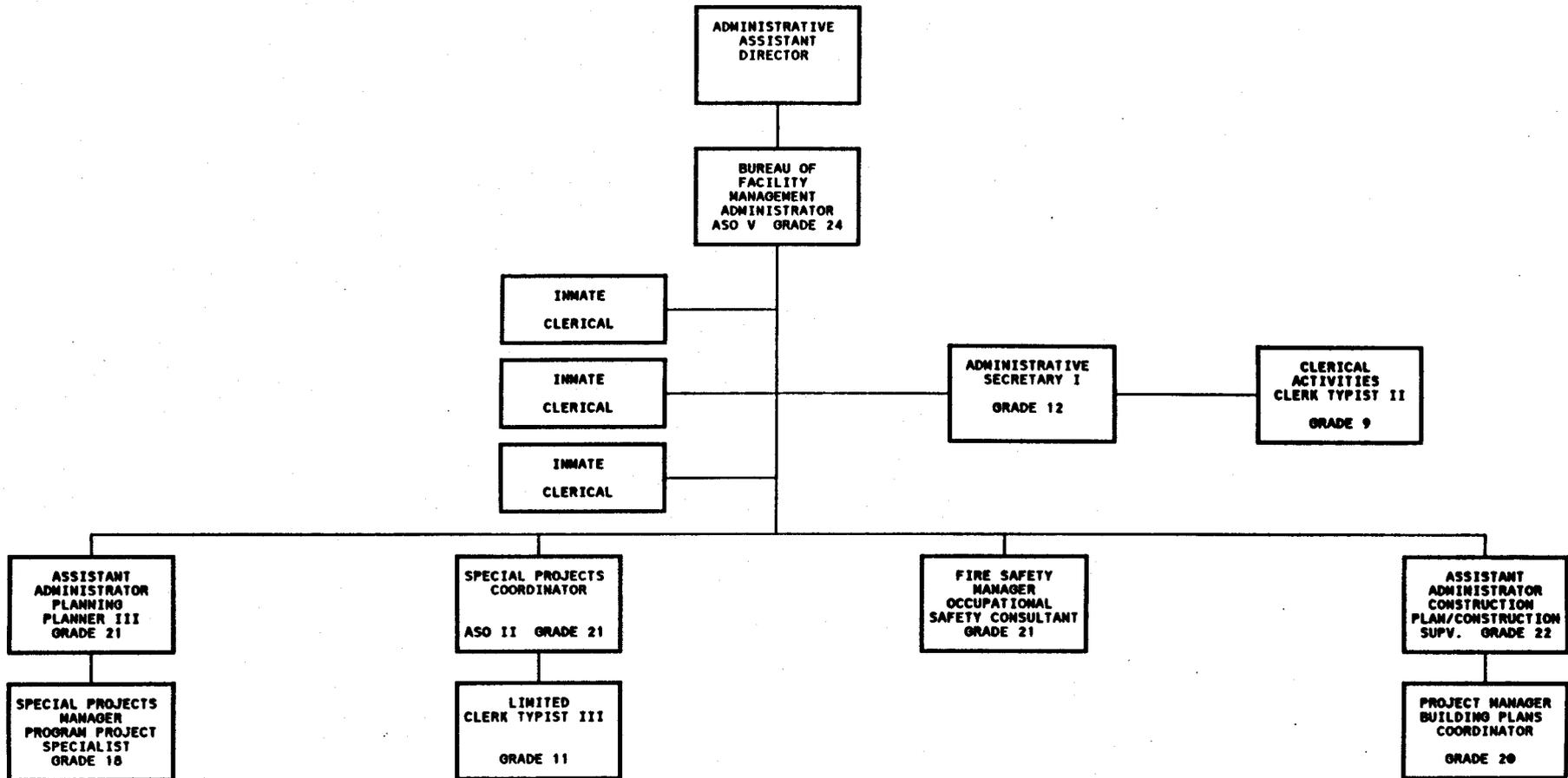
- More effective utilization of staff
- Eliminate duplication and unnecessary auditing functions
- Improve communications between the agencies and the contractors
- Eliminate unnecessary delays in maintenance and small construction projects by eliminating a level of bureaucracy
- Total savings of \$162,100 in cost reductions.

Implementation

- **Change Internal Policy**
- **Transfer responsibilities and positions**
- **Prepare new desk procedures and instructions**
- **Install position reductions.**

**ARIZONA DEPARTMENT OF CORRECTIONS
ADMINISTRATION DIVISION
BUREAU OF FACILITY MANAGEMENT
PRESENT ORGANIZATIONAL STRUCTURE**

EXHIBIT 5



- DEVELOP/PUBLISH ANNUAL CAPITAL/RENEWAL BUDGET REQUEST
- DEVELOP FIVE YEAR, NEW BED PROJECTION REQUEST
- PREPARE/UPDATE TWENTY YEAR BUILDING REPLACEMENT SCHEDULE
- DEVELOP/UPDATE FIXED ASSET REPORT
- DEVELOP LONG RANGE INSTITUTIONAL COMPLEX MASTER PLANS
- UPDATE FACILITY SITE PLAN
- UPDATE STATISTICS

- PROCESS RISK MANAGEMENT CLAIMS
 - VEHICLES
 - INMATE PROPERTY LOSS
 - DEPT. PROPERTY LOSS
- PROCESS WORKER COMPENSATION CLAIMS
- REQUEST ENDOWMENT FINDINGS FOR CAPITAL RPROJECTS
- PREPARES REQUEST FOR PURCHASE OF MATERIALS AND PROFESSIONAL SERVICES
- MONITORS CAPITAL APPROPRIATIONS
- PREPARES REQUEST FOR IGA'S

- CONDUCT FIRE/SAFETY INSPECTIONS
- REPORT FIRE/SAFETY LOSSES
- LIAISON WITH REGULATORY AGENCIES
- INVOLVED IN VARIOUS FIRE/LIFE SAFETY PROGRAMS
- INVOLVED IN ENVIRONMENTAL, CONSTRUCTION AND OPERATION ISSUES
- INVOLVED IN SITE-SPECIFIC EMERGENCY PLANS

- ASSIST IN DEVELOPING SCOPE OF WORK FOR NEW PRISON CONSTRUCTION AND IMPROVEMENTS
- OVERSEES ALL PHASES OF IMPROVEMENT PROJECTS
- ADMINISTERS A/E SELECTION PROCESS FOR IMPROVEMENT PROJECTS
- MONITOR PROJECT BUDGET AND PROGRESS SCHEDULES
- INTERACTS WITH REGULATORY AGENCIES
- RECOMMEND PROGRESS PAYMENTS
- OVERSEES ALL PHASES OF IMPROVEMENT PROJECTS
- TRACK CONSTRUCTION WARRANTIES

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**ARIZONA DEPARTMENT OF CORRECTIONS
ADMINISTRATION DIVISION
BUREAU OF FACILITY MANAGEMENT
PROPOSED ORGANIZATIONAL STRUCTURE**

EXHIBIT 6

**ADMINISTRATIVE
ASSISTANT
DIRECTOR**

**BUREAU OF
FACILITY
MANAGEMENT
ADMINISTRATOR
ASO V GRADE 24**

- ASSIST IN DEVELOPING SCOPE OF WORK FOR NEW PRISON CONSTRUCTION AND IMPROVEMENTS
- LIAISON ON ALL PHASES OF IMPROVEMENT PROJECTS WITH DOA
- COORDINATES A/E SELECTION PROCESS FOR IMPROVEMENT PROJECTS WITH DOA
- MONITOR BUILDING RENEWAL BUDGET AND PROGRESS SCHEDULES OF INSTITUTIONS
- INTERACTS WITH REGULATORY AGENCIES IN BENAL OF ADC
- LIAISON ON CONSTRUCTION WARRANTIES WITH DOA
- MONITORS CAPITAL APPROPRIATIONS

**ASSISTANT
ADMINISTRATOR
PLANNING
PLANNER III
GRADE 21**

- DEVELOP/PUBLISH ANNUAL CAPITAL/RENEWAL BUDGET REQUEST
- DEVELOP FIVE YEAR, NEW BED PROJECTION REQUEST
- PREPARE/UPDATE TWENTY YEAR BUILDING REPLACEMENT SCHEDULE
- DEVELOP/UPDATE FIXED ASSET REPORT
- DEVELOP LONG RANGE INSTITUTIONAL COMPLEX MASTER PLANS
- UPDATE FACILITY SITE PLAN
- UPDATE STATISTICS

**SAFETY, RISK &
FIRE MANAGER
OCCUPATIONAL
SAFETY CONSULTANT
GRADE 21**

- PROCESS RISK MANAGEMENT CLAIMS
 - VEHICLES
 - INMATE PROPERTY LOSS
 - DEPT. PROPERTY LOSS
- PROCESS WORKER COMPENSATION CLAIMS
- REQUEST ENDOWMENT FINDINGS FOR CAPITAL RPOJECTS

**ADMINISTRATIVE
SECRETARY I
GRADE 12**

- CONDUCT FIRE/SAFETY INSPECTIONS
- REPORT FIRE/SAFETY LOSSES
- LIAISON WITH REGULATORY AGENCIES
- INVOLVED IN VARIOUS FIRE/LIFE SAFETY PROGRAMS
- INVOLVED IN ENVIRONMENTAL, CONSTRUCTION AND OPERATION ISSUES
- INVOLVED IN SITE-SPECIFIC EMERGENCY PLANS

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FOOD SERVICE

Current Situation:

The Arizona Department of Corrections (ADC) currently has four different approaches for providing inmate food service at the various institutions:

- One Hundred percent private contract
- Partial private contract
- Total ADC food preparation
- State Hospital contract.

Given the diversity of the various food service programs coupled with the lack of a standardized cost accounting system and insufficient available quantitative data, it is not currently feasible to prepare any type of reliable comparison on all of the ADC food service programs. The increasing inmate population growth and related per meal costs signals the need for a more reliable, standardized system of analyzing and projecting food service expenditures by ADC. However, one of the four methods of food service that can be addressed involves the Arizona State Hospital (ASH) Interagency Food Service Agreement ("Agreement"). This agreement establishes a base per meal cost ASH is to deliver to ADC. It further defines six cook positions to be funded by ADC, filled and supervised by ASH. Both ADC and ASH administrative staff agree that this Agreement does not clearly define a specific per meal/per inmate cost.

According to the ASH staff approximately 1,800,000 meals are served annually. One million of these meals were prepared for ADC at the Arizona State Prison Phoenix Complex (ASPC-PHX). From reports researched, the actual volume of meals served during Fiscal 1991 was closer to 993,000. This facility is an inmate intake center, therefore, meals served varies daily from 850 to 1,000.

The reported facts and issues surrounding this Agreement are as follows:

- Article 4.2.1 states: "ADC agrees to pay food service costs in an amount determined by multiplying the established per meal cost by the projected number of meals to be served to ADC." Article 4.2.1.1. states: "The total per meal cost shall not exceed \$1.04 which shall be

subject to annual negotiation." It appears that the Agreement as well as the interpretation between the two agencies is ambiguous

- Raw food costs for meals served to inmates in the ASPC-PHX facilities under this Agreement are the highest cost of all ADC institutions. Raw food costs estimate provided by ADC staff for ASPC-PHX was \$1.14/meal. However, the raw food costs estimate provided by ASH staff for ADC meals was projected as \$1.07/meal. Reportedly the original agreement for raw food costs was \$1.07/meal. Invoices submitted to ADC validated the \$1.14 price. Through a mutual consent the price was raised to \$1.14 to cover the additional food costs incurred by ASH
- Not included in either of the above estimates are bakery items and cookies. These items are estimated to cost an additional \$.03 or more per meal. Also not factored into this cost estimate is that ASPC-PHX prepares and cooks sixty percent of their own raw food and one hundred percent of their own breakfast meals. The forty percent of the cooking done by ASH under the Agreement is required due to State Health Department citations served on the ASPC-PHX kitchen facilities.
- ASPC-PHX contributes inmate kitchen staff and inmate picked vegetables.
- ADC pays an additional cost for their share of the other operating costs incurred by ASH. ADC's share is estimated by ASH as averaging \$.25/meal in additional costs. Reportedly the other operating costs includes paper products and labor costs for up to six cooks. This cost is paid out of ADC's other operating budget and not the food services budget
- The end of year settlement between ASH and ADC. Reportedly, last final year the ASH food services overrun costs were \$45,000. ADC agreed to split this cost with ASH and paid \$22,000.

In reviewing the food services invoices submitted to ADC from ASH for three months (see attached Exhibit 7, Sample Invoice - Food Service), the food service (raw food) and other operating costs averages were as follows:

<u>1991</u>	<u>Meals Served</u>	<u>Food and Other Operating Expense</u>	<u>Average per/meal Cost</u>
July	89,717	\$121,942	\$1.36
Aug	91,005	113,888	1.28
Sept	<u>81,449</u>	<u>104,439</u>	<u>1.31</u>
Total	262,171	\$340,047	\$1.30

As previously reported the \$1.30 average meal cost is not all inclusive. The invoices also indicate that the food service costs fluctuations on a monthly basis are quite extensive. One of the reasons for the price fluctuation is the type of foods served inmates at this facility. From a list of foods served to inmates, it appears that ASPC-PHX inmate meals are substantially superior to meals at other institutions, therefore, the cost is higher (see Appendix A, ADC Interagency Agreement Memo).

Comparable food and related food service costs are as follows:

- The reported average raw food cost for other ADC institutions is estimated to run between \$.80 to \$.90 per meal
- Raw food cost estimates for private food contractors averaged \$.78 to \$.88 per meal, ADC reports. The lower cost is due to larger bulk food purchases available to national private firms who are more competitive
- Private contractors provide inmate meals to some ADC institutions. Reportedly the bid at the Perryville institution under Wagenhut was \$.99/meal to provide a turn-key operation. The bid at Tucson was \$1.05/meal. Again the two contracts have variables and are not totally comparable. Perryville has its own bakery and supplies all bakery goods for inmates meals. Reportedly this reduces meal cost by \$.025 or \$.035 each. Tucson has a quick-chill food program where meals are prepared up to 45 days in advance at a centralized kitchen and later delivered to an on-site serving kitchen. Both of these institutions operate on a much lower total food service cost per meal than the ASPC facility
- State Hospital patient raw food costs are reportedly \$1.23/meal. However, since patients receive better cuts of meat and dessert items and inmates do not the overall cost will be higher.

ADC's estimated raw food costs for all of its other institutions factors in governmental commodities (e.g., flour, butter, pasta, nuts honey) allocated to them. It does not factor in food products allocated under the Desert Storm surplus food program. (The Desert Storm program was a one-time offer of approximately \$750,000 worth of food surplus items for the cost of shipping, \$18,000 paid by ADC). Under the agreement ASH is not required to utilize government commodities thus the resulting higher raw food costs.

It is not only the cost of the meal that is of concern, it is the method ASH uses to calculate ADC's share of these costs. At the present time ADC raw food costs and other operating expenses are intertwined with ASH total costs. Given the joint use of the kitchen facility, purchasing methods, accounting procedures and shared staff, it is difficult to separate the actual ADC food services costs from the total expenditures for both agencies.

The sole benefit to ADC under the Agreement is the kitchen facility owned by ASH. Originally built to serve 2,000 patients it currently serves only 500 patients. If ADC were not utilizing this facility it would be under utilized by ASH. ADC on the other hand does not have a state approved modern kitchen facility at ASPC-PHX to handle the 850 - 1,000 inmates fed daily.

Currently ADC has 15,500 inmates. Inmate population increases at a rate of 95 per month. At this rate ADC could be responsible for feeding over 46,000 meals per day or a projected 16 million meals or more per year. With an anticipated increase of over 1,000 additional inmates annually, the growing cost of providing meals at a reasonable cost should be of mounting concern to the State.

ASH reported that they are reviewing their food service costs and are keeping their options open for the next fiscal year. One of the options they are considering is the private contracting of meals. Price decreases of 10 to 30 percent are projected by the various private contractors, as incentive for ASH to consider this option.

Under the present food service Agreement the ASPC-PHX will continue the following practices:

- Pay higher inmate food services cost than any other ADC institution
- Allow the State Hospital to estimate ADC's raw food and related food service expenses using their own cost analysis and accounting technique

- Be restricted in incorporating any type of cost analysis comparison study on per meal/per inmate/per institute for improved future projections and budgeting purposes.

Impact

ADC reported that related food service costs this year were \$22,000,000 with \$15,000,000 for food service line-items. Inmate population reportedly is at 15,500 and increasing by 95 inmates per month. Based on these figures, the related food service budget per inmate is approximately \$1,419 annually. This equates to \$.883 per meal for line items and \$.412 for all other related expenditures per meal. Based on these calculations the inmate related food services served under the ASH/ADC Agreement are substantially higher than the average for ADC.

Given all of the previously reported unknown costs actually incurred by ADC under this agreement it is difficult to project an accurate average cost per meal for the ASPC-PHX facilities. The known average costs per meal are:

• Average Raw food cost:	\$1.04
• Average other operating cost:	.25
• Estimated baking goods:	<u>.03</u>
• Total:	<u>\$1.32</u>

Based on these comparison amounts, meals served under the Agreement are 20 to 30 percent higher than other institutions who use the total contract, partial contract, or ADC food preparation methods.

As a comparison, if all 15,500 inmates had to be served under the terms of this Agreement it would increase the related food services costs to ADC from \$22 million to \$24 million, two million dollars more annually. If on the other hand food service costs for ASPC were more in line with Perryville or Tucson a 30 percent reduction in meal costs could be realized. One million meals could equate to a projected savings of up to \$300,000 annually.

Recommendations

We recommend the following:

- Privatize contracting of all food for the ASPC-PHX Institution
- Eliminate six funded FTE cook positions used at ASH
- Utilize inmate labor for food preparation whenever possible
- Incorporate the use of Government commodities into any private food contract
- With the completion of the majority of work required to establish the menus, food costs and other assignments given to the Food Services Administrator, we suggest any additional requirements in this area could be handled by outside services. Thus, we suggest the elimination of this position.

Benefits:

- Reduce food cost and related food services for the ASPC-PHX facility for a projected savings of \$300,000 or more annually. Assuming that a food services contract for the ASPC-PHX Complex could be obtained with pricing at \$1.15, then the difference between the known average food cost summarized above, at an average cost of \$1.32 per meal and \$1.15, or \$1.17 per meal suggests a savings potential of over \$204,000 per year based on 1,204,500 meals being served during the course of a year
- Eliminate all of the hidden costs taken out of the ADC other operating budget
- Eliminate or reduce six funded FTE cooking positions and the Food Services Administrator for a savings of up to \$134,300
- Standardize meals served and recipes used at the ASPC-PHX facility to be consistent with menus used at other institutions and to reduce cost

- Replace the "guesstimate" food cost accounting system with an accurate system to allow for improved budgeting and food projection costs.

Implementation:

- This recommendation is currently being acted upon by the Agency.



ARIZONA DEPARTMENT OF HEALTH SERVICES

ARIZONA STATE HOSPITAL 2500 E. VAN HUREN PHOENIX, ARIZONA 85008

FIFE SYMINGTON, GOVERNOR

ARLENE O. CAIDWELL, Director

Department of Correction
Alhambra Unit
Attn: Clarence Newman
Business Manager

INVOICE FOR SERVICES AND SUPPLIES FURNISHED TO:
THE DEPARTMENT OF CORRECTIONS
JULY 1991

Food Services

Total Raw Food Apportionment	\$101,400
Perishables	7,353
Direct Staples	<u>10,625</u>
89,717 Meals @ 1.33060	\$119,378
89,717 Meals @ 1.14	\$102,277

OTHER OPERATING COSTS

> 89,717 Meals @ .21919	\$19,665	
Alhambra Unit	21,613	
Aspen Unit	7,904	
Flamenco Unit	<u>9,825</u>	59,007

ADMINISTRATIVE EXPENSES

-0-

Total Amount Due \$ 161,224

cc: Gene Messer, Administrator
Walter Scott, Finance Manager
Hal Carden, Warder - Alhambra

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ARIZONA DEPARTMENT OF HEALTH SERVICES
 ARIZONA STATE HOSPITAL 2500 E. VAN BUREN PHOENIX, ARIZONA 85008

FIFE SYMINGTON, GOVERNOR

ALETHEA O. CALDWELL, Director

Department of Corrections
 Alhambra Unit
 Attn: Clarence Newman
 Business Manager

INVOICE FOR SERVICES AND SUPPLIES FURNISHED TO:
 THE DEPARTMENT OF CORRECTIONS
 AUGUST 1991

FOOD SERVICES

Total Raw Food Apportionment	\$ 74,415
Perishables	8,337
Direct Staples	<u>7,363</u>
91,005 Meals @ .99022	\$ 90,115

OTHER OPERATING COSTS

91,005 Meals @ .25879	\$23,551	
Alhambra Unit	21,199	
Aspen Unit	7,668	
Flamenco Unit	<u>9,325</u>	61,743

ADMINISTRATIVE EXPENSES

Total Amount Due		<u>-0-</u>
	\$151,858	

cc: Gene Messer, Administrator
 Walter Scott, Finance Manager
 Hal Carden, Warden -Alhambra

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ARIZONA DEPARTMENT OF HEALTH SERVICES

ARIZONA STATE HOSPITAL 2500 E. VAN BUREN PHOENIX, ARIZONA 85008

FIFE SYMINGTON, GOVERNOR
ALETHEA O. CALDWELL, Director

November 27, 1991

Department of Corrections
 Alhambra Unit
 Attn: Clarence Newman
 Business Manager

INVOICE FOR SERVICES AND SUPPLIES FURNISHED TO
 THE DEPARTMENT OF CORRECTIONS
 SEPTEMBER 1991

FOOD SERVICES

Total Raw Food Apportionment		\$ 67,505
Perishables		6,693
Direct Staples		<u>6,715</u>
81,449 meals @ .99342		\$80,913

OTHER OPERATING COSTS

81,449 Meals @ .28884	\$ 23,526	
Alhambra Unit	19,135	
Aspen Unit	6,787	
Flamenco Unit	<u>8,108</u>	57,556

ADMINISTRATIVE EXPENSES

-0-

Total Amount Due \$138,469

cc: Gene Messer, Administrator
 Walter Scott, Finance Manager
 Hal Carden, Warden -Alhambra

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ARIZONA DEPARTMENT OF HEALTH SERVICES

Fife Symington, Governor
 RLETHEA O. CALDWELL, Director

INVOICE FOR SERVICES AND SUPPLIES FURNISHED TO
 THE DEPARTMENT OF CORRECTIONS
 SUMMARY (July 1991 - September 1991)

	<u>Cost</u>	<u>Billed</u>	
FOOD SERVICES			
Advanced Funding (First Quarter)			\$(250,000)
July 1991 (89,717 meals)	\$ 119,378	\$ 102,277	
August 1991 (91,005 meals)	90,115	90,115	
September 1991 (81,449 meals)	<u>80,913</u>	<u>80,913</u>	<u>273,305</u>
Balance Due (First Quarter)			23,305
Balance Due (From F/Y 90-91)			<u>(36,946)</u>
Total Due Foods Services			\$(13,641)
 <u>OTHER OPERATING SUPPLIES</u>			
Advanced Funding (First Quarter)			\$(140,000)
July Meals @ .21919	\$ 19,665	\$ 19,665	
August Meals @ .25879	23,551	23,551	
September Meals @ .28884	23,526	23,526	
Alhambra (July - September 1991)	61,947	61,947	
Aspen (July - September 1991)	22,359	22,359	
Flamenco (July - September 1991)	<u>27,258</u>	<u>27,258</u>	<u>178,306</u>
Balance Due (First Quarter)			\$ 38,306
Balance Due (From F/Y 90-91)			<u>73,354</u>
Total Due Operating Expenses			\$111,660
Administrative Expenses			<u>-0-</u>
Total Amount Due at End of First Quarter			\$98,019

WS:ST:jt

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TIMEKEEPING PROCESS

Current Situation

Each institution and operating unit within the Arizona Department of Corrections (ADC) performs employee timekeeping in a different manner. With 6,082 FTE's in the department, the inconsistencies result in many errors and inefficiencies in timekeeping.

The forms, formats, and methods used to accumulate time information were different in each institution visited. For example, some locations have timekeepers fill out the employee time status on forms and give them to supervisors who are responsible for obtaining the employee's signature. These forms include Leave Request, and Overtime Status Forms, benefits changes and work status time logs. Other locations may do the opposite where the timekeeper simply reviews the information from the supervisor and enters it into ADC's Arizona Personnel Payroll Leave/Accounting System (APPLES).

Each operating unit or cost center has one or more positions assigned to collect and input employee time data into APPLES. They usually consist of clerk typists, secretaries, and correctional service officers and at times include a variety of administrative positions. The timekeeping responsibility can account for up to 40% of the "timekeeper's" time.

The Federal Fair Labor Standards Act (FLSA) requires an official record of each employee's time signed by the employee and the direct supervisor. The Payroll Section under the Bureau of Business and Finance in the Administration Division, keeps all official timekeeping records. The document, known as the Positive Attendance Report (PAR), is generated prior to distributing the payroll checks to employees. It then accompanies the check for each institution to a "central" location where the checks are disbursed after the employee and the direct supervisor sign the PAR report.

Impact

Due to the need to disburse checks from one location, the payroll unit in each institution is required to work an extended schedule on pay day to cover all three shifts.

There are many errors which surface caused by lack of consistency in the timekeeping process and forms. The current situation causes the employee to review his payroll status after the paycheck is disbursed resulting in corrections being made on the next paycheck. These errors affect not only the

employee but the supervisor, timekeeper, the payroll unit, and the Department of Administration's HRMS System.

Recommendations

We recommend the following changes be made to provide a more consistent and standardized timekeeping format:

- Create a standardized timekeeping document with the following requirements:
 - Employees are required to fill out their own time sheet
 - Provide a signature location for both the employee and the direct supervisor to fulfill FLSA requirements eliminating the PARs report
 - Use the document as an input form for the APPLES/HRMS System
- Create a timekeeping procedure to insure consistency
- Change the paycheck distribution to occur at the unit level.

Benefits

The new timekeeping form will eliminate the need for the PARs report. This eliminates the need to print the 2,000 page report for each of the 26 pay periods in a fiscal year. In addition, it will reduce the timekeepers' input time from approximately 492 hours to 176 hours per pay period.

A revised policy will insure that the employee and direct supervisor take the responsibility for time accounting. This will create a reduction in errors decreasing the need for corrections which affect the employee, direct supervisor, timekeepers, payroll clerks and DOA's Data Management Division.

Implementation

- Develop standardized time sheet
- Review and revise procedures and policies as required

CENTRAL WAREHOUSE SYSTEM

Current Situation

There are nine prison complexes comprised of 12 sites within the Adult Institutions Division of ADC and two additional Correctional Release Center sites within Community Corrections. Each location has separate warehouse facilities for food, stores, maintenance, general supplies, and motor pool. In addition, the Property Officers have storage areas. They have responsibility for inmate personal property, and clothing issuance and replacement. Concurrent with this physical layout, there is no integrated inventory management system.

Each prison maintains inventory and related accounting records through manual bookkeeping or stand alone software programs on a personal computer. Manual processes include kardex or logs.

Each warehouse physically stocks (shelves) items differently and conducts physical inventories. Warehouses have different stock numbering or none at all. However, monthly inventories are performed and forwarded to the Business Office.

Each of the prisons generally purchases from established state contracts vendors. However, there are exceptions which are handled through the Institutional Business Office Buyers.

In addition, there is no common communication network between warehouse supervisors. It is only by individual initiative that any communication occurs between prisons. There are no standard policies and procedures on the warehouse function. In addition, any auditing done is not routine in nature.

Impact

There is a lack of consistent inventory management among institutions. Because there is no integrated system, stock shortages occur. Monthly inventories are time consuming and costly. Manual inventory record-keeping is time consuming. In addition, stock transfers are not usually performed. The ability to perform stock transfers is hindered by a lack of standardized stock numbers. The only way the warehouse can communicate about stock is by item description. Each institution tends to modify those descriptions to meet their particular needs.

Recommendations

We recommend the following actions to provide a more efficient warehouse operation:

- Implement a standard automated inventory system for all warehouse functions under the direct responsibility of the Business and Finance Bureau.
- Develop standard policy and procedures for all warehouse operations except Inmate Stores relating to ordering, naming, safety stock levels, inventory maintenance
- Consider moving the Inmate Stores buying, receiving, and warehousing into the regular warehouse facilities where possible, while maintaining the segregation of the new Point of Sale automated system which includes inventory and reorder point definition
- Reorganize all warehouse functions including stores under the Business Office
- Develop locations within each prison that could be used as distribution points for issue of general supplies, and stores as well as issue and receiving of inmates clothing and personal property. Other warehouse items, such as maintenance, motor pool and food, can be issued from the main warehouse buildings directly to areas they support
- Create a weekly distribution schedule per institution. This schedule would designate certain days for receiving, filling and distributing orders of the requesting parties.

Benefits

These recommendations will provide centralized management information which will assist in determining stock levels as well as providing guidance on what should be in stock in all the institutions. It will also help identify buying and delivery problems of the entire prison system. This will enhance the bidding and contract negotiation power of the Central Office Purchasing Unit which in turn provides an improved ordering and reordering process. It will provide labor, time and expense currently expended in taking physical inventories, but not quantified for this report.

Establishing formalized policies and procedures will standardize inventory methods and provide a means to systematically stock the warehouses. This will improve the work and paper flow surrounding the issuance of supplies.

Consolidation of the Inmate Stores Warehouse into the main supplies warehouse where possible, will provide similar functions under one operation and provide improved supervisory oversight of the stores staff and inmate workers. Also it provides staffing back up and centralized ordering of stock for all warehouses. These recommendations will also provide a centralized vendor receiving area for all warehouses at each prison. This in turn could help unloading process time, reducing errors on receiving and inventory. Additional information can be found under Recommendations entitled "Inmate Clothing Issue and Reuse."

By creating a weekly distribution schedule it allows flexibility of staff for inmate management. This schedule should have the ability to react to lock downs and or inmate emergencies, weather, or other schedule disruptions.

Implementation

- Install same inventory management system in each warehouse
- Standardize part numbers and descriptions
- Standardize pricing
- Reorganize locations where appropriate
- Reorganize business offices per recommendation
- Review and revise policies and procedures as required.

INMATE CLOTHING ISSUE AND REUSE

Current Situation

There is an ADC policy concerning inmate clothing including the initial issuance of inmate clothing and the release/parole clothing allowance. This policy was revised and effective September 19, 1991. It seems clear in intent and relatively quick and easy to implement. However, there is little evidence that this policy is being followed. If this policy were followed significant savings could be realized.

There are two inmate intake centers, Phoenix - Alhambra for males and Perryville - Santa Maria for females. During 1991, approximately 9,000 inmates entered the ADC prison system. The maximum prison clothing allocation is used at these centers. When the inmates are assigned to their institution the prison augments any shortage in the initial issue.

Release clothing is issued to eligible inmates when discharged from the respective prison. During calendar year 1991 there were 7,734 releases from ADC.

Eligibility criteria for the "Inmate Discharge and Clothing Allowance" must be confirmed by Correctional Program Officers (CPO) before they issue discharge clothing, as follows:

- The inmate release has reached the parole/discharge date
- The inmate account does not, at the time of parole/discharge, exceed \$250.00
- The inmate has not been released from prison to begin home arrest or work furlough. Inmates paroled or discharged from home arrest or work furlough would be eligible if all other criteria were met
- The inmate was not sentenced to prison as a condition of probation.

One of the items this policy provides is limited clothing to eligible inmates who are paroled or discharged from ADC custody. Upon release the clothing allowed the inmate, gender-appropriate, valued at \$35.00 or less, includes the following:

- One pair of blue jeans
- One shirt/blouse
- One pair of underpants/panties
- One bra
- One pair of hosiery
- One pair of shoes or boots for inmates who do not own personal footwear.

Impact

When implemented Policy #303.6 as revised in September 1991 can generate substantial cost savings. Due to the large numbers of prisoners entering the system (9,000 in 1991) clothing supply is strained, and costs of new clothing are increasing. If the policy were in place in 1991, with 7,734 releases it could have produced, 46,404 T-shirts, 23,202 regular shirts or blouses, and 23,202 blue jeans for reuse.

Recommendations

We recommend the full implementation of Policy #303.6 "Inmate Discharge and Clothing Allowance." The two following changes should be implemented immediately:

- ADC enforce Policy #303.6 concerning the section clothing allowance upon release
- Insure there is a proper clothing reuse procedure implemented at each institution
- Centralize warehousing and distribution of inmate clothing.

Benefits

Insuring that the policy is followed in all institutions and proper procedures are implemented, reusing the released clothing will relieve shortages at the intake centers, and may produce some cost avoidance related to the purchase of new clothing.

Centralizing warehousing and distribution of inmate clothing and all issued property will provide needed management information and inventory control. See recommendation entitled "Central Warehouse System" for further information.

Implementation

- Enforce current policy

INMATE STORES PRICES

Current Situation

The projected inmate stores revenue for the current fiscal year is \$8.4 million, including 10% profit (see Exhibit 8, ADC Inmate Stores Summary). All profits (approximately \$800,000) are placed in the Activities and Recreation Fund (A & R). This is a special service account which contains monies held as an expendable trust fund by the ADC for the recreational benefits of inmates. The current 10% profit margin is set by the Director. Prison store prices are generally inexpensive compared to their private sector counterparts.

ADC policy #302.1.3 items 6.4.3.10 and 6.4.3.11 provide for the wage payment of inmate stores employees from the A & R fund. There are a total of 30 Inmate Stores ranging from one store per prison to as many as nine. Total store employment is 72 including back office support valued at \$1,369,000 per year including ERE. These wages are currently paid from general funds since the profit margin is inadequate to cover these costs.

Impact

The current annual labor cost for stores operations is approximately \$1.4 million including ERE. These monies are currently taken from general funds, impacting the ADC annual budget by that amount.

Recommendation

We recommend a phased sales price increase for store items which would increase the current 10% profit margin to 20%. This will provide an additional \$700,000 gross profit. The logic for these figures is as follows:

1. Assuming FY 1982 prices and 10% profit:

Gross Revenues	=	8.4 million
Stores Items Cost	=	<u>\$7.6</u> million
Gross Profit	=	<u>\$.8</u> million

2. Profits at 20% margin:

Gross Revenues	=	9.1 million
Stores Items Cost	=	<u>\$7.6</u> million
Gross Profit	=	<u>\$1.5</u> million

Benefit

The proposed price increase will provide an additional \$700,000 to help offset stores employee wages and increase the A&R funds if the Agency chooses.

It is estimated by both the SLIM Team and ADC Management that employee costs could be reduced by approximately \$600,000, but this will be verified during implementation. We also share the concern that the "traffic may not bear" this increase and could result in a sales downturn.

Implementation

- Develop strategy for phased increases
- Change prices per plan
- After price increase is in effect, transfer store labor costs from General Fund to A & R fund to cover stores related labor costs
- Review and revise procedures and policies as required

EXHIBIT A ADC INMATE STORES SUMMARY

EXHIBIT 8

LOCATION	# OF STORES	PROJECTED ANNUAL GROSS	INVOLVED # OF STAFF	COST OF STAFF	STAFF REDUCTION	REDUCTION SAVINGS
DOUGLAS	4	1,200,000	8	140,618	1	24,553
WINSLOW	3	580,000	8	131,659	1	24,553
PHOENIX & GLOBE	2	600,000	8	119,227		
PERRYVILLE	4	1,430,000	14	281,853	4	98,212
FLORENCE	9	2,300,000	16	383,777		
TUCSON	4	1,300,000	8	131,200	1	23,659
YUMA	1	200,000	3	57,990		
SAFFORD	1	351,000	3	39,954		
FT. GRANT	2	414,300	4	83,430		
TOTALS	30	\$8,375,300	72	\$1,369,708	7	\$170,977

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TIME COMPUTATION

Current Situation

Currently Arizona has eleven inmate release categories with additional sub-classification, dates of offense, and statutory exceptions to all of the above. In comparison most other states have four or fewer release categories. Seven of the release types are administrative and are handled internally through the Department of Corrections:

- Discretionary - A.R.S. 31-233J
- Earned Release Credit Date - A.R.S. 41-1604.07
- Mandatory Release - A.R.S. 31-411
- Provisional Release - A.R.S. 31-411
- Temporary Release - A.R.S. 31-233A and B
- Sentence Expiration - A.R.S. 41-1604.07
- Shock Incarceration.

The other four release types are administered through the Board of Pardons and Parole:

- Early Parole - A.R.S. 31-233I
- Home Arrest - A.R.S. 31-236
- Parole - A.R.S. 31-411, 41-1604.06, 31-412A and B
- Work Furlough - A.R.S. 31-233.

Due to the multiple release categories, a complex system has evolved to administer the records and time computations for inmates. This system is comprised of manual as well as automation processes for data entry, verification, release eligibility, victim notification, public records access, and retention of documents for the official file. We have identified over 120 Correctional Records staff that are directly involved in administering, processing, and maintaining over 20,000 active and 45,000 inactive inmate records.

Almost all entities that have interaction with the time computation of inmates, from sentencing through to release, have great difficulty deciphering the execution of release statutes. Judges, attorneys, Board of Pardons and Paroles, inmates and the public all have to consult some expert reference source for answers to computation questions. The problem is that one source does not exist. The Time Computation Unit of the Bureau of Offender Services is the best source, however, even though they don't have all of the answers.

Impact

The Bureau of Offender Services has not been able to keep the Adult Information Management System in step with statute changes and also assure data integrity. Therefore auditing is considered necessary to insure inmates are being treated properly. Usually an audit is performed at every step in the inmate information process. The Time Computation Section has an unwritten policy of auditing everyone's work one hundred percent of the time.

The staff spends many hours fielding calls from the legal, judicial, and private sectors. Judges may call Time Computation to ascertain how to structure a sentence in order to more effectively incarcerate an inmate. Likewise, prosecuting attorneys and district attorneys may call Time Computation to determine which statute to use in prosecuting a criminal. The general public, family members, and victims call Time Computation to find out when an inmate will become eligible for the vast array of releases. Also, the Time Computation Unit needs to consult with the judges for sentencing clarification.

Due to the complexity of the multiple release mechanisms, a new Time Computation employee spends over four months in training just to understand the basics of the position. It takes over one full year before the employee has acquired the experience necessary to become really effective. For the calendar year 1991 the Time Computation Unit experienced at least nine terminations and seven transfers or promotions.

At least one of the release types, work furlough, is ineffective. With only about 40 inmates in the program work furlough has been rendered archaic by home arrest. But since the statute remains on the books, over 4,200 release eligibility certifications were done last year for this program. Release eligibility certification is a process by which inmates are declared eligible to be heard by the Board of Pardons and Paroles. The process starts with Time Computation printing an automated certification list from AIMS. Next each inmate's automated record is audited to assure system accuracy. Then lists are distributed to each institution where further checks are done (disciplinary, NCIC, warrants, etc.) and inmates are instructed to fill out a parole application. All paperwork is part of a parole packet which is sent to the Board of Pardons and Paroles. In all 16,200 release eligibility certifications for the Board were done for last year.

Recommendations

We recommend the following changes in the administering of inmate time computations:

- A change be made in the Arizona Statutes to reduce the number of inmate release categories
- The Adult Information Management System (AIMS) should accommodate the release categories in its program. The Time Computation Unit should continue its meetings with the Management Information System Section to work out the difficulties with AIMS
- Elimination of the hundred percent verification of all processes and audit only a statistical sample for accuracy
- An outside consultant analysis of AIMS to determine its efficiency

Benefits

A reduction in the number of release categories, a modification of the Adult Information Management System and an elimination of the full audit will result in the following benefits:

- Elimination or reduction of procedures and processing time
- Accurate information accessible department wide through AIMS
- Reduction in the potential for inmate lawsuits

- Elimination or reduction of staff resources
- Simplification and reduction in the demands on the automation system

Implementation

- Prepare revisions and/or repeals of statutes
- Contract for AIMS analyst
- Internal management changes in policy and procedures
- Work content analysis of Time Computation to determine staff size.

RECORDS

Current Situation

When an adult is incarcerated at the Arizona Department of Corrections (ADC), two inmate records files are created: one file for the central office (C-file) and one for the institution (I-file) where the inmate will reside. Arizona Revised Statute 31-221 (A) states that the department of corrections shall maintain a master record file, on each person committed to it, containing the following:

- All information from the committing court.
- Reports of reception-diagnostic centers
- Evaluation and assignment reports and recommendations
- Reports of disciplinary infractions and disposition
- Progress reports prepared for the board of pardons and paroles
- Parole progress reports
- Date and circumstances of final discharge
- Any other pertinent data concerning the person's background, conduct, associations and life history as may be required by the department with a view to his reformation and to the protection of society.

The Offender Records Section of the Bureau of Offender Services is charged with the responsibility of carrying out A.R.S. 31-221A. The section is further broken down into the following units with staffing shown:

- **Active Records** - Establishment and maintenance of approximately 20,000 active inmate master record files. Sort and file approximately 27,000 incoming documents per week.
- Eight Correctional Records Clerks I

- Inactive Records - House and maintain the approximate 45,000 closed inmate files. Process about 1,150 master record files from the institutions per month. Coordinate with the State Records Center for retention of inmate files.
 - Two Correctional Records Clerks II

- Victim Notification - Research, input and maintain the names and addresses for a data base of over 25,000 victims.
 - Three Correctional Records Clerks II

- Offender Information - Prepare packets on requests for inmate prior arrests, discharges, detainers, new commitments, and recommitments, for courts, other states, and law enforcement agencies.
 - Four Correctional Records Clerks II

- Public Access - Interface with the public with respect to inmate information
 - Two Administrative Assistant II

The Records and Inactive Records Units currently report to a Correctional Records Supervisor I. The Victim Notification and Offender Information Units report to another Correctional Records Supervisor I. Both of these supervisors along with the Public Access Unit report to a Correctional Records Supervisor II.

The dual file system has continued to exist primarily as a convenience for public access and for the comfort of the central office. In 1986, the agency implemented the Adult Information Management System which automated the inmate records system. Reportedly this system provides 60 -70% of the information requested by the public.

Impact

There are several negative aspects in continuing with the duplicate file administration. Among these are:

- Huge volume of hard copy records continually transported between the central office and each institution
- Inconsistencies in the documentation kept in the C-file and I-file resulting in staff time spent researching and comparing the content. This was especially evident when the files were to be closed and one of the Supervisors reported that she spent considerable time each day ensuring that all documents were consolidated into the master file for storage.
- Numerous staff training sessions, meetings, Policies and Division Management orders in an attempt to standardize processes. It was reported by institutional staff that many of the policies and DMO's are not well thought out and may pertain to the central records office functions but not the institutions. Staff required to audit each institution to ensure compliance with the policies and DMO's.
- Larger than necessary staff, filing space, storage area and paper use.
- Overtime pay to address the frequent filing backlogs.
- Continuous quantity and staff productivity measurements, reporting, and analysis procedures.

Recommendations

It is the recommendation of the SLIM Team that:

- Only one complete official inmate records file be maintained. Lengthy discussions with ADC Management and review of statutes regarding public access suggest that the complete file be maintained at the Central Office. If that be the case, the procedures and methodology of inmate file maintenance at the separate institutions will be analyzed during the implementation phase of this project, along with the file information requirements at the institutional level

- Provide the necessary training required for institutional personnel to obtain data from AIMS currently asked for in hard copy
- Continue to improve the accuracy of the Adult Information Management System (AIMS) in order to enhance user confidence
- Continue to maintain and store the Closed Records files in a central location
- Revise or eliminate any internal management policies and DMO's as required

Benefits

Elimination of the complete duplication of files results in the following benefits:

- Reduction of unnecessary document sorting, sizing, filing and maintenance
- Reduction or elimination of filing backlog and overtime hours
- Reduction of staff conflicts, frustration and confusion
- Better utilization of staff
- Improved methods and procedures for file maintenance, along with a reduction in file requirements at the institution will result in staff reductions not quantifiable at this time.

Implementation

- Modify internal management policy and DMO's required
- Revise procedures and instructions as required

MENTAL HEALTH SERVICES

Current Situation

The Arizona Department of Corrections (ADC) spent approximately \$3,670,055 to provide mental health services to Seriously Mentally Ill Inmates for FY 1990-91. Mental Health Services (including psychotropic medications) are provided by the Health Services Bureau within ADC. ADC's Mental Health System consists of four major components: 1) Behavioral Treatment Facilities at Tucson, Florence, Phoenix and Perryville Prisons; 2) Special Program Units (SPU) in Phoenix (Alhambra) and Tucson (Flamenco) located on the grounds of the Arizona State Hospital; 3) Correctional Release Center in Phoenix (Northern Arizona Correctional Release Center) and Tucson (Southern Arizona Correctional Release Center); 4) and a Special Management Unit at Perryville. Seriously Mentally Ill inmates are primarily located at the Arizona State Hospital, Florence and Tucson facilities.

A.R.S. 31-226, Ch.2., I., states "The state department of corrections shall pay all costs incurred for the prisoner during the term of his sentence." ADC does not receive funding from the Arizona Department of Health Services (DHS) which is legally mandated to provide mental health services to Arizona's Seriously Mentally Ill (SMI) persons residing in the Arizona State Hospital, local jails and the communities pursuant to a class action lawsuit (Arnold v. Sam) and settlement. Pursuant to the Arnold v. Sam lawsuit, ADC inmates were not included as class members and are not eligible for mental health services from DHS while incarcerated. However, DHS is responsible for establishing a service continuum which coordinates the provision of mental health services to inmates prior to their release from prison into the community.

ADC is authorized 467.5 FTE Health Service positions and has devoted 128.5 FTE positions to provide Mental Health Services. ADC's mental health staffing is as follows:

8.5 Psychiatrists; 21 Psychologist; 18 Psychology Associates; 34 Psychiatric Nurses; 1 Social Worker; 2 Occupational Therapists; 1 Recreational Therapist; 41 Correctional Program Officers; and 21 Mental Health Team Coordinators

In FY 1991-92, ADC mental health staff provided a total of 128,780 mental health contacts or encounters and dispensed 70,332 psychotropic medications to mentally ill inmates.

Impact

ADC is used as a mental health resource for the seriously mentally ill because there are no alternatives within the community. ADC has limited financial resources and is inadequately staffed. ADC has limited number of male and female beds available to serve seriously mentally ill inmates. ADC does not have residential psychiatric facilities for female inmates. ADC is inadequately staffed to serve the mental health needs of mentally ill inmates. Correctional Program Officers have limited expertise and minimal psychiatric training.

ADC reported a 10-20% vacancy rate which can be attributed to a lack of funding and an inability to recruit and retain qualified mental health professionals. This was especially true regarding recruitment in rural areas.

Recommendations

We recommend an Intergovernmental Agreement between ADC and DHS which establishes DHS as the agency responsible for identifying, coordinating and providing mental health services for ADC.

ADC and DHS should collaborate to develop front-end Diversion Programs and alternative residential treatment facilities within the community for SMI offenders which will reduce the census at ADC. ADC and DHS should collaborate and jointly request funding for secured residential facilities for SMI inmates.

Benefits

Seriously Mentally Ill and Mentally Ill inmates would benefit from a coordinated mental health service continuum within the community and prisons. DHS has a greater capacity to provide mental health professionals, recruit and train. The overall quality of mental health services delivered would improve.

DHS is currently working with the Behavioral Health Board of Examiners to develop criteria for certification of mental health professionals. Mental Health Treatment Facilities must be licensed by DHS.

Front-end Diversion and Community Residential Treatment Programs will reduce the number of SMI inmates at ADC by providing an alternative to incarceration at ADC.

Coordination of mental health services for SMI inmates would be improved; and prevent SMI inmates from "maxing-out" on sentences and being released without connection to community mental health services.

Implementation

- Explore legal implications of having DHS provide all Mental Health Services for ADC (ie; Arizona Revised Statutes and Arnold v. Sam Implementation Agreement.)
- Explore application of New York State Forensic Mental Health model in Arizona
- Develop an Intergovernmental Agreement between ADC and DHS
- Determine additional funding by DHS to provide mental health services for ADC
- ADC will collaborate with DHS and the Universities in developing curriculum and training for mental health professionals who serve SMI inmates.

PHARMACEUTICAL COSTS

Current Situation

During fiscal year 1991 the Arizona Department of Corrections (ADC) spent \$1,332,100 on pharmaceuticals. These purchases were made per contracts made through the DOA purchasing group. The SLIM team conducted a cursory review of these costs, and raised the question of potential cost savings, noting that individual medication prices seemed quite high. As a result of that inquiry, the Pharmacy Program Manager for Health Services in conjunction with a University of Arizona Pharmacy Doctoral candidate conducted a comparison study of the top 100 medications used by the system. The analysis compared current contract prices to Federal, County and a Missouri based Consortium. Please refer to Appendix B, Pharmaceutical Contracts Comparative Analysis, for the tables comparing prices. The last page depicts current prices versus the previous state prices.

For Federal price comparisons, a Federal Contract used in the Veteran's Administration compared 75 of the 100 medications available to the State Contract. A County Contract, used in Maricopa County Jails and Hospitals demonstrated that 40 out of 100 medications available on that contract would produce substantial cost savings compared to the state contract. A Missouri based Consortium and available nationwide was used in that comparison. For each case study, a potential annual savings figure was calculated by multiplying the annual consumption for each item compared the cost difference.

Impact

The current pharmacy contract is costing the state an estimated \$400,000 compared to alternative purchasing arrangements.

Recommendation

As a result of this initial action and the conclusions reached, the Pharmacy Program Manager in conjunction with the ADC Purchasing manager has prepared an SPO 150 request and in mid-March forwarded it to DOA, and as of this writing no response has been received.

Our position is that the current contract be modified to reflect Federal contract pricing, or have the SPO 150 granted to allow the state to purchase at more competitive prices.

Benefit

Cost avoidance of up to \$173,100 may result if medications are purchased at Federal prices.

Implementation

- Pursue the contract variance arrangement
- Appoint a purchasing agent familiar with alternate methods of pharmaceutical buying and seek improved purchasing methods.

MEDICAL ENCOUNTERS

Current Situation

The Arizona Department of Corrections (ADC) provides medical and dental services and pharmaceutical products to the inmates at no cost. The persistent overuse of medical and dental services by the inmates continues to increase the cost of inmate health care.

During fiscal year 1991, there were 1,877,688 medical encounters with the approximately 15,600 inmates incarcerated in the ADC. Of the medical encounters, 148,620 were "treatments" performed by physicians, physician assistants or "nurse practitioners" with the remainder being performed by nurses or other medical support staff. There were 114,294 dental treatments. During the same time period, there were 678,673 prescriptions dispensed by the pharmacy from the ADC budget. Most of these prescriptions were multiple doses but 70,332 of the prescriptions were single dose psychotropic drugs given to inmates with mental health problems. Also included were medications currently sold over the counter in retail outlets such as aspirin, and digestive aids. This equates to approximately 120 medical encounters per inmate during fiscal 1991.

During fiscal year 1992, an estimated 710,050 prescriptions will be dispensed with 71,300 coming from single dose psychotropic drugs. The 1993 estimate is 744,865 with 74,865 being psychotropic single dose drugs.

The State of Nevada is charging \$4.00 co-pay per inmate requested medical treatment by a provider, including dental and optometry. In 1981, when this program began, the charge was \$3.00 and was raised to \$4.00 in 1986. Nevada's co-payment program has been tested in court twice since 1981. The courts have found that the co-payment charges are not in violation of any inmate rights to medical care, as long as medical care is provided to indigent inmates at no cost. By ADC policy, inmates must apply for indigent status and is not automatically granted. ADC policy allows for indigent status to be granted if the inmate's bank account balance including deposits during the last 30 days is less than \$12.00 for health and welfare items and less than \$22.00 (\$26.00 for Central Unit in Florence due to a court order) for legal supplies. Under current policy, there are 935 inmates who have qualified as indigent for health and welfare items, 355 inmates who are indigent for health and legal items and 85 inmates who are indigent for legal items. The total indigent population consists of 1,375 inmates from a total of approximately 15,600, or about 8.8%.

Impact

In ADC, inmates are allowed to request medical attention "at will" through sick call procedures or on an emergency basis. Many inmates abuse this open and free system and use medical or dental appointments as an excuse to avoid work and scheduled appointments. This prevents proper utilization of medical and dental provider treatment and time, and imposes an unnecessary additional cost to ADC. In addition, many CSO's are needed to provide supplemental supervision for those inmates in sick call status. Currently, ADC fully absorbs the cost of the medical care and pharmaceutical products for the inmates.

Recommendations

We recommend charging inmates \$1.00 for each voluntary medical encounter. This includes encounters for physicians, physician assistants, nurses, and nurse practitioners, dentists and optometry. This fee would be collected from all inmates with the exception of those falling in indigent status as recognized by the ADC policy. At the discretion of ADC, a policy determination is needed on whether a charge should or should not be made in the case of an emergency needs. In addition, policy should clearly define what constitutes a medical or dental emergency.

We further recommend charging \$1.50 to all inmates for prescription medication dispensed by ADC. All medication that does not pose a danger to an inmate (as defined by ADC and are currently dispensed freely) and are recognized as "over the counter" drugs can be placed in inmate stores for purchase by the inmates. This eliminates the need for a prescription to be written and the medication to be dispensed by the facility pharmacy.

Benefits

ADC will benefit in two ways by implementing this recommendation. One, revenue will be generated from the co-payments for health services and pharmaceutical products. Two, a larger benefit will come from a cost savings based on a drop in demand for health services.

A reduction in demand for dental and medical services and pharmaceutical products as experienced in Nevada will lead to significant savings for ADC. This reduction will also free up time for the CSO's and other security personnel involved with health functions such as sick call, medication delivery, transportation, and other related activities.

It is uncertain whether ADC will realize the same reduction in demand as the Nevada Department of Prisons (NDP). The data provided by NDP's Mike Nolan (Medical Administrator) and Elaine Causey (Secretary) indicate a drop in demand from 1981 to 1982 of approximately 64% (see Exhibit 9, Nevada Department of Prisons Sick Call Data). (Note NDP started its co-pay in 1981 with a \$3.00 fee and increased to \$4.00 in 1987.)

Assuming a 50% demand drop (Nevada's experience was 64%), anticipated revenues for fiscal 1993 would approximate \$681,000 (681,000 non-pharmacy contacts X \$1.00).

The larger benefit to be derived from this recommendation is cost avoidance. Assuming a demand drop of 50 percent during the first year of implementation, cost avoidance for fiscal 1993 would approximate \$4,500,000 based on budget data (see calculations in Exhibit 10, Health Services FY 1993 Budget Data).

Implementation

- Prepare a policy setting the number of single doses of psychotropic drugs constitute a dispensed prescription
- Establish a mechanism to account for medical contacts to be charged to the inmate
- Establish procedure to debit IBS for medical encounters.

With an average of \$49.91 in inmate bank accounts, the \$1.00 for medical and dental encounters and \$1.50 for each dispensed prescription is a realistic amount to defray some of the medical costs.

NEVADA DEPARTMENT OF PRISONS
MEDICAL DIVISION

EXHIBIT 9

SICK CALL VISITS - PROVIDERS

AVERAGE POPULATION

	(Excluding DDS)				AVERAGE POPULATION			
	FY 89	FY 90	FY 91	Jul - Dec FY 92	FY 89	FY 90	FY 91	FY 92
NNCC					893	853	842	788
PA	4374	3214	2623	1689				
MD	2015	2344	2505	2056				
SUB TOTAL	6389	5558	5128	3745				
NWCC					281	261	249	236
PA	1636	2056	1715	945				
MD	532	725	563	238				
SUB TOTAL	2168	2781	2278	1183				
NSP					631	675	732	731
PA	884	836	1120	1021				
MD	428	628	873	661				
SUB TOTAL	1312	1464	1993	1682				
SNCC					584	540	501	468
PA	2575	2382	2807	778				
MD	1257	1167	1104	556				
SUB TOTAL	3832	3549	3911	1334				
SDCC					1456	1443	1363	1346
PA	2541	2296	2689	1097				
MD	1981	2117	3162	2872				
SUBTOTAL	4522	4413	5851	3969				
RCP STATS (1/89)					43	84	85	84
PA	64	589	546	394				
MD	227	483	458	193				
SUB TOTAL	291	1072	1004	587				
ESP STATS (7/89)					0	344	618	862
PA	0	1482	1341	1117				
MD	0	661	1666	861				
SUB TOTAL	0	2143	3007	1978				
GRAND TOTAL	18514	20980	23172	14478	3888	4200	4390	4514
AVG USE/INMATE/Y	4.76	5.00	5.28	6.41				

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Health Services
FY 1993 Budget Data

EXHIBIT 10

Total Health Services Expense	\$38,221,000
Personal Services	(17,208,900)
ERE	(4,555,200)
Net (Other Services Expense)	16,456,900
Medications	(1,332,000)
Hi Cost Care	(5,937,300)*
Net Variable Cost	9,187,600
FY '93 encounters anticipated	1,362,200 (net of pharmacy)
Variable cost per encounter	\$6.74

* 10% increase from '91 experience

Assuming 50% Demand drop:

1,332,000 encounters/2 = 681,000 encounters

681,000 encounters X \$6.74 per encounter = \$4,590,614

This figure is an approximation of savings realized
from a 50% demand drop in medical encounters during
fiscal 1993

HIRING PROCESS

Current Situation

The hiring process in state government is both time consuming and cumbersome. From the time a vacancy is created until it is filled 60 to 90 days may elapse. Exhibit 11, Present Hiring Process – Flow Diagram – ADC Agency Specific Positions, is a typical diagram of the process for an agency specific position. If a clerical type position were to be filled, the application would be sent to the DOA Personnel Bureau, for further action.

The originating document, Form 303 can typically touch seven separate people or groups of people. We must note that this particular example was taken during the hiring freeze, which requires Agency Director approval. However, short of that step, the referenced flow diagram is representative of the routine process.

Personnel is responsible for reviewing the existing register for potential applicants, determines if advertising is required, advertises the position and prepares the candidate list. They may also conduct initial screening interviews.

Impact

It is difficult to quantify the amount of time spent in reviewing and/or approving positions. Approximately two months can elapse before Personnel receives the request to advertise the position. The particular example that was tracked had the Department Head hiring a secretary position. While the position is vacant required work is backlogged. Anxiety develops and attitudes deteriorate when action of this kind is delayed.

Recommendation

The hiring process should be refined and simplified. Administrators are charged with budget and FTE responsibility and should be the final approving authority-both in reviewing the application to fill a vacancy and making the final decision to hire. The recommended process is demonstrated in Exhibit 12, Proposed Hiring Process – Flow Diagram, ADC Agency Specific Position.

Benefit

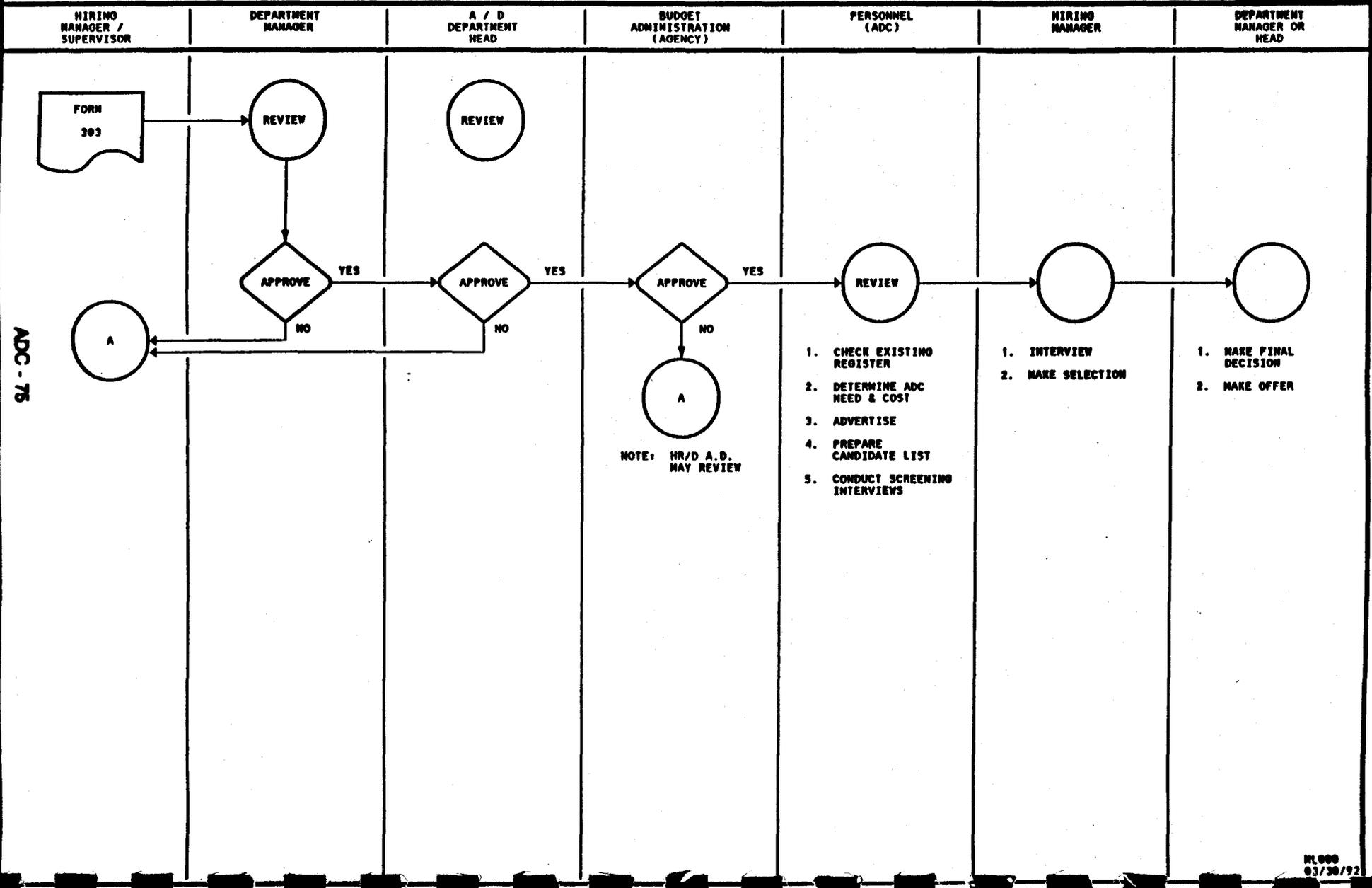
Vacancies can be filled more quickly. Hiring managers will be less stressed. Department heads and other administrative personnel can be allocating their time and attention to more urgent matters.

Implementation

- Modify policies and procedures per recommendation to simplify this process.

PRESENT HIRING PROCESS - ADC AGENCY SPECIFIC POSITION

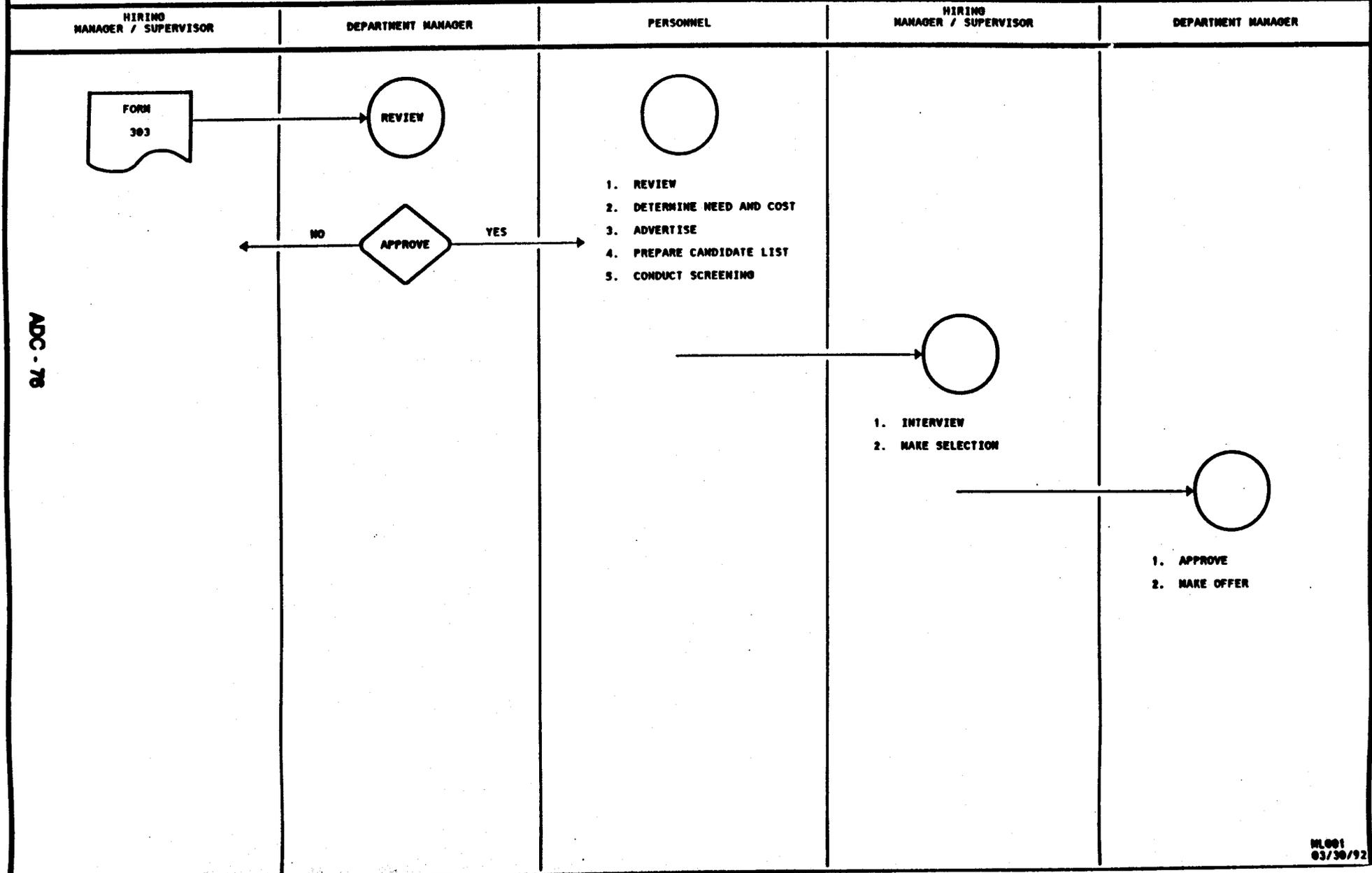
EXHIBIT 11



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PROPOSED HIRING PROCESS - ADC AGENCY SPECIFIC POSITION

EXHIBIT 12



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DIRECTOR'S OFFICE

Current Situation

The Venture Team was established by ADC in 1989 for the purpose of assisting employees and managers with improving productivity and managing resources. The team consists of four Management Analysts II positions (grade 18) supervised by a Management Analyst IV position (grade 21). Private sector executives provide guidance and assistance to the team.

During its existence, The Venture Team has studied various management operations and systems, but with no tangible benefit to ADC.

Impact

The purpose of the Venture Team is to maximize the use of public funds by enhancing the effectiveness and efficiency of operations and systems. This purpose is a duplication of that of the SLIM Team.

Recommendation

We recommend that the Venture Team be abolished, which will require a statute change. The work that has been conducted by this team should become the responsibility of Project SLIM, and the organization which continues after the initial phases.

Benefits

- More effective utilization of staff resources
- Elimination of duplication of effort

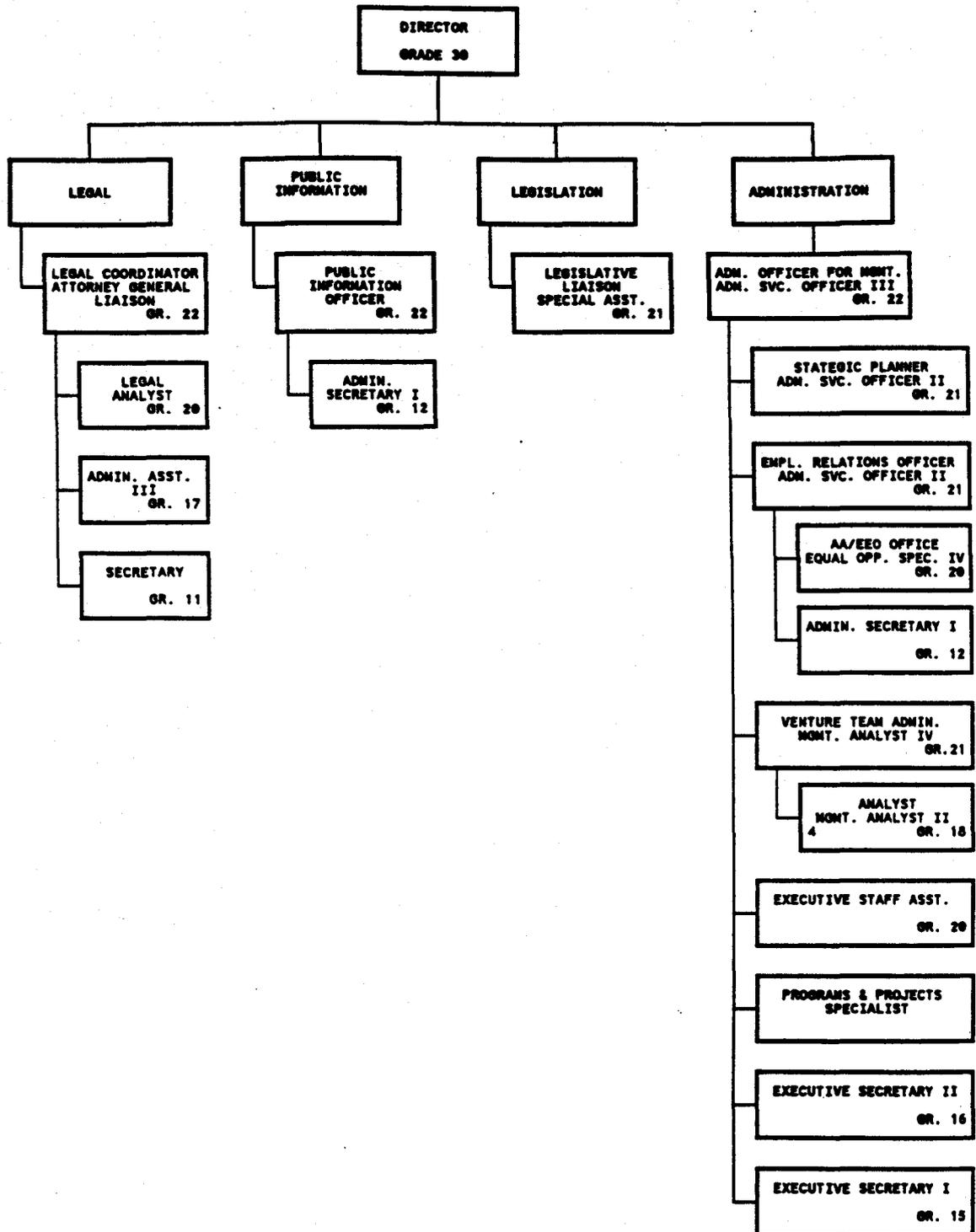
- Elimination of four staff positions and one limited (vacant) position, for a total approximate savings of \$148,300:
 - Management Analyst IV
 - Three Management Analyst II
 - One Management Analyst II (limited – vacant)

Implementation

- Revise statutes to abolish the Venture Team
- Eliminate positions per recommendations

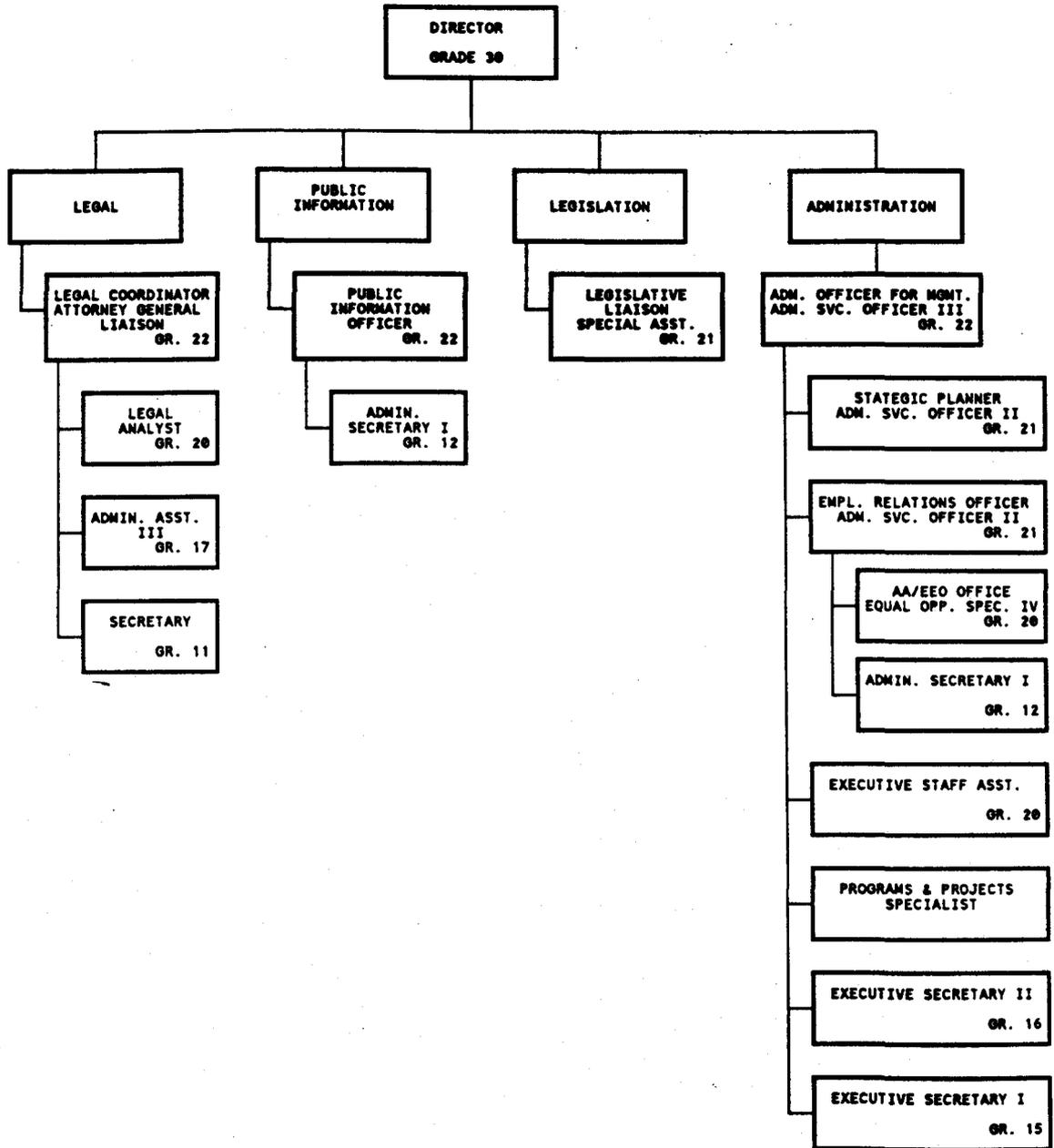
ARIZONA DEPARTMENT OF CORRECTIONS
 DIRECTOR'S OFFICE
 DIRECTOR'S SUPPORT STAFF
 PRESENT ORGANIZATIONAL STRUCTURE

EXHIBIT 13



ARIZONA DEPARTMENT OF CORRECTIONS
DIRECTOR'S OFFICE
DIRECTOR'S SUPPORT STAFF
PROPOSED ORGANIZATIONAL STRUCTURE

EXHIBIT 14



HOME ARREST PROGRAM

Current Situation

There are 11 methods of releasing prisoners back into society. One of those is the Home Arrest Program which started in December of 1988 and is a very heavily supervised program that occurs prior to regular parole. This program has not reached its full potential due to staff shortages and lack of statewide electronic monitoring capability.

A prisoner who has served not less than six months of the sentence imposed by the court is eligible for the Home Arrest Program if the following criteria are met:

- Convicted of committing a class 4, 5, or 6 felony not involving the intentional and knowing infliction of serious physical injury or the use or exhibition of a deadly weapon or dangerous instrument
- Not convicted of a sexual offense
- Not previously convicted of any felony
- Violated parole by the commission of a technical violation that was not chargeable or indictable as a criminal offense
- Eligible for work furlough
- Certified eligible for parole.

The ADC is responsible for certifying eligibility of all prisoners, and the Board of Pardons and Paroles shall determine which prisoners are released to the Home Arrest Program based on the criteria. The Board approved rate to the Home Arrest Program has been 20% of the eligible prisoners. There are 800 to 1,200 prisoners continually eligible for Board considerations.

Home Arrest is conditional on the following requirements:

- Use of active electronic monitoring surveillance until eligible for general parole
- Participation in gainful employment or other beneficial activities
- Submission to alcohol and drug tests as mandated
- Payment of the electronic monitoring fee in amount determined by the Board of not less than one dollar per day and not more than the total cost of the electronic monitoring
- Remaining at his/her place of residence except for movement out of the residence according to mandated conditions
- Adherence to any other conditions imposed by the court, Board of Pardons and Parole or supervising Correction Officers
- Compliance with all other conditions of supervision.

The ADC Community Corrections Division is responsible for the supervision of the prisoners in the Home Arrest Program. The Arizona Revised Statute sets a ratio of no greater than one supervising Home Arrest Officer for every 25 prisoners. Contrary to the present parolee to Parole Officer of 76 to 1 these Home Arrest prisoners require closer supervision because of potential higher risk. The interaction between the Home Arrest Officer and the prisoner is at least three times more frequent than a regular parolee. Prisoners involved in the program are released to their residence and an assigned job locations in their community. After a predetermined movement plan has been set by the Home Arrest Officer, an electronic bracelet is placed either on the person's wrist or ankle. A computer printout provides an account of time and location. Any deviation from the movement plan is cause for immediate notification of the Home Arrest Officer. This deviation by the prisoner may result in a termination of Home Arrest and return to incarceration. There are currently 11 Home Arrest Officers which sets a maximum program capacity of 275 prisoners. There are approximately 125 prisoners approved for Home Arrest who cannot be placed in the Home Arrest Program by the Board of Pardons and Parole because of a shortage of Home Arrest Officers and the lack of electronic tracking equipment outside of Pima and Maricopa counties.

Electronic signals are sent through placed transmitters at home and work via telephone lines to designated receiving/monitoring locations. There is a central electronic monitoring center located at the Home Arrest Office in Phoenix. However, this office operates and monitors Monday through Friday from

the hours of 8:00 am to 5:00 pm. All other days and hours of monitoring to cover a full 7 days a week 24 hour period is done from electronic equipment located at the Northern and Southern Correctional Release Centers located in Phoenix and Tucson respectively. There is no other monitoring capability available outside of Pima and Maricopa counties. If all goes well then the Board of Pardons and Parole shall determine when the prisoner is eligible for transfer to the regular parole program.

Impact

Prisoners in regular incarceration cost the State \$45.00 per day. Home Arrest cost is reported to be \$16.00 per day. It is costing the State an additional \$29.00 per day for those prisoners currently approved to enter the program but who cannot use the program because of resource limitations. Once again, there are 125 Parole Board approved prisoners waiting to enter the program.

Recommendation

We recommend implementation of the following activities which concurs with an ADC proposal to expand Home Arrest:

- Add five Home Arrest Officers, one Supervisor, and one Secretary to place the additional 125 Board approved prisoners waiting to go into Home Arrest
- Expand the Home Arrest Program to outlying counties. Community Corrections has prepared a policy issue for the Fiscal Year 1993 Budget. This request would provide a Home Arrest capacity up to 180 (caseload of 15:1 due to distances covered) in Yuma, Pinal, Coconino, Yavapai, Mohave, Cochise, and Santa Cruz Counties.

The request includes 12 Home Arrest Officers, two Supervisors, two Administrative Secretaries, and two Information Processing Specialist I.

Benefits

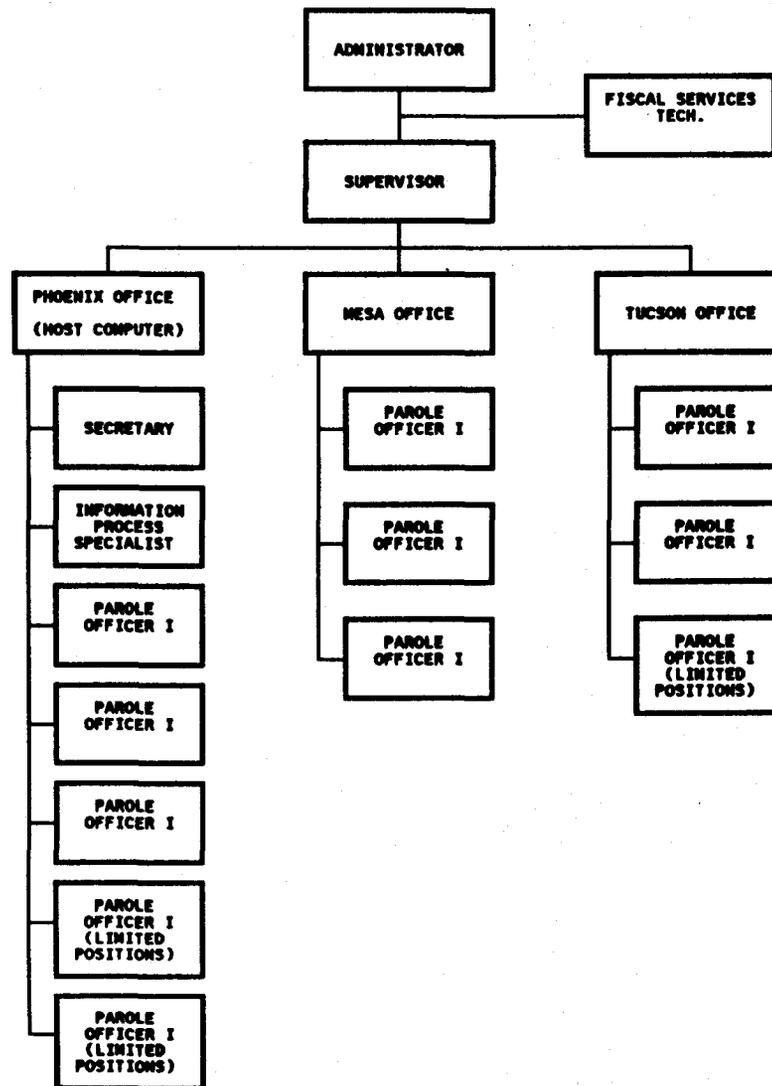
The addition of 125 prisoners who have already been approved by the Board and expanding the program statewide would add another 180 for a total of 305 new prisoners to the system. Placing these prisoners into the Home Arrest Program would produce a cost avoidance of \$3,660,000 according to data furnished to us by ADC Management. This comes from negating the need to build an additional 122 beds at \$30,000 per bed. According to these data, operating costs would only increase by \$231,000 annually, producing a net result of \$3,429,000 in cost avoidance.

Implementation

- Seek budget approval for FY 1993 policy issue.

ARIZONA DEPARTMENT OF CORRECTIONS
COMMUNITY CORRECTIONS DIVISION
PAROLE / FIELD SERVICES - HOME ARREST
PRESENT ORGANIZATIONAL STRUCTURE

EXHIBIT 15



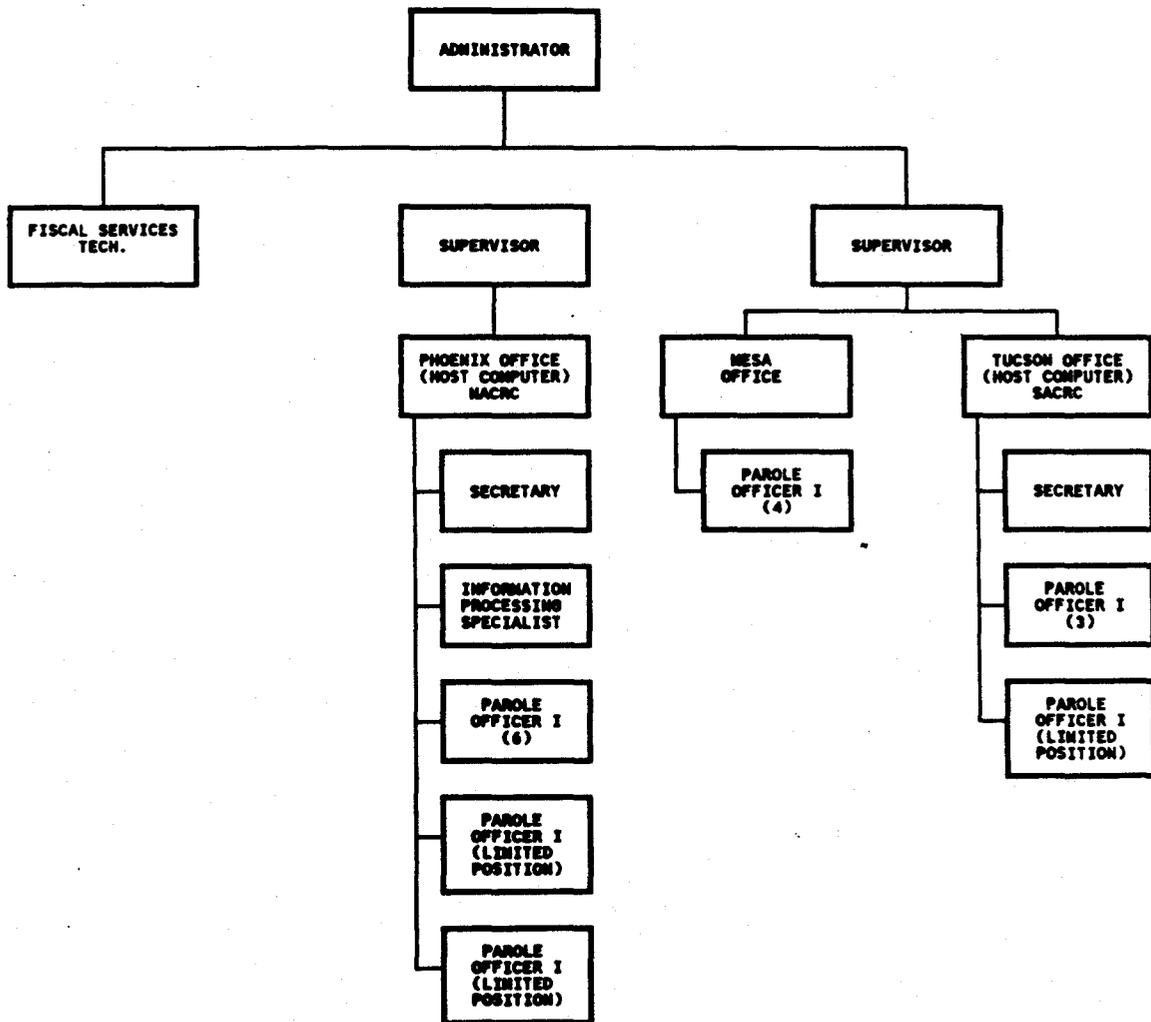
ADC - 85

ARIZONA DEPARTMENT OF CORRECTIONS

EXHIBIT 16

COMMUNITY CORRECTION DIVISION
PAROLE / FIELD SERVICES - HOME ARREST
PROPOSED ORGANIZATIONAL STRUCTURE

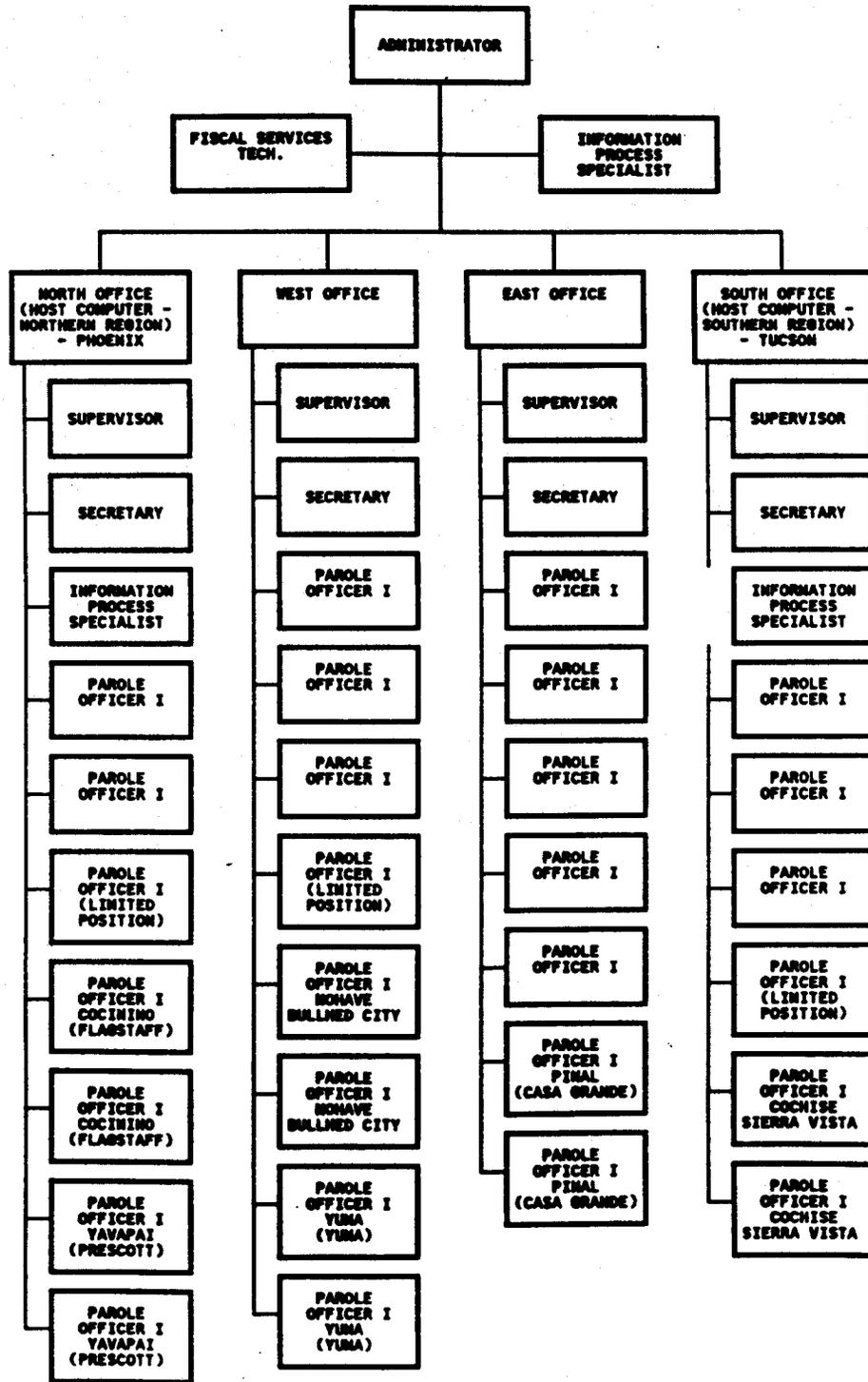
FOR 125 INCREASE IN CAPACITY
TOTAL - 400
URBAN AREAS ONLY



**ARIZONA DEPARTMENT OF CORRECTIONS
 COMMUNITY CORRECTIONS DIVISION
 PAROLE / FIELD SERVICES - HOME ARREST
 PROPOSED ORGANIZATIONAL STRUCTURE**

EXHIBIT 17

FOR EXPANDED OUTLYING COUNTIES
 ADDED CAPACITY - 180
 TOTAL CAPACITY - 580



DATE : November 1991
TO : Stan Bates, Assistant Director
Administration
FROM : Joan M. Page, R.D., Food Service Administrator *JP*
SUBJECT: Interagency Agreement, ASPC-Phoenix Food Service

ASPC-PHOENIX FOOD SERVICE PAYMENTS TO ASH, FISCAL 1991

Number of meals: 992,903

raw food	\$ 1,012,780	\$ 1.02002 /meal
Other Operating	250,356	.252145/meal
Year End Payment	<u>22,500</u>	.022661/meal (not required by agreement)
	\$ 1,285,636	
Total ASH Charges	\$ 1.294825/per meal	
ASPC-PV Bakery	<u>.0370</u>	paid to Service America
Total outside cost	\$ 1.331825	

The cost is high due to three factors.

1. The menu and many menu items have been changed to include high price items which is the largest part of increased cost and should be changed.
2. ASH's accounting and management control is poor leading to higher charged costs to ADC.
3. The Interagency Agreement is structured to allow actual accounting control to the discretion of ASH management. Since their methods are not sound, it may be leading to higher costs for ASPC-Phoenix.

1. MENU ITEMS ARE UNNECESSARILY EXPENSIVE

Most food items used by ASH are now expensive *expensive* convince items. The menu at ASPC-Phoenix now includes some (*'d) of these:

- o Individually wrapped and frozen danish. * (\$.31+ ea) —
- o Boneless BBQ ribs. *
- o Stouffer frozen entrees (Lasagna, turkey tetrazzini) which is rarely used in any institutional setting.
- o Individually wrapped and frozen muffins. * —
- o Canned Apricots, the most expensive fruit that can be purchased. *
- o Frozen, ready to bake pies.
- o Prepared potato salad. *
- o Frozen pancakes and waffles.
- o Frozen muffin batter.

- o 5 oz. bone in center cut pork chops vs. a 3 or 4 oz. pork patty.
- o Cod (very expensive) vs. Whiting fish fillets, unbreaded.
- o Corned Beef, not lower fat, lower cost Turkey product corned beef.
- o Individually portioned, frozen 100% juices.
- o Frozen biscuits * and dinner rolls.
- o Sherbet, ice cream and fruit ice. *
- o Parmesan cheese. *
- o Chicken breast halves. *
- o Precooked, pre-sliced Roast Beef, Turkey breast.
- o Precut celery and carrot sticks. *

Use of these items has increased ADC and ASH menu cost. *'d items should be discontinued at ASPC-Phoenix.

ASPC-Phoenix should use toast and other dessert items from ASPC-Perryville in place of individual frozen danish, muffins, ASH purchased cookies and desserts which cost more.

2. ASH FOOD SERVICE OPERATION/ACCOUNTING SYSTEM IS MANAGED POORLY

Monthly accounting spread sheet for raw food and operating cost received from ASH for 6/90 to 3/91 show that operations are mismanaged, accounting practice is flawed, or a combination of both is occurring. The financial information, if true, would mean that ASH wastes thousands of dollars without recognizing the fact that waste is occurring and dispersal of food is uncontrolled. Management is not using the accounting information to identify problems or mistakes in inventories.

3. INTERAGENCY AGREEMENT NEEDS RESTRUCTURING

- A. The language and method of determining cost has too many intricate details and has been confusing. It would be more reasonable to agree on a menu, average the cost per meal, add a dollar amount for labor and other operating expenses and eliminate the monthly breakdown in several areas used to arrive at the cost per meal. Currently the process is:

4.2.1 ADC agrees to pay food service costs in an amount determined by multiplying the established per meal cost by the projected number of meals to be served to ADC.

4.2.1.1 "The total per meal cost shall not exceed \$ 1.04 which shall be subject to annual negotiation."

There has been a dispute on whether the "food service costs in an amount determined, etc." in 4.2.1 is the TOTAL FOOD SERVICE COSTS referred to in the table on page 14, Attachment #1. ADC has not forced the issue and has paid additional cost as if the 4.2.1 paragraph refers to per meal cost of raw food only. This has cost ADC additional money for the last two years.

- B. Cost and grade of staff is not defined for what ASH has hired to work due to ADC meal service.
- C. Itemized accounting records and monthly invoices are not transmitted to ADC per the agreement. Since ADC prepays ASH for services, ASH is lax on supplying accounting records and back-up documentation. There is a requirement for transmittal of "itemized accounting by facility of all charges related to Utility and Dietary Services" "using generally accepted accounting practices" but ASH has only supplied marginal information for one month in the last year and a half, March of 1991.
- D. There is no defined method for how ASH will determine the number of meals that are served for the hospital. It does not appear that ASH has a standard method that can be justified. ASH claims far too many meals for the number of people that are fed.
- E. The raw food cost apportionment is flawed because it does not appropriately address separating items used by ADC and ASH. This causes a continuation of the dispute between ADC and ASH on what ADC is charged.
- F. Apportioning utility charges should be reviewed. ASPC-Phoenix currently cooks many item on the menu without preparation on the part of the hospital. ASPC-Phoenix also receives the majority of perishable goods directly from vendors without handling by the Hospital. In addition, it is not known if ASH is fully funded from the legislature for utility expenses or if ADC contribution is taken into consideration by JLBC in the appropriation process.

NOTE ON INMATE STAFFING

Currently ASH employees 24 inmates positions, who work in two 8 hour shifts per day, 12 per shift, 7 days per week and make \$.40 to \$.50 per hour. This equates to employment for approximately 35 inmates. ADC pays Wipp wages totaling approximately \$ 604 per week. If ADC did not purchase meals from ASH, the hospital would decrease employment to 4 inmates who would be primarily used for clean-up. This would be a net reduction of 28 female inmate from the ASH kitchen.

ADC would probably only realize employment for 12 additional inmates in the ACW kitchen if it were remodeled. This would be in addition to the inmates already working there and the number reduced from the State Hospital.

CONCLUSION

ADC should renegotiate and continue the interagency agreement with ASH.

The agreement and cost could be corrected through menu adjustment and renegotiation of the interagency agreement. It would be in the State's best interest to utilize the ASH kitchen and warehouse facilities to serve ASPC-Phoenix since it would cost the State an additional \$ 1,000,000 + over the next five years to build and operate a kitchen at ACW or build a kitchen elsewhere at ASPC-Phoenix. The biggest obstacle is the fiscal accounting and management of foodservice at ASH.

It would be highly recommended to have the Hospital put out an RFP for Food Service Management to get a reasonable idea of what their costs should be and provide a comparison to their current operation. Contracting their foodservice at this time would likely save both ADC and ASH money.

ATTACHMENT #1

ACW KITCHEN OPERATION AND RELATED COSTS

Cullen/Burr Summary for REMODELING ACW KITCHEN area:

Architectural	\$ 34,413
Mechanical	39,612
Plumbing	45,939
Electrical	76,291
Food Srv, hoods, walk-in's	70,000
New roof	36,720
Plumbing(hot water heater)	2,500
Total improv. cost	\$ 305,475
Contractor's Ov. + Profit (20%)	61,095
Contingency (10%)	36,657
 Total Const. Cost	 \$ 403,227
 Professional Fees (ESTIMATE)	 40,000
Inmate demolition	19,267
Asbestos enclapul. (ESTIMATE)	10,000
Total structure remodel cost	\$ 472,494
 Cost over five years	 \$.09516/meal

Cullen/Burr believes that ADC, if pursuing the construction of a kitchen should build a pre-engineered building somewhere on ADC property to act as the Central Kitchen rather than remodeling ACW because they believe it would be cheaper than remodeling ACW.

ESTIMATE ON COST OF FOOD SERVICE CONTRACTOR

The contractor would supply fixed equipment not purchased with the remodeling project. The contractor would operate the Central kitchen and supervise the feeding operation at ACW, breakfast, lunch and dinner. The following is the estimate of their costs.

STAFF

Food Service Manager	\$25,000 + 25% ERE =	\$ 31,250
Asst. F.S. Manager	19,000 + 25% ERE =	23,750
AM F.S. Supervisors, 3.0 FTE's @ \$ 16,000 + 25% ERE =		60,000
PM F.S. Supervisors, 3.0 FTE's @ \$ 16,000 + 25% ERE =		60,000
Clerk	1.0 FTE's @ \$ 14,000 + 25% ERE =	17,500
	Estimated Salaries	\$192,500
	or	\$.1938/meal

RAW FOOD COST

993,000 meals @ \$.90 = \$ 893,700

EQUIPMENT

Depending on whether the contractor supplies used or new equipment, the cost could vary greatly, from \$ 50,000 to \$ 200,000. If ADC is to take ownership of the equipment after a five year contract ends, ADC should be sure that any used or new equipment is what we want to own. Current practice of contractors is to charge a 26% investment fee in the first year of the contract to cover the capital outlay and amortize 15 to 20% of the total equipment cost each year of the contract.

The cost for the first through fifth year of the contract would approximately add the following to the per meal cost:

First Year \$13,000 Invest. fee + \$10,000 = \$23,000 or
\$.0232/meal

TO

\$52,000 Invest. fee + \$40,000 = \$92,000 or
\$.0926/meal

Second to Fifth year \$10,000 = \$.01007/meal

TO

\$40,000 = \$.04028/meal

REPAIR AND REPLACEMENT COST

If ADC wanted the Contractor to cover all repair and replacement cost for their equipment, it would probably add another \$.005 to the price of the contract.

OTHER OPERATING COSTS

Other operating costs of supplies, dishmachine chemicals and serving staff for ASPC-Phoenix are already a part of the current cost not involved in the Interagency Agreement cost. These costs would remain the same and therefore are not significant in the comparison.

ADMINISTRATIVE OVERHEAD AND PROFIT

Overhead and administrative cost plus profit would probably average \$.10 based on the cost at ASPC-Tucson and ASPC-Douglas. It is possible that the cost would be slightly higher for a smaller unit.

COST SUMMARY - ACW REMODEL WITH CONTRACTED MEAL SERVICE

TOTAL ESTIMATED PER MEAL COST if ACW kitchen is remodeled:

First year :	Construction Cost	\$.09516/meal	
	Staff Cost	.1938	
	Raw Food Cost	.90	
	Equipment Cost	.0232 to .0926	
	Repair and Replacement	.005	
	Adm. and Profit	.10	
		<hr/>	
	Est. Total 1st year	\$ 1.31716 to \$ 1.38656	
		\$ 1,307,940 to \$ 1,376,854	

Second through fifth year:

	Construction Cost	\$.09516/meal	
	Staff Cost	.1938	
	Raw Food Cost	.90	
	Equipment Cost	.01007 to .04028	
	Repair and Replacement	.005	
	Adm. and Profit	.10	
		<hr/>	
		\$ 1.30403 to \$ 1.33424	
		\$ 1,294,900 to \$ 1,324,900	

ATTACHMENT #2

RENEGOTIATED INTERAGENCY AGREEMENT COSTS

ADC should agree to pay a standard price per meal for food, ASH labor and other operating expenses. This renegotiation would have to be done with menu item changes taken into consideration with the stipulation that menu item changes would be reviewed and approved by the Warden and Central Office Contract Administrator in writing. This would reduce the likelihood of any changes taking place which would cause ADC to pay higher costs.

Estimated cost of ASH agreement if renegotiated:

RAW FOOD COST

993,000 meals @ \$.90 = \$ 893,700

STAFF

ADC should pay ASH a specified amount for hiring kitchen staff if positions are not adequate for operations. ADC has not had an opportunity to review staffing at ASH to assess or assure ADC at what level ADC should fund additional positions. ASH has claimed that the positions they have are too low a grade to hold current food service employees accountable for production required, leading to the assumption that more positions are needed. If ADC paid for five additional positions, this would be the approximate cost:

3 Cook II \$ 14,481 + 30% ERE = \$ 18,825
2 Cook III 15,531 + 30% ERE = 20,190

56,475 Total Cook II
40,380 Total Cook III

\$ 96,855 Total Cost ASH Positions

\$.09753/meal

If ADC does not use ASH for food supply, ASH has advised that they would lay off 10 permanent positions and the five positions that they currently employ for ADC, or a total of 15 FTE's. If this is true, then ASH probably overstaffed. There is no logical reason why they would need 15 FTE's to store and produce some ADC food seven days per week. The economy of scale in producing ADC food should improve their meals per man hour productivity.

OTHER OPERATING COST

ASH charges ADC a figure that fluctuates widely listed under other operating expenses which includes labor. The method of apportionment for cleaning and other supplies appears to allocate a large part of ASH items to ADC cost. From the few records we have, it appears that the supplies are accounted for as haphazardly as the food.

Since the number of meals for ADC does not fluctuate dramatically, it would be reasonable to agree to a standard charge for these expenses per year rather than having a fluctuating charge appear with no financial documentation. It would make it easier for both ADC and ASH for budget control.

Operating expenses which include ASH cleaning chemicals, supplies like saran wrap, foil, utensils should not exceed \$.02/meal since ADC pays for the delivery truck, containers, pans to transport meals. ASH is funded for their other staff from the legislature. ADC also pays for 24 female inmate positions daily, Sunday through Saturday to work in the ASH kitchen equating to 32 FTE's.

ADC orders and pays for cleaning and disposable supplies they use in serving kitchens as a separate charge which is ordered from vendors and received in ACW warehouse. No money is paid to ASH for these items. The cost of these items will remain the same whether ASH supplies food or the ADC prepares it in the ACW remodeled kitchen.

COST SUMMARY - ASH RENEGOTIATED INTERAGENCY AGREEMENT

Raw food Cost	\$.90	X 993,000 =	\$ 893,700
Personnel	\$.098	X 993,000 =	97,314
Other Supply			
Expenditures	\$.02	X 993,000 =	19,860
Utility charge			
only if Legislature			
does not fund total			
utility bill . . .			
Total			\$ 1,010,814 or \$ 1.0179/meal

DATE : November 1991

TO : Stan Bates, Assistant Director
Administration

FROM : Joan M. Page, R.D., Food Service Administrator *JP*

SUMMARY OF ASPC-PHOENIX INTERAGENCY AGREEMENT RE: FOOD SERVICE

RECOMMENDATION

ADC should renegotiate and continue the interagency agreement with ASH.

The agreement and cost could be corrected through menu adjustment and renegotiation of the interagency agreement. It would be in the State's best interest to utilize the ASH kitchen and warehouse facilities to serve ASPC-Phoenix since it would cost the State an additional \$ 1,000,000 + over the next five years to build and operate a kitchen at ACW or build a kitchen elsewhere at ASPC-Phoenix.

The biggest obstacle is the fiscal accounting and management of foodservice at ASH.

COST SUMMARY - ACW REMODEL WITH CONTRACTED MEAL SERVICE

TOTAL ESTIMATED PER MEAL COST if ACW kitchen is remodeled:

First year :	Construction Cost	\$.09516/meal
	Staff Cost	.1938
	Raw Food Cost	.90
	Equipment Cost	.0232 to .0926
	Repair and Replacement	.005
Contractor -	Adm. and Profit	.10
		<hr/>
	Est. Total 1st year	\$ 1.31716 to \$ 1.38656
		\$ 1,307,940 to \$ 1,376,854

Second through fifth year:

	Construction Cost	\$.09516/meal
	Staff Cost	.1938
	Raw Food Cost	.90
	Equipment Cost	.01007 to .04028
	Repair and Replacement	.005
	Adm. and Profit	.10
		<hr/>
		\$ 1.30403 to \$ 1.33424
		\$ 1,294,900 to \$ 1,324,900

Arizona Department of Corrections

1801 WEST JEFFERSON
PHOENIX, ARIZONA 85007
(602) 542-5536

APPENDIX B

PAGE 1 OF 16



FIFE SYMINGTON
GOVERNOR



SAMUEL A. LEWIS
DIRECTOR

March 13, 1992

Scott Park
Governor Fife Symington's Office
Third Floor
1700 West Washington
Phoenix, Arizona 85007

Mr. Park,

Preliminary results of a comparative analysis of the Arizona State Pharmacy Contracts and other buying sources have revealed that a major savings would exist if the State's Contract were more in tune with the industry.

All comparisons were based upon the top 100 drugs used in the Department of Corrections, ranked by the dollar amounts expended on them.

During our last fiscal year, 91-92, this Department spent \$ 1,332,100 on pharmaceuticals. Cost savings estimates and projections are based upon this figure, since we are in a zero growth budget this year.

A comparison with a Federal Contract, used in the Veteran's Administration, showed that there were 75 medications from our list of 100 available on that contract. Purchase from the Federal contract would have resulted in a savings of over \$ 162,000 (see Appendix "A"). The savings would be higher if extended to the entire product list of the Department of Corrections.

A comparison with a County Contract, used in Maricopa County Jails and Hospitals, showed that there were 40 medications from our list of 100 available on that contract. Purchase from the County Contract would have resulted in a savings of over \$ 42,000 (see Appendix "B"). The savings would be higher if extended as in the above paragraph and also further analysis of the County Contract is necessary.

ADC - 99

Yet another comparison was done to a major Hospital Buying group or Consortium which is based in Missouri and is available nationwide. There were a total of 83 drugs from our list which could be identified on the consortium's prices. Purchase from this buying group would have saved the Department over \$ 173,000 (see Appendix "C"). The savings would be much higher if this was extended to our entire product list because the medications on our top 100 were not used significantly in a hospital setting and, consequently, greater savings occur on medications which we use less frequently.

It should be pointed out that there are a number of buying groups in the nation, all of whom are designed to service hospitals. All do not, however, permit governmental agencies to join. A list of available consortiums can be presented if further analysis is required.

The Department of Corrections feels that serious problems have arisen as a result of the procedures used by Department of Administration. The problems can be illustrated by a comparison of the State Contract with the previous State Contract. Attached, along with appendices, is a comparison of our costs this year versus last year which represents an increase of over \$ 183,000 to this Department. This comparison is also based upon the top 100 drugs used, some of which are not available on the new contract.

The comparisons done for this impact paper were prepared by myself and Jason Gross, Pharm D. candidate at the University of Arizona, College of Pharmacy. Jason and I have studied the data and make the following recommendations:

1. A subject matter expert be hired and placed in charge of the contract procedure in D.O.A., in this case, a Pharmacist should be the buyer;
2. The conditions of the State Contract be dictated by the State Agency users, not D.O.A. or the non-state agency contract users;
3. Every effort be made to accommodate manufacturers so that the lowest possible bids can be expected. An example would be to allow one or two price adjustments during the life of the contract;

STATE CONTRACT COMPARISON
FEDERAL CONTRACT

MEDICATION NAME	SIZE	STATE CONTRACT	FEDERAL CONTRACT PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
CECUTANE 40MG CAPS	100	281.5760	253.66	27.92	9.91	2,536.60	279.16
DALAT 10MG CAPS	300	102.7100	30.08	72.63	70.71	842.24	2,033.64
MANTADINE 100MG CAPS	500	55.9800	60.69	-4.71	-8.41	2,265.53	-174.27
NAPROX TABS	500	259.6203	189.28	71.34	27.48	19,769.60	7,490.73
	100	54.4774	38.61	15.87	29.13	2,934.36	1,205.92
	100	56.3686	29.02	27.35	48.52	3,279.26	3,090.39
TROVENT INHALER	14 GM	18.2364	12.97	5.27	28.88	3,307.35	1,342.93
RECONASE NASAL INHALER	14.8 G	10.1754	4.42	5.76	56.56	2,351.64	3,061.89
BRETHINE 5MG TABS	100	25.4400	4.85	20.59	80.94	402.55	1,708.97
	1000	232.8600	48.50	184.36	79.17	1,309.50	4,977.72
SUSPAR 10MG TABS	100	70.1700	63.69	6.48	9.23	2,292.94	233.28
CALAN SR 240MG TABS	100	63.8832	53.68	10.20	15.97	1,825.12	346.91
CAPOTEN 12.5 MG TABS	100	40.9969	26.53	14.47	35.29	1,353.03	737.81
CAPOTEN 25MG TABS	100	44.8445	28.91	15.93	35.53	2,315.17	1,386.30
CAPOTEN 50MG TABS	100	74.4267	49.43	25.00	33.59	1,334.61	674.91
CARAFATE 1GM TABS	100	46.9445	36.94	10.00	21.31	4,063.60	1,100.50
	500	233.8240	134.70	51.12	21.68	1,247.00	511.24
CARDIZEM 60MG TABS	100	44.8083	28.33	16.48	36.78	6,799.20	3,954.78
	100	48.8214	31.40	17.42	35.68	1,852.60	1,027.86
CEPHALEXIN 500MG CAPS	100	16.4632	11.68	4.78	29.05	1,693.60	693.56
CIPRO 500MG TABS	100	230.0400	190.70	39.34	17.10	2,479.10	511.42
	50	105.8500	95.35	10.50	9.92	7,055.90	777.00
CIPRO 750 MG TABS	50	193.6700	184.34	9.33	4.82	2,027.74	102.63
CORGARD 40MG TABS	100	64.5753	50.36	14.22	22.01	3,777.00	1,066.15
DILANTIN KAPS 100MG	1000	107.1462	102.30	4.85	4.52	6,649.50	315.00
DILANTIN PB 1/2 GR	100	19.1445	11.66	7.48	39.09	2,984.96	1,916.03
DILANTIN PB KAP 1/2GR	1000	106.3300	116.64	-10.31	-9.70	3,149.28	-278.37
DISALCID 750MG TABS	500	25.4600	21.53	3.93	15.44	3,896.93	711.33
DOLOBID 500MG TABS	100	87.9100	62.20	25.71	29.25	2,363.60	976.98
	60	50.4163	37.32	13.10	25.98	2,351.16	825.07
FELDENE 20MG CAPS	500	784.5900	420.06	364.53	46.46	2,520.35	2,187.19
	100	170.1296	89.13	81.00	47.61	6,328.23	5,750.97

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON
FEDERAL CONTRACT

MEDICATION NAME	SIZE	STATE CONTRACT	FEDERAL CONTRACT PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
PROZAC 20MG TABS	100	159.0500	152.43	6.62	4.16	2,438.88	105.92
QUESTRAN POWDER	PKS	54.3799	43.18	11.20	20.60	3,368.04	873.59
RETROVIR 100MG CAPS	100	122.5900	120.19	2.40	1.96	66,224.69	1,322.60
SANDIMUNE 100MG ORAL	50ML	195.0061	111.00	84.00	43.08	1,887.00	1,428.07
SINEQUAN 150MG CAPS	100	135.6660	26.96 *	135.67	100.00	0.00	2,713.32
TAGAMET 300MG TABS	100	56.0864	30.20	25.89	46.15	5,073.60	4,348.92
TAGAMET 400MG TABS	100	96.7465	51.97	44.78	46.28	1,195.31	1,029.86
	60	57.4983	32.61	24.89	43.29	14,054.91	10,726.85
TAVIST TABS	100	61.7700	85.50	-23.73	-38.42	7,780.50	-2,159.43
TAVIST-D TABS	100	57.4300	79.50	-22.07	-38.43	4,611.00	-1,280.06
TENORMIN 100MG TABS	100	94.3125	54.59	39.72	42.12	1,965.24	1,430.01
TENORMIN 50MG TABS	100	62.8890	32.74	30.15	47.94	6,122.38	5,637.86
THEOLAIR SR 300MG TABS	1000	31.5100	35.00	-3.49	-11.08	3,430.00	-342.02
THIOTHIXENE 10MG CAPS	1000	114.3911	172.90	-58.51	-51.15	4,668.30	-1,579.74
TOLECTIN DS 400MG CAPS	100	59.2230	15.30	43.92	74.17	1,514.70	4,348.38
	500	308.8116	76.50	232.31	75.23	2,448.00	7,433.97
TCOCARD 400MG TABS	100	66.1823	56.49	9.69	14.64	1,977.15	339.23
TRENTAL 400MG TABS	100	34.7000	23.27	11.43	32.94	2,303.73	1,131.57
TYLENOL HOSP PKG	5000	28.3713	29.00	-0.63	-2.22	2,088.00	-45.27
VENTOLIN INHALER	17 GM	8.1980	3.83	4.37	53.28	4,186.19	4,774.26
ZANTAC 150 MG TAB	100	94.9421	80.06	14.88	15.67	93,910.38	17,456.69
ZANTAC 150MG TAB	100	96.6160	80.06	16.56	17.14	8,006.00	1,655.60
ZANTAC 150MG TABS	60	55.6997	35.70	20.00	35.91	7,175.70	4,019.94
ZESTRIL 10MG TABS	100	56.0105	48.09	7.92	14.14	17,360.49	2,859.31
ZESTRIL 20MG TABS	100	59.0800	51.47	7.61	12.88	2,058.80	304.40
ZESTRIL 5MG TABS	100	54.1964	48.36	5.84	10.77	5,754.84	694.53
Total:							162,006.89

3/13/92

Prepared by Jason Gross and Roger Riggs

ADC - 103

10 1 100 0N 20 2T 22 2T 20W

6002-262-200 0N 721

082828 20W 217 2

STATE CONTRACT COMPARISON
COUNTY CONTRACT

APPENDIX B
PAGE 7 OF 16

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	COUNTY CONTRACT PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
ATROVENT INHALER	14 GR	18.2364	17.31	0.93	19.34	4,416.05	236.23
BRETHINE 5MG TABS	1000	232.8600	77.94	154.92	73.97	2,104.38	4,182.84
	100	25.4400	9.24	16.20	69.14	766.92	1,344.60
CARAFATE 1GM TABS	100	46.9445	46.92	0.02	23.01	5,161.20	2.70
CARDIZEM 60MG TABS	100	48.8214	49.92	-1.10	22.00	2,945.28	-64.82
	100	44.8083	43.61	1.20	23.07	10,466.40	287.38
CEPHALEXIN 500MG CAPS	100	16.4432	8.11	8.33	31.85	1,175.95	1,211.21
CIPRO 500MG TABS	50	105.8500	93.57	12.28	30.87	6,924.18	908.72
CIPRO 750 MG TABS	50	193.6700	120.89	12.79	-54.09	1,989.79	140.58
DILANTIN KAPS 100MG	1000	107.1462	102.30	4.85	49.33	6,649.50	315.00
DILANTIN PB KAP 1/2GR	1000	106.3300	116.64	-10.31	46.09	3,149.25	-278.37
DOLCIBID 500MG TABS	60	50.4163	46.79	3.63	24.85	2,947.77	228.46
FELDENE 20MG CAPS	100	170.1296	164.81	5.32	25.05	11,701.51	377.69
HALDOL DECON 50MG/ML	10x1ML	184.7429	75.79	108.95	60.32	1,061.06	1,525.34
IBUPROFEN 600 MG TABS	500	13.2563	9.32	3.94	10.73	3,038.32	1,283.24
IBUPROFEN 800MG TABS	500	19.2327	13.93	5.30	6.82	6,561.03	2,497.56
LITHOBID 300MG TABS	100	14.3400	4.00	10.34	ERR	912.00	2,357.52
MEVACOR 20MG TABS	60	89.7591	83.09	6.67	24.88	2,741.97	220.08
MICRONASE 5MG TABS	100	39.9400	15.78	24.16	66.57	1,230.84	1,884.48
	500	174.1377	77.79	96.35	60.51	1,011.27	1,252.52
NYLANTA LIQ	5 oz	10.2091	10.00	0.21	97.57	2,000.00	41.81
NAPROSYN 250MG TAB	100	53.7384	52.78	0.96	21.87	3,377.92	61.34
PRILOSEC 20MG CAPS	30	81.0323	77.18	3.85	22.51	2,392.58	119.42
PROCARDIA XL 30MG CAPS	100	85.9200	88.67	-2.75	15.79	27,399.03	-849.73
PROCARDIA XL 60MG TABS	100	154.6200	159.59	-4.97	15.78	2,393.85	-74.55
PROLIXIN DECANOATE 25MG	5 ML	78.4497	3.68	74.77	96.11	342.24	6,953.58
PROZAC 20MG CAPS	100	149.3118	155.00	-5.69	13.84	15,810.00	-580.20
RETROVIR 100MG CAPS	100	122.5900	135.00	-12.41	6.30	74,385.00	-6,837.91
SINEQUAN 150MG CAPS	100	135.6640	16.30	119.37	17.05	326.00	2,387.32
TAGAMET 300MG TABS	100	56.0864	53.34	2.75	16.09	8,961.12	461.40

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON
COUNTY CONTRACT

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	COUNTY CONTRACT PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
ATROVENT INHALER	14 GH	18.2364	17.31	0.93	19.34	4,414.05	236.23
BRETHINE 5MG TABS	1000	232.8600	77.94	154.92	73.97	2,104.38	4,182.84
	100	25.4400	9.24	16.20	69.14	766.92	1,344.60
CARAFATE 1GM TABS	100	46.9445	46.92	0.02	23.01	5,161.20	2.70
CARDIZEM 60MG TABS	100	48.8214	49.92	-1.10	22.00	2,945.28	-64.82
	100	44.8083	43.61	1.20	23.07	10,466.40	287.58
CEPHALEXIN 500MG CAPS	100	16.4632	8.11	8.35	31.85	1,175.95	1,211.21
CIPRO 500MG TABS	50	105.8500	93.57	12.28	30.87	6,924.18	908.72
CIPRO 750 MG TABS	50	193.6700	180.89	12.78	-54.09	1,989.79	140.58
DILANTIN KAPS 100MG	1000	107.1462	102.30	4.85	49.33	6,649.50	315.00
DILANTIN PB KAP 1/2GR	1000	106.3300	116.64	-10.31	46.08	3,149.28	-278.37
DOLCIBID 500MG TABS	60	50.4163	46.79	3.63	24.85	2,947.77	228.46
FELDENE 20MG CAPS	100	170.1296	164.81	5.32	25.05	11,701.51	377.69
HALDOL DECON 50MG/ML	10x1ML	184.7429	75.79	108.95	60.32	1,061.06	1,525.34
IBUPROFEN 600 MG TABS	500	13.2563	9.32	3.94	10.73	3,038.32	1,283.24
IBUPROFEN 800MG TABS	500	19.2327	13.93	5.30	6.82	6,561.03	2,497.56
LITHOBID 300MG TABS	100	14.3400	4.00	10.34	ERR	912.00	2,357.52
MEVACOR 20MG TABS	60	89.7591	83.09	6.67	24.88	2,741.97	220.08
MICRONASE 5MG TABS	100	39.9400	15.78	24.16	66.57	1,230.84	1,884.48
	500	174.1377	77.79	96.35	60.51	1,011.27	1,252.52
MYLANTA LIQ	5 oz	10.2091	10.00	0.21	97.57	2,000.00	41.81
NAPROSYN 250MG TAB	100	53.7384	52.78	0.96	21.87	3,377.92	61.34
PRILOSEC 20MG CAPS	30	81.0323	77.18	3.85	22.51	2,392.58	119.42
PROCARDIA XL 30MG CAPS	100	85.9200	88.67	-2.75	15.79	27,399.03	-849.75
PROCARDIA XL 60MG TABS	100	154.6200	159.59	-4.97	15.78	2,393.85	-74.55
PROLIXIN DECANOATE 25MG	5 ML	78.4497	3.68	74.77	96.11	342.24	6,953.58
PROZAC 20MG CAPS	100	149.3118	155.00	-5.69	13.84	15,810.00	-580.20
RETROVIR 100MG CAPS	100	122.5900	135.00	-12.41	6.30	74,385.00	-6,837.91
SINEQUAN 150MG CAPS	100	135.6660	16.30	119.37	17.05	326.00	2,387.32
TAGAMET 300MG TABS	100	56.0864	53.34	2.75	16.09	8,961.12	461.40

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON
HOSPITAL BUYING CONSORTIUM

APPENDIX B
PAGE 9 OF 16

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	HOSPITAL CONSORTIUM PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
ADALAT 10MG CAPS	300	59.85	102.11	-42.26	-70.61	2,859.08	-1,183.28
AMANTADINE 100MG CAPS	500	44.19	83.15	-38.96	-88.16	3,076.55	-1,441.52
ANAPROX TABS	500	324.62	274.57	50.05	15.42	28,829.85	5,255.25
	100	70.12	59.25	10.87	15.50	6,695.25	1,228.31
APLISOL 50 TESTS	5 ML	14.40	3.04	11.36	78.89	1,036.64	3,873.76
ATROVENT INHALER	14 GM	21.46	17.55	3.91	18.22	4,475.25	997.05
BECONASE NASAL INHALER	16.8 G	25.37	3.55	21.82	86.01	1,888.60	11,608.24
BRETHINE 5MG TABS	1000	299.40	231.49	67.91	22.68	6,250.23	1,833.57
	100	29.94	13.87	16.07	53.67	1,151.21	1,333.81
BUSPAR 10MG TABS	100	82.55	72.54	10.01	12.13	2,611.44	360.36
CALAN SR 240MG TABS	100	108.04	97.39	10.65	9.86	3,311.26	362.10
CAPOTEN 12.5 MG TABS	100	51.57	44.88	6.69	12.97	2,288.88	341.19
CAPOTEN 25MG TABS	100	56.80	48.52	8.28	14.58	4,221.24	720.36
CAPOTEN 50MG TABS	100	94.61	83.20	11.41	12.06	2,246.40	308.07
CARAFATE 1GM TABS	500	304.70	239.96	64.74	21.25	2,399.60	647.60
	100	60.94	50.45	10.49	17.21	5,549.50	1,153.90
CARDIZEM 60MG TABS	100	64.00	54.00	10.00	15.63	3,186.00	590.00
	100	56.69	41.07	15.62	27.55	9,856.80	3,748.80
CEPHALEXIN 500MG CAPS	100	11.90	15.72	-3.82	-32.10	2,279.40	-553.90
CIPRO 500MG TABS	50	135.36	228.69	-93.33	-68.95	16,923.06	-6,906.42
CIPRO 750 MG TABS	50	117.39	198.31	-80.92	-68.93	2,181.41	-890.12
CORGARD 40MG TABS	100	78.21	71.37	6.84	8.75	5,352.75	513.00

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON

6033-250-200 ON TEL

08888 2085 PATH 03

STATE CONTRACT COMPARISON
HOSPITAL BUYING CONSORTIUM

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	HOSPITAL CONSORTIUM PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
DIFLUCAN 200MG TABS	30	337.40	273.78	63.62	18.86	7,665.84	1,781.36
DILANTIN KAPS 100MG	1000	201.90	104.64	97.46	48.27	6,788.60	6,334.90
DILANTIN PB 1/2 GR	100	21.69	12.45	9.24	42.60	3,187.20	2,365.44
DISALCID 750MG TABS	500	35.63	31.96	3.67	10.30	5,784.76	664.27
DOLOBID 500MG TABS	60	62.26	42.05	20.21	32.46	2,649.15	1,273.23
	100	103.76	90.98	12.78	12.32	3,457.24	485.64
ERY-TAB 333MG	500	47.98	25.25	22.73	47.37	2,752.25	2,477.57
FELDENE 20MG CAPS	500	1076.48	873.25	203.23	18.88	5,239.50	1,219.38
	100	219.90	178.37	41.53	18.89	12,664.27	2,948.63
FULVICIN U/F 500MG	60	54.90	48.00	6.90	12.57	4,224.00	607.20
GEOCILLIN TABS	100	154.00	124.91	29.09	18.89	2,748.02	639.98
GLUCOSTIX REAG STRIPS	50	32.51	27.94	4.57	14.06	2,374.90	388.45
GLUCOTROL 10MG TABS	500	264.25	225.65	38.60	14.61	11,959.45	2,045.80
	100	55.64	45.13	10.51	18.89	5,325.34	1,240.18
HALOOL DECCN 50MG/ML	10x1ML	191.01	170.71	20.30	10.63	2,389.94	284.20
HUMULIN H U100	10 ML	15.70	6.74	8.96	57.07	11,471.48	15,249.92
HUMULIN R U-100	10ML	15.70	6.74	8.96	57.07	2,938.64	3,906.56
HYDROXYZINE 100MG CAPS	100	15.78	9.08	6.70	42.46	1,707.04	1,259.60
IBUPROFEN 600 MG TABS	500	10.44	11.63	-1.19	-11.40	3,791.38	-387.94
IBUPROFEN 800MG TABS	500	14.95	16.07	-1.12	-7.49	7,568.97	-527.52
IMODIUM CAPS	100	27.09	48.98	-21.89	-80.80	2,742.88	-1,225.84
INS SYR 28G 1ML #8410	1ML	20.45	16.88	3.57	17.46	3,038.40	642.60

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON
HOSPITAL BUYING CONSORTIUM

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	HOSPITAL CONSORTIUM PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
INTRON A 25 MILLION IU	6 ML	212.70	168.99	43.71	20.55	19,095.87	4,939.23
KAOPECTATE UNIT DOSE	3 oz	32.40	12.88	19.52	60.25	708.40	1,073.60
LOPID 400MG	60	53.41	36.89	16.52	30.93	5,939.29	2,659.72
LOPID 600MG TABS	500	443.42	355.25	88.17	19.88	3,197.25	793.53
LOTRIMIN 1% CRM	15 GM	8.46	6.79	1.67	19.74	6,450.50	1,586.50
MACRODANTIN 50MG CAPS	100	59.41	50.20	9.21	15.50	2,359.40	432.87
MAXAIR INHALER	25.6 G	17.94	15.16	2.78	15.50	34,837.68	6,388.44
MEVACOR 20MG TABS	60	110.61	89.73	20.88	18.88	2,961.09	689.04
MICRONASE 5MG TABS	100	47.20	31.62	15.58	33.01	2,466.36	1,215.24
	500	197.00	150.39	46.61	23.66	1,955.07	605.93
MYLANTA LIQ	5 oz	80.44	10.14	70.30	87.39	2,028.00	14,060.00
NAPROSYN 250MG TAB	100	67.55	57.08	10.47	15.50	3,653.12	670.08
NEBUPENT 300MG	15 ML	98.76	80.11	18.65	18.88	3,204.40	746.00
NIFEDEPINE 10MG CAPS	300	59.85	71.13	-11.28	-18.85	3,841.02	-609.12
NIZORAL 200MG TABS	100	218.31	184.47	33.84	15.50	4,427.28	812.16
NORFLEX 100MG TABS	100	112.68	95.21	17.47	15.50	3,046.72	559.04
	500	337.64	452.24	-114.60	-33.94	62,861.36	-15,929.40
NORGESIC FORTE TABS	500	437.76	369.91	67.85	15.50	6,658.38	1,221.30
PRILOSEC 20MG CAPS	30	99.60	72.54	27.06	27.17	2,248.74	838.86
PROCARDIA XL 30MG CAPS	100	105.30	85.24	20.06	19.05	26,339.16	6,198.54
	300	309.58	251.13	58.45	18.88	6,780.51	1,578.15
PROCARDIA XL 60MG TABS	100	189.49	153.71	35.78	18.88	2,305.65	536.70

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON
HOSPITAL BUYING CONSORTIUM

MEDICATION NAME	SIZE	STATE CONTRACT PRICE	HOSPITAL CONSORTIUM PRICE	DIFFERENCE	PER CENT SAVINGS	PROJECTED COSTS	SAVINGS TO DEPART
PROLIXIN DECANOATE 25MG	5 ML	94.36	10.14	84.42	89.28	943.02	7,851.06
PROPOX/NAP/APAP 100MG	10 X 1	6.69	6.79	-0.10	-1.49	1,616.02	-23.80
PROZAC 20MG CAPS	100	179.90	163.06	16.84	9.36	16,632.12	1,717.68
PROZAC 20MG TABS	100	185.90	166.76	19.14	10.30	2,668.16	306.24
QUESTRAN POWDER	PKS	63.74	58.17	5.57	8.74	4,537.26	434.46
RESOURCE LIQUID VAN	8 OZ	12.96	21.73	-8.77	-67.67	12,342.64	-4,981.36
RETROVIR 100MG CAPS	100	144.07	121.87	22.20	15.41	67,150.37	12,232.20
SINEQUAN 150MG CAPS	100	19.65	45.75	-26.10	-132.82	915.00	-522.00
TAGAMET 300MG TABS	100	63.57	63.19	0.38	0.60	10,615.92	63.84
TAGAMET 400MG TABS	60	63.28	57.57	5.71	9.02	24,812.67	2,461.01
TAVIST TABS	100	63.84	72.25	-8.41	-13.17	6,574.75	-765.31
TAVIST-D TABS	100	79.50	61.60	17.90	22.52	3,572.80	1,038.20
TENORMIN 100MG TABS	100	70.95	80.02	-9.07	-12.78	2,880.72	-326.52
TENORMIN 50MG TABS	100	47.40	62.51	-15.11	-31.88	11,489.37	-2,825.57
THECLAIR SR 300MG TABS	1000	59.81	22.31	37.50	62.70	2,186.38	3,673.00
THIOTHIXENE 10MG CAPS	1000	135.47	126.60	8.87	6.55	3,418.20	239.49
TOLECTIN DS 400MG CAPS	500	224.90	247.71	-22.81	-10.14	7,926.72	-729.92
	100	44.98	62.48	-17.50	-38.91	6,185.52	-1,732.50
TONOCARD 400MG TABS	100	75.20	63.51	11.69	15.55	2,222.85	409.15
TRENTAL 400MG TABS	100	40.51	34.50	6.01	14.84	3,415.50	594.99
TYLENOL HOSP PKG	5000	18.00	28.19	-10.19	-56.61	2,029.68	-733.68

3/13/92

Prepared by Jason Gross and Roger Riggs

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STATE CONTRACT COMPARISON

APPENDIX B

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1992-93 STATE CONTRACT
 PHARMACEUTICALS
 BUDGET IMPACT STATEMENT

GENERIC	OLD CONTRACT PRICE	NEW CONTRACT PRICE	DOLLAR COST CHANGE	YEARLY INCREASE
PIROXICAM	784.5900	1076.48	291.89	1751.34
ORPHENADRINE, ASA	182.5800	437.76	255.18	4593.24
GEMFIBROZIL	372.8100	443.42	70.61	635.49
ALU, MG, (MYLANTA)	10.2091	80.44	70.23	14046.19
SUCRALFATE	235.8240	304.70	68.88	688.76
TERBUTALINE	232.8600	299.40	66.54	1796.58
GLIPIZIDE	201.3164	264.25	62.93	3335.48
NIFEDIPINE XL	252.6100	309.58	56.97	1538.19
RANITIDINE	96.6160	149.59	52.97	5297.40
RANITIDINE	94.9421	147.40	52.46	61533.13
PTROXICAM	170.1296	219.90	49.77	3533.70
CIPROFLOXACIN	230.0400	270.73	40.69	528.97
INTERFERON ALPHA	176.5794	212.70	36.12	4081.63
NIFEDIPINE XL	154.6200	189.49	34.87	523.05
CARBENICILLIN IND	120.7450	154.00	33.26	731.61
KETOCONAZOLE	185.5600	219.31	32.75	786.00
RANITIDINE	55.6997	88.44	32.74	6580.80
FLUOXETINE	149.3118	179.90	30.59	3120.00
CIPROFLOXACIN	105.8500	135.36	29.51	2183.74
THEOPHYLLINE	31.5100	59.81	28.30	2773.40
FLUOXETINE	159.0500	185.90	26.85	429.60
GLYBURIDE	174.1377	197.00	22.86	297.21
CLEMASTINE	57.4300	79.50	22.07	1280.06
ZIDOVUDINE	122.5900	144.07	21.48	11835.48
THIOTHIXENE	114.3911	135.47	21.08	569.13
LOVASTATIN	89.7591	110.61	20.85	688.08
CAPTOPRIL	74.4267	94.61	20.18	544.95
NIFEDIPINE XL	85.9200	105.30	19.38	5988.42

Prepared by Jason Gross and Roger Riggs
 March 6, 1992

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1992-93 STATE CONTRACT
 PHARMACEUTICALS
 BUDGET IMPACT STATEMENT

GENERIC	OLD CONTRACT PRICE	NEW CONTRACT PRICE	DOLLAR COST CHANGE	YEARLY INCREASE
OMEPRAZOLE	81.0323	99.60	18.57	575.60
FLUPHENAZINE	78.4497	94.56	16.11	1498.26
DIFLUNISAL	87.9100	103.76	15.85	602.30
BECLOMETHASONE	10.1754	25.37	15.19	8083.51
DILTIAZEM	48.8214	64.00	15.18	895.54
SUCRALFATE	46.9445	60.94	14.00	1939.50
NAPROXEN	53.7384	67.55	13.81	883.94
NADOLOL	64.5753	78.21	13.63	1022.60
GLIPIZIDE	42.5124	55.64	13.13	1549.06
BUSPIRONE	70.1700	82.55	12.38	445.68
CAPTOPRIL	44.8445	56.80	11.96	1040.13
DIFLUNISAL	50.4163	62.26	11.84	746.15
ALBUTEROL INH	8.1980	19.48	11.28	12331.19
GRISEOFULVIN	43.7435	54.90	11.16	981.77
CAPTOPRIL	40.9969	51.57	10.57	539.23
NITROFURANTOIN	49.0777	59.41	10.33	485.62
CIMETIDINE	96.7465	106.78	10.03	230.77
CHOLESTYRAMINE	54.3799	63.74	9.36	730.09
GEMFIBROZIL	44.2592	53.41	9.15	1473.28
INSULIN	7.3756	15.70	8.32	3629.44
INSULIN	7.7138	15.70	7.99	13592.52
CIMETIDINE	56.0864	63.57	7.48	1257.24
GLYBURIDE	39.9400	47.20	7.26	566.28
HALOPERIDOL	184.7429	191.01	6.27	87.74
PENTOXIFYLLINE	34.7000	40.51	5.81	575.19
CIMETIDINE	57.4983	63.28	5.78	2491.92
HYDROXYZINE	10.9421	15.78	4.84	909.53
TERBUTALINE	25.4400	29.94	4.50	373.50

Prepared by Jason Gross and Roger Riggs
 March 6, 1992

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1992-93 STATE CONTRACT
 PHARMACEUTICALS
 BUDGET IMPACT STATEMENT

GENERIC	OLD CONTRACT PRICE	NEW CONTRACT PRICE	DOLLAR COST CHANGE	YEARLY INCREASE
TUBERCULIN	10.8882	14.40	3.51	1197.52
IPRANOPIU	18.2364	21.46	3.22	822.02
CLOTRIMAZOLE	5.4204	8.46	3.04	2887.62
CLEMASTINE FUMARA	61.7700	63.84	2.07	188.37
LISINOPRIL	59.0800	60.42	1.34	53.60
LISINOPRIL	56.0105	56.46	0.45	162.26
LISINOPRIL	54.1964	54.61	0.41	49.22
IBUPROFEN	13.2563	10.44	0.00	-918.12
TOLMETIN	308.8116	224.90		-2685.17
AMANTADINE	55.9800	44.19		-436.23
DOXEPIN	135.6660	19.65		-2320.32
CIPROFLOXACIN	193.6700	117.39		-839.08
IBUPROFEN	19.2327	14.95		-2017.14
ATENOLOL	94.3125	70.95		-841.05
PROPOXYPHENE/N/A	18.3600	6.69		-1283.70
LOPERAMIDE HCL	49.2700	27.09		-1242.08
NIFEDIPINE	102.7100	59.85		-1200.08
TOLMETIN	59.2230	44.98		-1410.06
ATENOLOL	62.8890	47.40		-2896.44
ERYTHROMYCIN	62.4414	47.98		-1576.29
SALSALATE	25.4600	20.00		-988.26
KAOLIN/PECTIN	39.1213	32.40		-369.67
ACETAMINOPHEN	28.3713	18.00		-746.73
CEPHALEXIN	16.4632	11.90		-661.66
NIFEDEPINE	66.3522	59.85		-351.12
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Total:				193406.62

Prepared by Jason Gross and Roger Riggs
 March 6, 1992

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