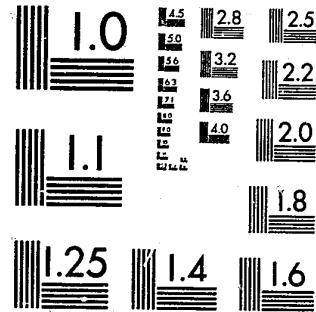


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STATE OF CALIFORNIA  
DEPARTMENT OF CORRECTIONS

PRIVATE RE-ENTRY  
WORK FURLOUGH FACILITY  
COMPONENT RATE STUDY



Youth and Adult Correctional Agency  
Howard Way, Secretary

Department of Corrections  
Ruth L. Rusher, Director

July 1, 1982

88458

U.S. Department of Justice  
National Institute of Justice

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MAR 22 1983

ACQUISITIONS

EXECUTIVE SUMMARY

REPORT TITLE: Private Re-Entry Work Furlough Facility Component Rate Study

AUTHOR: Ben De Groot, Chief, Audit/Rate Development Section

DATE OF REPORT: June 23, 1982

PURPOSE OF STUDY:

The purpose of this study is to replace the present practice of paying for facility beds whether occupied or not with a rate for beds in use, which encourages the participation of contractors who meet program standards while ensuring prudent expenditure of State funds.

SYNOPSIS OF STUDY:

This study identifies 19 issues, analyzes each, and makes recommendations to establish a standardized cost system and a reimbursement rate amenable to annual update. This methodology describes a model facility for which reasonable costs are determined by examining U.S. Bureau of Labor Statistics, U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, California Board of Equalization and other similar State programs' cost data as well as the reported costs of the 14 Re-Entry Work Furlough facilities in operation during July-December 1981. Geographic and facility size differentials are recognized.

FINDINGS AND RECOMMENDATIONS:

Overall Findings

- o Labor and operating costs vary significantly by geographic area; fortunately, data and methods are available to allow geographic differences in the rate.
- o On the other hand, facility lease/use costs are not amenable to a standardized rate with geographic variances.
- o There is no fiscal incentive to keep beds filled.
- o A vendor incentive to produce maximum employment of residents is welcomed by some interviewees and opposed by none.



Overall Recommendations

- o Assume 90 percent average occupancy and adopt a weighted average per capita rate of \$24.96 per day effective on July 1, 1983 for all costs except facility lease/use cost.
- o Allow a higher rate for smaller facilities and a lower rate for larger facilities.
- o Allow for geographic differences according to the Consumer Price Index (CPI) and the Bureau of Labor Statistics' area wage surveys. For 1982-83, add five percent, the Department of Finance's projected cost increase. Results for 33-40 bed facilities in Fiscal Year 1982-83:

Los Angeles	\$23.92
Orange County	24.29
San Diego area	22.05
Sacramento/north state	24.80
SP Bay Area	25.32
San Jose area	24.69
Fresno/central area	22.76

- o Update the rate annually by the percent change in the CPI for comparable operating costs and by the percent changes for benchmark classes in the Bureau of Labor Statistics' seven major area wage surveys in California.
- o Add, on an individual facility basis, an appendage to the rate for facility lease/use costs containing a rent ceiling based on the Board of Equalization's gross income multiplier of 5.93, a measure of market expectations for rental values. For a 35-bed facility with market value of \$299,145 in the greater Los Angeles area, the rent ceiling would be \$4,204 per month, a rate of \$4 per inmate day. In recognition of the firmness of current lease arrangements, grandfather into the current contractor's facility rate their present lease costs. This produces a weighted average lease cost of \$4.39 per inmate day for facilities under contract on June 30, 1982.
- o As an incentive, include an additional monthly payment to the facility for a high level of resident employment.

Specific Findings

1. Occupancy: Levels vary and are depressed by slow replacement of residents but could average 90%.
2. Staff: Currently salaries attract qualified staff but few are full-time job developers. There is significant standby time.

Specific Recommendations

1. Occupancy: Assume 90% occupancy level in each facility.
2. Staffing: Recognize seven geographic differentials; schedule staff mainly on the swing shift; emphasize full-time effort on job development.

3. Benefits: Varies between 10 and 20%.
  4. Equipment: The State owns it, follows a tedious process for obtaining and providing it, and remains responsible for it indefinitely in each facility.
  5. Food: Raw food costs, cooks' salaries and method of preparation varies.
  6. Transportation: Varies greatly from facility to facility as to amount used and reported to CDC.
  7. Operating Costs: According to data from facilities, they vary for the same line item within same size facilities as well as between different size facilities.
  8. Facility Lease/Use Costs: Varies greatly and is influenced by unique marketplace factors.
  9. Administrative Overhead: Some facilities are part of a multi-program organization with a formal, separate overhead function; others absorb these costs within the facility.
  10. Medical Care: Inconsistent application of CDC policy. Emergency care only to be provided by public or private medical provider; prolonged care to be decided by CDC Chief Medical Officer.
3. Benefits: Allow 16.08% for facility staff, 20.02% for central administrative overhead staff.
  4. Equipment: After State purchase of the initial equipment, require that the vendor replace it from a controlled replacement fund.
  5. Food: Use the U.S. Dept. of Agriculture's low-cost in-home food plan and the average wage offered statewide for short order cooks for cooks' salaries.
  6. Transportation: Allow more than the present average but only for employment related purposes.
  7. Operating Costs: Consider all operating costs as a variable that rises with facility size. In 1982-83, update by the same percent as increases in comparable cost within the CPI.
  8. Facility Lease/Use Costs: Reimburse on an individual facility basis as an appendage to the rate with a rent ceiling based on the Board of Equalization's gross income multiplier.
  9. Administrative Overhead: Price the functions, include their cost within the rate, and let the facility choose how to complete the tasks.
  10. Medical Care: Ensure facilities apply policy. Also, limit reimbursement to Medi-Cal Program level; look first to resident's ability to pay; CDC to pay outside per diem rate.



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| <p>11. Proprietary Fee: Some contractors are able to realize over 45% return on investment.</p> <p>12. Start Up Costs: Initial equipment and other costs plus the usual delay in State reimbursement pose a serious problem for some smaller nonprofit, potential contractors.</p> <p>13. Inmate Work Assignments: Virtually all facilities require residents to do house-keeping tasks to satisfy rent obligations when not employed.</p> <p>14. Inmate Contribution: Inconsistent application of current \$5 per day per working resident; some nonworkers charged.</p> <p>15. Vendor Incentive: Vendors are reimbursed the same amount whether many or few residents are employed; few facilities have a full-time employee dedicated to job development.</p> <p>16. Mother/Child Program: Social services, different food, toys and additional equipment are needed for children.</p> <p>17. Projections for 1982-83: Study used 1981 cost data as a historical base that needs to be updated to reflect 1982-83 cost levels.</p> <p>18. Implementation: Some currently operating facilities with salaries higher than recommended could suffer serious employee morale problems if the proposed rate were implemented abruptly.</p> | <p>11. Proprietary Fee: Limit profit to a return on contractor's investment of 1 1/2 times the prime lending rate.</p> <p>12. Start Up Costs: Pay 100% of actual costs for first three months or until 90% occupancy is reached, whichever occurs first.</p> <p>13. Inmate Work Assignments: Require all residents to do tasks usual for a member of an ordinary household.</p> <p>14. Inmate Contribution: Charge each resident \$4.15 per day Monday-Friday or 25% of gross wages whichever is greater.</p> <p>15. Vendor Incentive: Provide the vendor with a bonus for maintaining high inmate employment.</p> <p>16. Mother/Child Program: Add a rate component for the additional features of social work, toys, children's furniture and for children's food. If the child receives an AFDC grant, the mother is to reimburse the facility for such additional features.</p> <p>17. Projections for 1982-83: Increase the 1981 data by the Department of Finance's best estimate of the California CPI increase at the midpoint of the reimbursement period, December 1982.</p> <p>18. Implementation: Adopt the rate to be effective July 1, 1982 for new contractors; effective as to all costs except salaries and benefits for current vendors, allowing them the October through December 1982 period for salary component adjustments down to the rate level.</p> |
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| <p>19. Cost Reporting: Financial data is presently reported inconsistently, yielding poor data for rate setting or updating.</p> | <p>19. Cost Reporting: Require all vendors to submit financial and program participation data in uniform quarterly reports to Audit/Rate Development Section.</p> |
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## INTRODUCTION

### BACKGROUND

The Legislature has found that re-entry programs for inmates, who are nearing completion of their term of incarceration, provide a more normal environment and an opportunity to begin integrating into society. Research evaluations of community pre-release programs administered by the Canadian Penitentiary Service, the Federal Prison System and the states of Ohio and Massachusetts indicate that increased contact between the inmate and the community in a controlled environment prior to release reduces the incidence and severity of additional criminal behavior and increases the ability of an offender to make a positive adjustment.

Passage of the Determinate Sentence Law, a decline in probation subsidies, mandatory sentences for certain adult offenders, and a more conservative trend in sentencing have converged to dramatically increase California's prison population. Recognizing the rapid rise in inmate population, the enormous cost of building new prison facilities, the time required for new prison construction, and employment resocialization needs of offenders returning to the community from prison, the Department of Corrections (CDC) is now aggressively seeking to expand its use of community re-entry facilities. It is anticipated that the Department will have 2,000 community beds available by June 30, 1983.

### LEGAL AUTHORITY TO CONTRACT

The Department of Corrections is authorized under Penal Code Sections 2910, 6250-6256 and 6260-6265 to contract with community correctional centers for re-entry programs that provide supervision, housing, sustenance and counseling services for State prisoners. Community correctional centers can be operated by county or city correctional agencies and/or other public or private profit or nonprofit corporations. The Director of the Department of Corrections may grant furloughs to residents of community correctional centers for the purpose of employment, education and training under Penal Code Section 6254. Additionally, the Department is responsible for reviewing each inmate for work furlough consideration at least 120 days prior to his or her scheduled parole date as stipulated in Penal Code Section 6264.

According to Penal Code Section 6261, the Department of Corrections shall contract with private nonprofit and profit corporations for at least one-third of all re-entry work furlough beds. The Department of Corrections projects that 1,402<sup>1/2</sup> re-entry work furlough beds will be under contract with private nonprofit and profit corporations by June 30, 1983.

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<sup>1/2</sup> Parole and Community Services Division Re-Entry Administration projection

This report deals exclusively with private nonprofit and profit corporations willing to contract for Re-Entry Work Furlough (RWF) services.

#### PRESENT SYSTEM OF CONTRACTING

The Department's Community Re-Entry Program is administered by the Parole and Community Services Division with supervision responsibilities delegated to four regional offices. Each regional office is staffed with a re-entry program coordinator who has functional responsibility for the operation of community re-entry facilities. Assisting the re-entry coordinator is a re-entry specialist who monitors the inmates' activity while they are in the community.

Currently, a private nonprofit or profit corporation submits a competitive proposal to the Department. Included in the proposal is a program description and budget for the proposed contract period. The program description must comply with the Rules of the Director as stipulated in California Administrative Code, Title 15. Each corporation must demonstrate that it can provide adequate staff and security coverage and meet the general guidelines stipulated by the Department. The budget and program statement for the proposed facility undergoes a negotiation process. The only fiscal constraints that can currently be applied are: 1) that the proposed budgeted costs are equal to or less than the costs to house an inmate in a State institution in accordance with Penal Code Section 6262; and 2) that the budgeted costs comply with acceptable standards in accordance with the State Administrative Manual and applicable laws, rules and regulations.

Within the budgeted guidelines, the private nonprofit and profit corporations are reimbursed for actual costs incurred in providing re-entry work furlough services to inmates.

#### PROBLEM STATEMENT

Although inmate beds in community re-entry work furlough facilities cost less than additional beds in new prisons, the present method of reimbursing actual costs within a negotiated budget is fiscally inefficient.

Four major problems with the current system of contracting for re-entry work furlough facilities have been identified:

1. Reimbursement is based on actual costs whether many or few inmates are placed in the facility. There is no incentive for the vendor to reduce costs when the facility is not fully occupied. As a result, CDC simultaneously incurs increased costs to house inmates in overcrowded correctional institutions and fully reimburses (RWF) facilities for unfilled beds.
2. There are no standard costs that can be applied to the different facilities for similar services. This results in a marked disparity in costs.

3. Budgeted costs submitted by the vendor are limited by the cost of housing an inmate in a State correctional institution yet the vendor does not have the complex problems of solitary confinement, lockdowns, maximum security inmates and providing direct medical care to inmates. California re-entry facility costs are high compared to the national average of \$21.09 per inmate day.
4. It is not feasible to conduct compliance audits or monitor program effectiveness and efficiency without uniform standards of measurement.

#### RATE SETTING CONCEPT AND APPROVAL

In order to resolve the existing problems of an ineffective and inefficient system of contracting and reimbursing vendors for re-entry work furlough services, a standard cost system is recommended. A standardized cost system was developed into a component rate structure with the approval of the Department of Corrections, the Youth and Adult Correctional Agency, and the Department of Finance. The component rate structure is molded after the Health and Welfare Agency's concept which was mandated by legislative action.

The initial undertaking of the Department's Audit/Rate Development Section was to develop a standardized cost system. This was accomplished by pricing each component cost so that facilities would be reimbursed equal amounts for similar re-entry work furlough services rendered to State residents. In the process of pricing component costs, the most effective and efficient methods of delivering re-entry work furlough (RWF) services were identified. The component costs were identified as fixed, step variable and variable in relationship to level of occupancy within a RWF facility. This data will be used in breakeven analysis to determine minimum feasible levels of occupancy.

#### GOALS AND OBJECTIVES

The goals and objectives of this report are:

1. To establish standardized costs for re-entry work furlough services;
2. To determine the most effective and efficient method of rendering re-entry work furlough services;
3. To develop a cost control mechanism which will be beneficial to the vendor and the Department of Corrections; and,
4. To develop a rate structure which can be utilized by the Department of Corrections in Fiscal Year 1982-83 for contracting with private nonprofit or profit corporations for re-entry work furlough services.



## STUDY DESIGN

The objective of this study is to determine an effective and efficient Re-Entry Work Furlough program with adequate fiscal control and standardized cost factors. To meet this objective, the following methodologies were considered.

### ALTERNATIVE 1

#### Model Budget Concept

The model budget concept formulates a plan which includes provisions for future change and allows for contingency planning. That is, reimbursements are adjusted and/or altered to meet changing views of expected activities. This concept builds a line item budget by identifying each cost component and weighing each component to price alternatives. Once the line item cost components have been determined, they become guidelines or parameters within which to negotiate. Consequently, individual budgets adopted under the model budget concept are judgmental compromises to adopt the best approach at a given price. Therefore, each facility under contract may have a different budget and different rate depending upon the ability of the State negotiation team to keep costs and occupancy standards constant throughout the system. Due to the wide array of alternatives allowed within the decision making process, model budgets are usually formulated by computer programs.

To apply the model budget concept to work furlough facilities, the Department would identify cost components such as staffing levels, salaries and benefits, equipment, food and other operating costs, economy of scale, and occupancy rate. These costs would then be priced to meet the needs of the program expressed in level of service. The model budget would then be used as a guide in negotiating with each vendor for the facility's contract budget and corresponding reimbursement rate. Differences between contract budgets and rate could result from: 1) geographical cost variances, especially for rent and salaries; 2) occupancy level differences resulting from historic vacancy rates; 3) different staffing levels as dictated by program needs; and 4) an inconsistent State negotiating team.

The model budget concept has been implemented as a method of contracting and reimbursing program costs by the California Department of Alcohol and Drug Abuse as recommended by a study completed by Ernst and Ernst. The contracts are county administered through a State subvention program.

#### ADVANTAGES

1. Model budgeting identifies the component factors to be analyzed for inclusion in the budget.

2. Model budgeting allows for geographic and program differences resulting from rent, economies of scale, facility size, and occupancy rates.
3. Model budgeting provides guidelines for contract negotiations.

#### DISADVANTAGES

1. Model budgeting establishes a guide rather than a ceiling to control costs.
2. Model budgeting requires more administrative time to negotiate individual rates.
3. Model budgeting is closely aligned to the current Departmental policy of program and budget negotiations.
4. Model budgeting uses historical data as its base, perpetuating current imperfections and inconsistencies.
5. Model budgeting, because it requires a great amount of computer time, is extremely expensive.

#### ALTERNATIVE 2

##### Historical Cost Concept

The historical cost concept combines the historical averages of program cost components to arrive at a per diem rate. The per diem rate would be adjusted to allow for cost of living increases but could not exceed the legislatively mandated institutional per diem cost.

This method assumes that while inequities exist from facility to facility for cost reimbursement for similar services, prior budget formulation reflects a satisfactory range. Insofar as the system's average costs for each component when totaled do not exceed the cost of housing an inmate in an institution, no further standardization need be done to arrive at contract budgets.

#### ADVANTAGES

1. Provides a method for standardizing reimbursement for similar services.
2. Reflects prior budgeting and incorporates past negotiated contingencies.
3. Allows a negotiable margin below the ceiling rate to lower costs in the re-entry program.

#### DISADVANTAGES

1. Incorporates and perpetuates prior cost reimbursement inefficiencies.
2. Does not provide a justifiable basis for individual cost components which reflect component functions.

3. Does not provide an incentive to vendors to accept reimbursement below the mandated ceiling rate.
4. Assumes that re-entry facilities cannot be operated at a less costly rate than institutions.

#### ALTERNATIVE 3

##### Model Facility Concept

The private Re-Entry Work Furlough program effort is new to the California Penal System. Only 14 facilities were in full operation by July 1, 1981 and only ten financial audits have been undertaken. The audit period was for Fiscal Year 1980-81 when the Re-Entry program was initiated. Only one final audit report has been issued and all other audits are at the preliminary report stage. The audits noted inconsistent cost and staffing data.

Therefore, relying primarily on Re-Entry Work Furlough facility actual cost experience would be inappropriate. A different approach has been used and accepted for other community service facilities in California.

Reimbursement rate studies of comparably sized community facilities have been conducted by the Canadian Government and other State departments: 1) California State Department of Health Services (skilled nursing facilities, intermediate care facilities, etc.); 2) Social Services (community care facilities including residential care facilities); and 3) Mental Health (mental health community facilities). Methodologies have been developed and accepted by the Department of Finance and other review organizations that depend primarily on identifying the cost of each component of the subject facility and its program content. By categorizing and listing relevant components and assigning a reasonable amount for the cost of the facilities providing for that component, all inclusive per capita figures have been derived that are expressed in a daily rate.

In determining reasonable costs to operate a private Re-Entry Work Furlough facility, standard cost factors are used. Standard cost factors are determined by utilizing industry, government and actual Re-Entry Work Furlough cost experiences. A model facility is then priced using the recommended standard costs.

By using standard component costs, a rate structure can be developed. This allows the Department to reimburse the facility contractor for the number of days for which the RWF facility was responsible for a specified group of State work furlougees. The result is that if a facility has a high occupancy rate, its revenue from the State is greater than if its occupancy rate is lower.

#### ADVANTAGES

1. Model facility pricing is an accepted methodology within the State and viewed favorably by the U.S. General Accounting Office (GAO) evaluator and project manager for the Los Angeles office. A GAO report to Congress on re-entry facilities for federal prisoners is being prepared for release.
2. Regardless of the accuracy of RWF historical data from audits or elsewhere, sole dependence on them would continue the imperfections and inconsistencies of the present reimbursement system. Model facility pricing avoids them.
3. Limited experience with RWF facilities has produced little historical data.
4. Since no criteria for success have been used to measure the advantage of one type of RWF facility over another, a logical model facility based on program requirements on paper appears to be a straightforward approach.
5. A well-described model facility identifies the most efficient and effective method of operating a RWF facility.

#### DISADVANTAGES

1. It would reduce the flexibility allowed regional CDC staff to encourage and approve contracts from facility proposers with unusual staffing patterns if they produce higher costs.
2. It restricts the negotiating latitude of the present RWF facility contract managers.
3. Approximately 40 contract proposals were already being reviewed for approval without the restrictions and guidance of such a rate study.

#### RECOMMENDATIONS

The proposed rate structure should be based on the model facility concept with component rates for personal services, equipment, program transportation costs, food costs, other operating costs and administrative overhead costs. The rate structure should allow for price variance for facility size and geographic cost differences. The cost of the individual facility's lease should be controlled by a rate appendage that considers the real estate investor's fair market return in differing geographic areas.

The cost data would be obtained from the Re-Entry Work Furlough facilities that were in full operation by July 1, 1981 through December 31, 1981. Industry and other government cost data would be updated to the same period to allow for comparative analysis. The standardized cost data derived from the period July 1, 1981 through December 31, 1981 would be adjusted to project fiscal 1982-83 cost increases to reflect changing economic conditions.

#### RESOLUTION OF THE ISSUES

Under the model facility concept, it is acknowledged that successful program implementation is a major consideration in pricing the component costs of services provided. In this study, alternatives are analyzed to determine a fair and equitable rate for the effective and efficient operation of a private Re-Entry Work Furlough facility. Cost benefit analysis is used to determine the acceptable alternatives. The issues as they relate to the component costs are the foundation to build the model facility rate structure for private Re-Entry Work Furlough facilities.

The issues considered in developing a rate are discussed in the following issue papers:

Rate Variances Due to Facility Size  
Occupancy Level  
Staffing Costs  
Staff Benefits  
Equipment Costs  
Food Costs  
Transportation Costs  
Operating Costs  
Consumer Price Indexing  
Facility Lease/Use Costs  
Administrative Overhead Costs  
Medical Costs  
Proprietary Fee for Profit Organizations  
Start Up Period  
Inmate Work Assignments  
Inmate Program Contributions  
Vendor Incentive Program  
Mother/Child Program  
Cost Projections to Fiscal Year 1982-83



#### ISSUE

What are the acceptable price variances within the rate structure resulting from the different bed capacities for Re-Entry Work Furlough facilities?

#### DISCUSSION

Program efficiency is based on facility capacity. Security and staffing considerations dictate that small facilities will cost more to operate than larger facilities. To determine where the ranges and/or breaks in facility bed capacity for rate variances should be, we examined all the facility bed capacities and grouped them into natural breaks. The 14 facilities in operation from July 1, 1981 through December 31, 1981, as well as the 22 additional facilities pending approval on February 22, 1982 were used as the sample size. The natural breaks for RWF facilities are: up to 10, 11-15, 16-25, 26-32, 33-40 and 41-50.

In an attempt to reduce the number of bed capacity groupings in the proposed rate structure, the 36 facilities were arrayed by bed capacity. Each of the 14 facilities for which staffing occupancy and cost data were available were identified as to staff to bed ratio, then separated as to staff to occupancy ratio. Finally, each of the 14 facilities' actual per diem rate was listed. (See Table 1.) (Actual per diem rate is defined as total monthly reimbursement divided by total bed days used.) Although one would expect the actual per diem rate paid to decline with increased facility capacity, controlling for occupancy rates, no relationship was found. In fact, no relationship was found between staff to bed ratio and actual per diem or between staff to occupancy ratio and actual per diem rate paid. In contrast, use of this study's proposed staffing costs, staffing levels and occupancy level produces a direct correlation; the larger the facility, the less the per diem rate of reimbursement. The expected economy of scale emerges.

Since no other rationale for bed capacity ranges were found, the natural capacity range breaks were examined further. In analyzing the natural breaks, a "notch effect" was observed. This is when a facility receives slightly less funds by being at the low end of a bed capacity range. For example, assuming identical occupancy levels, a 16-bed facility (at the bottom of the 16-25 bed range) would receive less in total funds than a 15-bed facility (at the top of the 11-15 bed range). Fortunately, the majority of the existing facilities at the time of this study were at or near the top of the proposed bed capacity ranges. Thus, the "notch effect" would be minimized.

#### RECOMMENDATION

We recommend that price variances be considered in the proposed rate structure based on the following facility bed ranges: 1-10 beds, 11-15 beds, 16-25 beds, 26-32 beds, 33-40 beds, and 41-50 beds. These ranges parallel the natural breaks and allow a smaller facility to receive a higher rate than a larger facility. The rate difference is necessary because the smaller facilities have a higher breakeven cost factor due to mandatory 24-hour security coverage necessary in each facility regardless of capacity.

Table 1

Analysis of Cost Variances  
Based on Facility Bed Sizes<sup>1/</sup>

Staff to Bed Ratio	Staff to Occupancy Ratio	Natural Breaks & Range	Recommended Bed Range	Bed Capacity of Existing Facilities	Beds Provided to CDC	Occupancy Level Percent <sup>2/</sup>	Actual Per Diem Rate <sup>2/</sup>
				4			
				8			
				8			
				9			
1:2	1:1.45	10		10	6	72.4%	\$37.02
				12			
1:1.26	1:1.26			12	8	107.6	31.84
1:1.63	1:1.48			13	6	91.2	30.45
				15			
				15			
1:2.38	1:1.19	15		15	8	62.6	53.10
				20			
				20			
1:2	1:2			20	10	100.4	39.27
				23			
				24			
1:2.27	1:1.98			25	25	86.9	31.56
1:2.5	1:1.51	25		25	25	60.5	46.28
1:2.07	1:1.57			28	28	75.5	43.71
				30			
				30			
1:2.54	1:1.94	32		32	32	76.5	49.32
				35			
				35			
1:3.04	1:2.51			35	35	82.6	29.26
1:2.57	1:1.67			36	36	64.8	48.35
1:2.53	1:1.97			37	37	77.7	44.97
				40			
				40			
1:2.4	1:1.19	40		40	40	49.3	58.85
1:2.57	1:1.94			44	44	75.5	43.73
				45			
		50					

<sup>1/</sup> The bed capacity of existing facilities as of February 22, 1982. The facilities where all the data are provided are those of our original sample groups that were started prior to July 1, 1981. Actual costs and staffing data were used for the period from July 1, 1981 through December 31, 1981.

<sup>2/</sup> The occupancy level was obtained from the register of participation and verified to CDC daily count. We must note that inmates housed in county jail pending disciplinary action were included in the facility count. This causes the facility occupancy to be reported at a higher level than actual program participation within the facility, resulting in a lower actual per diem rate for the affected period.

ISSUE

What level of occupancy can be achieved at the private Re-Entry Work Furlough facilities given the current CDC inmate transportation system? What level of occupancy should be used in determining component costs in the proposed rate structure?

DISCUSSION

The actual occupancy rate for the 14 sample Re-Entry Work Furlough facilities for the period December 1, 1981 through February 28, 1982 is 78.6 percent.

Each of the four Parole and Community Services Division regional offices employs staff for the purpose of transporting residents from the institutions to the RWF programs. Transportation staff can provide five-day-a-week delivery. However, it must be understood that although five-day-a-week delivery can be made in each region, it cannot be assumed that deliveries can be made to every facility every day. For example, several facilities may each have vacancies but the transportation system may be able to deliver new residents to only a few facilities each day thereby allowing vacancies to exist for an additional period of time in the other facilities.

The calculations in Appendix 4 show that 95 percent is the maximum theoretical average occupancy rate that RWF facilities can achieve. Those calculations are based on the assumptions that: 1) an adequate pool of eligible inmates is available for replacement of residents who leave the program; 2) deliveries of replacement inmates can be made to each facility two days a week; 3) there is a three-day lag period when a resident leaves because s/he escapes or is sent to county jail; and 4) there is a one-day lag when a resident is paroled. See Appendix 3 for the complete list of assumptions and the calculations.

RECOMMENDATION

The recommended occupancy rate for RWF facilities for study calculation purposes is 90 percent. The reasons for this recommendation are:

1. CDC has made the commitment that one of the primary methods of alleviating the overcrowded conditions in the institutions is to release as many eligible inmates as feasible to community-based RWF facilities.
2. The State Departments of Alcohol and Drug Programs, Mental Health, Social Services, and Developmental Disabilities and the Bay Area Placement Committee allow actual occupancy or 85 percent whichever is greater.
3. The RWF program is in its infancy; the institutions need time and experience to develop a pool of eligible inmates necessary to replace outgoing RWF residents according to the ideal schedule which results in a 95 percent occupancy rate.

4. The Regional Parole Offices also require time and experience to develop the logistics of notifying the institutions of the need for replacement inmates and for providing the transportation required to meet the ideal schedule.
5. The 1982-83 Fiscal Year is the second year of the Private RWF program which is experiencing rapid growth. This year will be the opportunity for CDC to develop the necessary expertise to approach the ideal schedule for placing inmates in the Private RWF program and replacing outgoing residents. The success of CDC's ability to do so can be re-evaluated for the computation of the occupancy rate to be used for future Private RWF reimbursement rates.
6. The calculations of the ideal occupancy rate assume that the regions can deliver replacement residents to each facility on the scheduled delivery days. As discussed above, this is not necessarily the case. Only future experience can allow a determination to be made as to the validity of this assumption.

#### SUMMARY

The component costs for the proposed per diem rate were calculated at 90 percent occupancy. Therefore, it is of utmost importance for CDC to maintain 90 percent occupancy in each RWF facility. If 90 percent occupancy is not maintained, the vendors must reduce variable cost expenditures such as staffing, food, program supplies, household supplies and office supplies so that revenue will equal expenses.

In order to facilitate maximum occupancy, the Rate Development Section recommends that the Re-Entry Specialist (Work Furlough Agent) assigned to each facility be the person primarily responsible for keeping the facility full. Two facilities currently operate at approximately 100 percent occupancy. The Work Furlough Agent for one of those facilities is extremely involved with the operation of the facility. He routinely accompanies the facility manager to the institution to screen and interview potential residents. It appears that this close involvement between the facility and the Work Furlough Agent is instrumental in maintaining the high occupancy level in the facility.

Another factor affecting occupancy is the amount of time a resident spends in county jail as a result of a disciplinary action (CDC 115). A CDC 115 stipulates action taken against an inmate when s/he has violated the Rules and Regulations of the Director of the Department of Corrections. Uniform application of guidelines relative to disciplinary actions could allow for a better estimate of the number of days that beds would be available as a result of CDC 115s.

Further, in order to maintain a high level of occupancy, we recommend that CDC adopt the policy of immediately replacing any resident who is sent to county jail or is on escape status. If the resident is to be returned to the RWF program and there is no bed available the resident can be placed on a waiting list for the next available bed.

Implementation of the foregoing recommendations would help maintain the high level of occupancy needed for the effective and efficient operation of the Re-Entry Work Furlough program.



## ISSUE

What are the appropriate salaries for performing Re-Entry Work Furlough functions and the positions necessary to operate an effective facility?

## DISCUSSION

### 1. The General Approach

The approach to salary setting for the model Re-Entry Work Furlough facility is guided by the philosophy of the small business modified by the realization of CDC's public responsibilities. The small business looks primarily at the marketplace for deciding what salary and wages are necessary to obtain competent staff. CDC's responsibility is discharged by the adoption of standards and oversight of contractors held to meet those standards. CDC's oversight would be continuous program reviews by Re-Entry Administration and periodic fiscal audits by Audit/Rate Development Section.

### 2. RWF Facility Job Descriptions

The functional requirements for operating an RWF facility were determined by reading CDC program requirements, contractors' responses to the CDC's Requests for Proposal, and by intensive periods of observation during the Rate Development Unit's Work Sampling Study. The necessary functions have been distributed and organized in job descriptions for RWF facility classes. These have been compared with the job descriptions available from operating RWF facilities. See Appendix 4 for RWF facility job descriptions.

### 3. Area Wage Surveys

The small business is concerned with competition for competent staff in the immediate geographic area. Therefore, the Rate Development staff turned to the well-established and accepted Area Wage Survey published by the U. S. Department of Labor's Bureau of Labor Statistics.

From a review of extant contractor's program descriptions and Re-Entry Administration's standards and by analyzing the data obtained in the Work Sampling Study (see Appendix 14 for the Work Sampling Study), the Rate Development staff was able to identify key functions of the RWF facility. They are job development/employment counseling, peer counseling/resident control, security, and clerical/administrative assistant functions. Examining these in reverse order, we found the following benchmark classes in nonmanufacturing settings surveyed by the Bureau of Labor Statistics (BLS): Typist I, Security Guard I and II (see Appendix 5 for class descriptions). Not found in the Bureau of Labor Statistics' Area Wage Surveys were the peer counseling/resident control, job development and management functions.

a. Area Wage Survey Procedures

The data from the BLS area wage surveys are sensitive to the differences in labor markets in different geographic areas. For instance, a prospective RWF facility contractor in the San Francisco Bay Area should expect CDC to recognize that the Bay Area's predominant rate for clerical and security employees is higher than in Fresno. Use of the BLS area wage surveys rather than the State Personnel Board's (SPB) annual salary survey recognizes these geographic differences. The State Personnel Board's practice is to set a statewide salary. When the inevitable difficulties arise in filling positions in the high cost areas, the SPB allows the employer department to hire new staff above the first salary step, then keeps track of each such "hired above the minimum" employee in State service in its centralized computer bank. Since the RWF facility is similar to a small business rather than a large governmental civil service, the BLS area wage survey approach was selected for the RWF facility reimbursement rate study.

The BLS staff surveyors concentrate on the Los Angeles-Long Beach area and the Anaheim-Santa Ana-Garden Grove area for an annual October wage survey of the defined benchmark job classifications. They cover five other areas at other times of the year. They confirm with employers that the class definitions and the job positions to be surveyed are assigned to the correct class, then gather the employee compensation data, assemble and analyze it, and finally publish it in a separate Area Wage Survey bulletin for each Standard Metropolitan Statistical Area (SMSA). These publications usually are released by the BLS five months after the survey month.

The Standard Metropolitan Statistical Areas used in this report and the month that each is surveyed by the Bureau of Labor Statistics are as follows:

Los Angeles - Long Beach	October
Anaheim - Santa Ana - Garden Grove	October
San Diego	November
Sacramento	December
San Francisco - Oakland	March
San Jose	March
Fresno	June

When the BLS surveyors find too few numbers of jobs fitting a class, the data are not reported for that class for that survey. For example, in the San Jose SMSA survey of March 1980, no security guard jobs were reported in nonmanufacturing settings; however, security guard jobs were found in sufficient numbers and reported in the survey for manufacturing settings. In the

San Jose SMSA survey of March 1981, data on Security Guard I (the lower level class) were reported; however, no data on Security Guard II (the higher level class) were reported. (See Table 2.) Consequently, exactly comparable data for each area for each survey are not always provided.

b. Use of the Area Wage Survey Data

For the purpose of finding a benchmark class with duties and functions comparable to some of those found in the RWF facility, the data reported on Security Guard I were comparable to the least demanding security function found in the RWF facility. Where both Security Guard I and II data were found, they were used for those security functions most comparable to those found in the RWF facility. Since Security Guard I data were found consistently, they, along with data from Typist I, were used as a measure of representative labor costs for each Area Wage Survey area when deriving the RWF facility labor index. (See Conversion to Common Measures immediately below and Table 3.)

c. Conversion to Common Measures

Adjustments were made to produce a common measure of salary compensation. The first was to convert the BLS Area Wage Survey data for Typist I, reported as a weekly wage, and for Security Guard I and II, reported as an hourly wage, to an equivalent monthly salary. This is done through a three-step conversion process shown in Table 3.

Because the RWF facility security function of the day and swing shift monitor were judged to be midway between those of the Security Guard I and the Security Guard II, the average of those two salaries was derived and used in Table 3.

From the perspective of developing an RWF facility rate structure, another shortcoming of the BLS area wage surveys is that some areas are surveyed in one month of the year, others in other months. With inflation possibly changing the labor costs of the small business person, inequitable comparisons between an RWF facility in Los Angeles (with October 1981 data) and San Francisco (with March 1981 data) might be made in setting salaries. Therefore, the Rate Development staff turned to another data source to deal with intra-annum changes.

The California Employment Development Department has a series of internal reports on wages and jobs that are based on data collected regularly throughout the year. It was decided to use the EDD's data in Report ES 202 to adjust BLS area wage surveys from three quarters of the year to make them comparable to the area wage surveys conducted in the other quarter of 1981. The third quarter was chosen as the base quarter since the Los Angeles-Long Beach and Anaheim-Santa Ana-Garden Grove surveys, covering the largest labor markets, are conducted in that quarter.

Area Wage Surveys  
U. S. Dept. of Labor, Bureau of Labor Statistics

Table 2

Class	Pay Rate	Los Angeles- Long Beach	Anaheim- Santa Ana- Garden Grove	San Diego	Sacramento	San Francisco- Oakland	San Jose	Fresno
		Oct. 1980	Oct. 1980	Nov. 1980	Dec. 1980	March 1980	March 1980	June 1980
SECURITY GUARD I & II Non-Mfg. Mean	Hourly	$\frac{4.00+5.50}{2} = 4.80$	4.18 <sup>a/</sup>	$\frac{3.74+6.65}{2} = 5.20$	$\frac{4.72+5.02}{2} = 4.87$	$\frac{4.12+5.48}{2} = 4.80$	N/A	3.52 <sup>b/</sup>
	Median	$\frac{3.50+5.80}{2} = 4.65$	4.00 <sup>a/</sup>	$\frac{3.45+7.98}{2} = 5.72$	$\frac{4.85+4.97}{2} = 4.91$	$\frac{4.00+5.13}{2} = 4.57$	N/A	3.51 <sup>b/</sup>
TYPIST I Non-Mfg. Mean	Weekly	39 hrs/wk \$217.00	39 hrs/wk \$172.00	39.5 hrs/wk \$173.50	38.5 hrs/wk \$172.00	39 hrs/wk \$190.50	40 hrs/wk \$169.50	39.0 hrs/wk \$171.00
		Median	200.00	168.00	172.50	164.00	175.00	168.50
SECURITY GUARD I & II Non-Mfg. Mean	Hourly	$\frac{4.15+6.40}{2} = 5.28$	$\frac{4.46+N/A}{2} = N/A$	$\frac{4.02+N/A}{2} = N/A$	$\frac{5.14+N/A}{2} = N/A$	$\frac{4.66+6.28}{2} = 5.47$	$\frac{4.68+N/A}{2} = N/A$	3.98 <sup>b/</sup>
	Median	$\frac{4.00+6.15}{2} = 5.08$	$\frac{4.30+N/A}{2} = N/A$	$\frac{3.65+N/A}{2} = N/A$	$\frac{5.50+N/A}{2} = N/A$	$\frac{4.50+5.82}{2} = 5.16$	$\frac{4.50+N/A}{2} = N/A$	3.81 <sup>b/</sup>
TYPIST I Non-Mfg. Mean	Weekly	39 hrs/wk \$208.50	39.5 hrs/wk \$202.00	39.5 hrs/wk \$188.50	38.5 hrs/wk \$180.50	39 hrs/wk \$209.00	40 hrs/wk \$193.00	39.5 hrs/wk \$176.50
		Median	202.50	200.00	184.00	175.00	198.00	191.50

<sup>a/</sup> No Nonmanufacturing; therefore, used Security Guard I and II undifferentiated.  
<sup>b/</sup> No Security Guard I or II Nonmanufacturing; therefore, used Security Guard Nonmanufacturing.



Common Base Salary Conversion

Table 3

	Los Angeles- Long Beach Oct. 1981	Anaheim- Santa Ana- Garden Grove Oct. 1981	San Diego Nov. 1981	Sacramento Dec. 1981	San Francisco- Oakland March 1981	San Jose March 1981	Fresno June 1981
<u>40-Hour Week Conversion, Median Wage, Typist I</u>							
Area Wage Survey/ Hours per Week Wage	39.0 \$202.50	39.0 \$200.00	39.5 \$184.00	38.5 \$175.00	39.0 \$198.00	40.0 \$191.50	39.0 \$177.50
Conversion Factor	1.026	1.026	1.013	1.039	1.026	1.000	1.026
40-Hour Week Wage	\$207.88	\$205.20	\$186.39	\$181.82	\$203.15	\$191.50	\$182.12
<u>40-Hour Week Conversion, Median Wage, Security Guard I &amp; I/II</u>							
Area Wage Survey Hourly Wage Sec. Guard I	\$ 4.00	\$ 4.30	\$ 3.65	\$ 5.50	\$ 4.50	\$ 4.50	\$ 3.81
Sec. Guard II	$\frac{4.00+6.15}{2} = 5.08$	$\frac{4.30+N/A}{2} = N/A$	$\frac{3.65+N/A}{2} = N/A$	$\frac{5.50+N/A}{2} = N/A$	$\frac{4.50+5.82}{2} = 5.16$	$\frac{4.50+N/A}{2} = N/A$	$\frac{3.81+N/A}{2} = N/A$
40-Hour Week Wage Sec. Guard I Sec. Guard I/II	160.00 203.20	172.00 N/A	146.00 N/A	220.00 N/A	180.00 206.40	180.00 N/A	\$152.40 N/A
<u>Monthly Salary Conversion, Median Wage, Typist I &amp; Security Guard I &amp; I/II</u>							
40 Hour Week Wage Typist I Sec. Guard I Sec. Guard I/II	\$207.77 160.00 203.20	\$205.20 172.00 N/A	\$186.39 146.00 N/A	\$181.82 220.00 N/A	\$203.15 180.00 206.40	\$191.50 180.00 N/A	\$182.12 152.40 N/A
Conversion Factor	4.333	4.333	4.333	4.333	4.333	4.333	4.333
Monthly Wage Typist I Sec. Guard I Sec. Guard I/II	\$900.27 693.00 880.47	\$889.13 745.28 N/A	\$807.63 632.62 N/A	\$787.83 953.26 N/A	\$880.25 779.94 894.33	\$829.77 779.94 N/A	\$789.13 660.35 N/A

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Table 4

Specifically, the total persons employed in "service" type jobs are reported each month; the total wages for all persons in service jobs are reported quarterly. By dividing the total wages by the total number of persons employed, you obtain an average quarterly wage for a service job employee. (A service-type job varies from domestic worker to accountant, all providing a service for which they are compensated rather than producing a product which is sold.)

The average wage for Quarter 3 was then divided by the average wage for Quarter 1 to find the percentage change from the first to the third quarter; the average wage for Quarter 3 was divided by the average wage for Quarter 2 to obtain the percent change from the second to the third quarter; and the average wage for Quarter 3 was divided by the average wage for Quarter 4 to obtain the percent change from the third to the fourth quarter. (See Table 4.) Finally, each of the average wages for Quarters 1, 2 and 4 were adjusted by the percentage change to what they would have been in Quarter 3. The results can be seen in Table 5.<sup>a/</sup>

Finally, for the salary setting analysis, all benchmark salaries are expressed in terms of the Los Angeles-Long Beach SMSA salary. Since the reimbursement rate for the RWF facilities is proposed to vary according to geographic differences, the benchmark salary costs and adjustments of each SMSA were separately calculated, and then expressed in terms of its "Los Angeles Area Based Salary Index". (See Table 5.)

#### 4. Other Salary Approaches

For the Job Developer, another RWF facility key class, no data were available from the Bureau of Labor Statistics. Consequently, Rate Development Unit staff turned to other sources for community facility data on comparable classes. Some Job Developers were found in community programs and limited data on comparable classes found in State service. A detailed description of the use of that data is included in the section, Job Developer Salary.

The same approach was taken to find a compensation level for the peer counseling/resident control functions of the RWF facility monitor. A detailed description of the salary survey data used to compensate for this latter function is found in the section, Resident Adviser Function.

<sup>a/</sup> Because of insufficient data on Security Guard II for each area, the benchmark salary data used in Table 5 is limited to Typist I and Security Guard I, nonmanufacturing.

#### Average Wage Adjustment Service Workers 1981

Time Period	No. of Employees in 100s	Total Employees in 100s	Total Wages in 100s	Average Wage	Change From 3rd Quarter	
					Amount	Percent
1st Quarter						
January	2,135					
February	2,153					
March	2,165					
		6,453	\$7,868,627	\$1,219	\$45	+3.691%
2nd Quarter						
April	2,164					
May	2,166					
June	2,178					
		6,508	8,068,001	1,240	24	+1.935
3rd Quarter						
July	2,173					
August	2,166					
September	2,178					
		6,517	8,237,531	1,264	—	—
4th Quarter						
October	2,208					
November	2,197					
December	2,204					
		6,609	8,647,045	1,308	-44	-3.481

Table 5

	Common Time and Area Salary Conversion						
	<u>Los Angeles- Long Beach Oct. 1981</u>	<u>Anaheim- Santa Ana- Garden Grove Oct. 1981</u>	<u>San Diego Nov. 1981</u>	<u>Sacramento Dec. 1981</u>	<u>San Francisco- Oakland March 1981</u>	<u>San Jose March 1981</u>	<u>Fresno June 1981</u>
	Conversion to October 1981 Time Base Median Wage Typist I & Security Guard I						
Monthly Wage Typist I Security Guard I	\$ 900.27 693.48	\$ 889.13 745.28	\$ 807.63 632.62	\$ 787.83 953.26	\$ 880.25 779.94	\$ 829.77 779.94	\$ 789.13 660.35
Area Wage Survey	3rd	3rd	4th	4th	1st	1st	2nd
ES-202 Adjustment	—	—	-3.4818	-3.4818	+ 3.6918	+ 3.6918	+ 1.9358
Adjusted Wage Typist I Security Guard I	\$ 900.27 693.48	\$ 889.13 745.28	\$ 779.52 610.60	\$ 760.41 920.08	\$ 912.74 808.73	\$ 860.40 808.73	\$ 818.26 673.13
	Conversion to Los Angeles Area Based Index of October 1981 Time Based Median Wages of Typist I & Security Guard I						
Oct. 1981 Based Wages Typist I Security Guard I TOTAL	\$ 900.27 693.48 \$1,593.75	\$ 889.13 745.28 \$1,634.41	\$ 779.52 610.60 \$1,390.12	\$ 760.41 920.08 \$1,680.49	\$ 912.74 808.73 \$1,721.47	\$ 860.40 808.73 \$1,669.13	\$ 818.26 673.13 \$1,491.39
L.A. Area Based Salary Index	1.000	1.026	.872	1.054	1.080	1.047	.936

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For the Classes of Lead Monitor, Supervising Monitor and Manager, the proposed salaries of the model RWF facility were set at levels that provide a significant differential for increased complexity of duties and levels of responsibility. It is believed that this provides a career ladder, offering a new hire at the Night Watch or Monitor level an opportunity for career advancement within the same facility.

#### SPECIFIC SALARY RECOMMENDATIONS

##### 1. Secretary/Administrative Assistant Salary

Compensation for the Secretary/Administrative Assistant function was found in the area wage surveys of the Bureau of Labor Statistics which is sensitive to the differences in labor costs in different geographic areas in California. The Los Angeles-Long Beach Standard Metropolitan Statistical Area was used as the base area. See Subsection 3, Area Wage Surveys above for a detailed discussion of the area wage surveys and the L.A. Area Based Salary Index methodology for quickly finding the salary in any other California area for an RWF facility salary. A listing of each of the recommended RWF facility classes and the recommended monthly salary for each AWS is provided. (See Table 6.)

The benchmark class surveyed by the BLS which is most appropriate for comparison with the RWF facility Secretary/Administrative Assistant is Typist I in a nonmanufacturing setting. Although the typical tasks of this BLS survey class are more demanding in terms of typing, they closely approximate those of the key Secretary/Administrative Assistant job in an RWF facility. (See Appendix 5 for the job description of Typist I.)

The median monthly salary for 1981 for Typist I, nonmanufacturing, was \$900. It is proposed that the Secretary/Administrative Assistant salary in an RWF model facility be computed on the mix of duties actually performed. The Work Sampling Study indicated that the Secretary/Administrative Assistant performed 82.22 percent clerical functions, 9.16 percent security functions, and 6.62 percent for resident advisor functions for a recommended salary of \$894. (See Table 12.) (See section on Monitor Salary to obtain recommended salary levels for the security and resident advisor functions.)

##### 2. Monitor Salary

Based on the Rate Development Unit staff analysis of the functions required in an RWF facility as indicated in the Work Sampling Study (Appendix 14), a combination of security and peer counseling/resident control was identified as the two component functions of the Monitor position.



Table 6

Salary and Benefit Costs <sup>a/</sup>  
By  
Area

	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
<b>L.A. Area Based Salary Index</b>	1.000	1.026	.872	1.054	1.080	1.047	.936
			<u>Salaries</u>				
Manager	1,802	1,849	1,802 <sup>b/</sup>	1,899	1,946	1,987	1,687
Supervising Monitor	1,371	1,407	1,196	1,445	1,481	1,435	1,283
Job Developer/Prog. Developer	1,276	1,309	1,113	1,345	1,378	1,336	1,194
Lead Monitor	1,143	1,173	997	1,205	1,234	1,197	1,070
Monitor	980	1,005	855	1,033	1,058	1,026	917
Sec./Admin. Asst.	894	917	780	942	966	936	837
			<u>Salaries and Benefits @ 16.08%</u>				
Manager	2,092	2,146	2,092	2,204	2,259	2,190	1,958
Supervising Monitor	1,591	1,633	1,388	1,677	1,719	1,666	1,489
Job Developer/Prog. Developer	1,481	1,519	1,292	1,561	1,600	1,551	1,386
Lead Monitor	1,327	1,362	1,157	1,399	1,432	1,389	1,242
Monitor	1,138	1,167	992	1,199	1,228	1,191	1,064
Sec./Admin. Asst.	1,038	1,064	905	1,093	1,121	1,087	972

<sup>a/</sup> Does not apply to 1-10 and 11-15 bed facilities; see Table 13.

<sup>b/</sup> Because of the need for contractors to be able to transfer Managers from a facility in one Southern California area to another, the San Diego Manager's salary is proposed to be at the Los Angeles-Long Beach area level of \$1,802.

a. Security Function

Compensation for the security function of the Monitor was found by examination of the Bureau of Labor Statistics' area wage surveys. (See Appendix 5 for the job description of Guard I and II.) The Guard I and Guard II jobs in a nonmanufacturing setting were found to be comparable to the security function of the RWF Monitor. This function, distinct from the other Monitor functions, can be easily understood by observing the Monitor on duty at the RWF facility on the graveyard shift.

It was concluded that the demands on the Monitor in an RWF facility were greater in respect to knowing and enforcing rules and procedures than for Security Guard I. In this respect, the Monitor demands are more comparable to those of the Security Guard II. However, the Security Guard II has the requirement "to demonstrate continuing physical fitness and proficiency with firearms or other special weapons". Therefore, a security function salary component midway between the Guard I and Guard II monthly salary is proposed. This is \$880 per month. The average of the monthly salaries for Security Guard I and Guard II in a nonmanufacturing setting for the Los Angeles area in 1981 was \$880 (\$693 plus \$1,066 ÷ 2). This \$880 per month level of compensation is used to price the security function of RWF facility staff.

b. Resident Adviser Function

The second component of the Monitor job function is peer counseling/resident control. For clarity in this study, the peer counseling/resident control aspects are called the "resident adviser function".

Neither the State Personnel Board nor the State Department of Personnel Administration staff knew of data on classes comparable to the Monitor although the SPB's Cooperative Personnel Services did have some information on classes used by smaller county government probation programs.

1) Smaller County Probation Programs Survey

The smaller county probation classes are peace officers (a recent change from Group Supervisors) and deal with juvenile rather than adult clients. Nevertheless, it was judged that the client supervision and control functions were comparable. A 12 percent salary adjustment was made to compensate for the RWF Monitor's lack of peace officer responsibilities—the requirement of continuing physical risk.

Within the CDC system, 12 percent is the differential between the peace officer class of Parole Agent I and Parole Assistant II, a nonpeace officer class. The typical tasks of the two types of classes are substantially similar; the peace officer status is the major distinction. In the county of Sacramento, the differential varies from five to 17 percent, in the county of Madera it is 27 percent, all of these with similar duties in community custodial settings. Twelve percent is judged to be an appropriate differential in recognition of a distinction that carries substantially increased compensation for peace officer classes.

(See Table 7 for classes surveyed and Appendix 6 for sample job description.) The median adjusted salary of the smaller county probation program classes is \$988.

2) Department of Alcohol and Drug Programs

The California Department of Alcohol and Drug Programs distribute subvention funds to county governments who in turn contract with local organizations to manage community alcohol recovery facilities in which functions comparable to those of the RWF Monitor are performed. In response to questions about the rate of reimbursement, a formal salary survey was conducted by department staff in 1977 with the help of Ernst and Ernst, a nationwide management consultant firm.

Although job descriptions for the positions comparable to the Monitor were not formally specified in the Ernst & Ernst study, the recurrent duties and responsibilities were well-known generally. By obtaining job descriptions from prominent contractors (see Appendix 7) and by conferring with State contract managers and program consultants, the Rate Development Unit staff was able to judge the positions comparable as to the Resident Adviser function. In a community recovery home comparable in size and occupancy to the model RWF facility, the average monthly salary paid in 1981-82 is \$1,112. (See Table 8.)

For community alcohol facilities, data were not available to determine the median salary. It is proposed to use the average salary of \$1,112 for the resident adviser function in calculating the composite salary for the RWF Monitor.

The Department of Alcohol and Drug Programs contracts directly for drug-related community recovery facilities. Job descriptions for positions comparable to Monitor were available from a representative sample of drug addiction recovery community facilities. (See Appendix 8.) For classes with resident adviser functions, the median monthly salary for 1981-82 is \$850. (See Table 9.) It is proposed to use this salary for the resident adviser function calculating the composite salary for RWF Monitor.

Salary Survey  
Resident Adviser Function  
Smaller County Probation Programs (Less 12%)

<u>County - Class Title</u>	<u>Monthly Salary</u>
Nevada - Counselor III	\$ 880
Lake - Group Supervisor II	888
Placer - Group Supervisor II	947
El Dorado - Group Supervisor II	1,029
Kings - Deputy Probation Officer II	1,123
El Dorado - Deputy Probation Officer II	<u>1,246</u>
Average Salary	\$1,019
Median Salary	\$ 988

Table 8

**Salary Survey  
Resident Adviser Function  
Alcohol Recovery Homes**

1976-77 Full-Time Equivalent (FTE)  
Salaries, Updated

	<u>90% Occupancy</u>		<u>5 Year Salary</u>	<u>1981-82</u>
	<u>No. of</u>	<u>FTE</u>	<u>Adjustments</u>	<u>FTE</u>
	<u>FTE</u>	<u>Salary</u>	<u>(+25%)</u>	<u>Salary</u>
<u>31-40 Beds</u>				
Counselor	2.17	890	222	1,112
Program Assistant	.94	753	188	941

Table 9

**Salary Survey  
Resident Adviser Function  
Community Drug Recovery Facilities**

<u>Facility</u>	<u>Class Title</u>	<u>Monthly Salary</u> <u>Min. - Max.</u>
Central City Community Mental Health Facility, L.A.	Lay Rehabilitation Counselor	\$735- 900
Iris Project, S.F.	Counselor	901-1201
Haight-Ashbury Free Medical Clinic Drug Detox, Rehabilitation & Aftercare Project, S.F.	Vocational Rehabilitation Counselor	911-1057
Castle Drug Abuse Program, L.A.	Client Adviser	800-1083
Average Salary, First Step		\$837
Median Salary, First Step		\$850

In both the Alcohol and Drug Program facilities, the classes comparable to Monitor have more structured employee training and development programs that suggest a higher level of awareness and emphasis on team counseling than was observed for the RWF Monitor. Since there is no legal requirement for security and control of Alcohol and Drug Program participants, which is discharged by the Monitor's security function, the alcohol/drug classes in community facilities tend to focus more of their time on counseling and treatment. Both alcohol and other drug addicted clients/residents obtain a measure of medical treatment and supervision not found in the RWF facility and the alcohol/drug program comparable classes are influenced by that emphasis. The Alcohol and Drug Program classes' salaries are proposed comparable only for the resident adviser function, not the security function.

3) Other Community Salary Surveys

The United Way, Inc. offices in eight major metropolitan areas of California were contacted for other community facility salary data for classes comparable to the RWF Monitor and Job Developer. No unequivocal data was available for Monitor however, the 1981 Wage and Benefit Survey of and for San Francisco Bay Area Tax-Exempt, Nonprofit Organization was recommended. This survey was conducted by The Management Center, Inc., San Francisco. The nonsupervisory jobs of Caseworker, Program Aide, Community Worker, Family Advocate, Staff Aide, Residential Assistant, Health Aide, and Counselor Aide were included in the sampled group. The median monthly salary of the surveyed similar classes on July 1, 1981 was \$987. (See Appendix 9.) It is proposed to use the median salary of \$987 for the resident adviser function in calculating the composite salary for RWF Monitor.

c. Monitor Composite Salary-Conclusion

The median salary for resident adviser functions performed at the community level, based on the sources described above—for county probation programs, for alcohol and drug abuse recovery facilities and for similar nonprofit community service programs—is \$987 per month. (See Table 10.) The \$987 median salary is used for the resident adviser function component in calculating the composite salary for RWF Monitor. For use in calculating the security function, the midpoint of the two median monthly salaries of \$693 for Security Guard I and \$1,066 for Security Guard II was used. It was adjusted ten percent in recognition of the unusual demands of an RWF facility from \$880 to \$968 as described above under (a) Security Function.

Table 10

Resident Adviser Function Surveys

<u>Survey</u>	<u>Median Salary</u>	<u>Average Salary</u>
Smaller Counties Probation Programs	\$ 988	\$1,019
Alcohol Program Community Facilities		
31-40 Beds	N/A	1,112
Drug Program Community Facilities	850	837
The Management Center Survey	987	1,034
	<hr/>	<hr/>
Median Salary	\$ 987	
Average Salary		\$1,003



In the Work Sampling Study conducted by the Rate Development staff, 1,959 separate observations of RWF Monitors were made and recorded. Some of the functions observed were distinctly related to job development, some were clerical in nature, some distinctly related to security and some to resident adviser functions. The number of each distinct Monitor observation was divided by the total of all Monitor observations; this yielded a percentage for each distinct Monitor function. (See Table 11.)

Some Work Sampling observations were general in nature, e.g., attending meetings and on-the-job training. The aggregate of 235 of such general observations was assigned to the distinct function observations in the same proportion that they bear to total observations. For example, clerical functions comprised 8.12 percent of total Monitor observations; therefore, 8.12 percent of total Monitor observations were assigned to clerical, increasing the total clerical functions observed from 140 to 159.

Once the percentage of each function was found, it was multiplied by that function's salary value to provide a composite Monitor salary. The result is a recommended monthly Monitor salary of \$980. (See Table 12, Composite Salaries, RWF Facility Key Classes, 1981-82.) This recommendation does not apply to the 1-10 bed and 11-15 bed facilities.

#### 2.1 Alternate Monitor Salary for 1-10 and 11-15 Bed Facilities

As described above, the data used to derive the recommended Monitor salary were taken from the Bureau of Labor Statistics' area wage surveys in a range of work sites. These data were modified by the actual observations of Rate Development Unit staff obtained during the Work Sampling Study conducted in six of the 14 facilities in the observation group, those in operation on December 31, 1981. However, none of these data relate directly to the two smallest RWF facilities, those with 1-10 beds and 11-15 beds. By June 25, 1982, seven proposals for such small size facilities had been received by the Department, four for 1-10 beds, three for 11-15 beds.

To more accurately reflect the actual practice expected in 1-10 and 11-15 bed facilities, Rate Development Unit staff reviewed their July-September 1982 budgets and analyzed those proposed salaries. Specifically, staff arrayed all the salaries for all classes in the 1-10 bed facilities except for manager, secretary, administrative assistant and bookkeeper and considered all of these as monitor functions. Part-time positions were included. The average monthly salary was \$916, the median monthly salary \$917.

The median salary of \$917 as proposed for July-September 1982 was discounted five percent to make it comparable to the other salaries recommended in this rate study. (All the other salaries, with this adjustment, are expressed in July-December 1981 levels, then adjusted upward elsewhere in this study—see the section on Cost Projections to 1982-83 Fiscal Year.) The resultant recommended salary for Monitors in the 1-10 and 11-15 bed facilities is \$871 per month. (See Table 13.)

Table 11

Monitor  
Work Sample Observation by Type of Function

Functions Observed	Distinct Functions Observed		Distrib. of Gen Functions (Col. 2 x 235)	Total Observations	
	No.	%		No.	%
Job Developer	58	3.36	7.9	66	3.37
Clerical	140	8.12	19.08	159	8.12
Security Assurance	970	56.23	132.14	1,102	56.25
Resident Adviser	552	32.00	75.20	627	32.01
Feeding	5	.29	.68	5	.26
<b>TOTALS</b>	<b>1,725</b>	<b>100.00%</b>	<b>235.0</b>	<b>1,959</b>	<b>100.01%</b>

Table 12

Composite Salaries  
 RFP Facility Key Classes, 1981-82

	<u>Job Dev. Functions</u>			<u>Clerical Functions</u>			<u>Security Functions</u>				<u>Resident Adv. Functions</u>				
	Monthly Salary Equiv.	¢	\$	Monthly Salary Equiv.	¢	\$	Area Wage Survey Sec. Guard	RFP Adj.	Monthly Salary Equiv.	¢	\$	Monthly Salary Equiv.	¢	\$	Composite Salary
42 Job Developer	\$1,371	76.86	1,053	\$ 900	2.66	24	\$880 <sup>a/</sup>	10%	\$ 968	15.43	149	\$ 987	5.05	50	\$ 1,276
Secretary/Book-keeper/Admin. Assistant	1,371	—	—	900	82.22	740	880 <sup>a/</sup>	10%	968	9.16	89	987	6.62	65	894
Monitor	1,371	3.37	46	900	8.12	73	880 <sup>a/</sup>	10%	968	56.25	545	987	32.01	316	980
Night Watch							693 <sup>b/</sup>	10%	762	87.50	667	<u>Composite Monitor Func's</u>			789
												979	12.50	122	

<sup>a/</sup> Midpoint between median salary for Security Guard II, Security Guard II, and Nonmanufacturing.  
<sup>b/</sup> Median salary for Security Guard I, Nonmanufacturing.

Table 13

**SALARY AND BENEFITS COSTS  
BY AREA  
1-10 AND 11-15 BED FACILITIES**

	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
LA Area Based Salary Index	1.000	1.026	.872	1.054	1.080	1.047	.936
<b><u>SALARIES AND BENEFITS</u></b>							
Manager	1,622	1,664	1,622 <sup>a/</sup>	1,710	1,752	1,698	1,518
Monitor	871	894	760	918	941	912	815
Sec/Admin Asst.	894	917	780	942	966	936	837
<b><u>SALARIES AND BENEFITS @ 16.08%</u></b>							
Manager	1,883	1,932	1,883	1,985	2,034	1,971	1,762
Monitor	1,011	1,038	882	1,066	1,092	1,092	946
Sec/Admin Asst.	1,038	1,064	905	1,093	1,121	1,086	972

<sup>a/</sup> Because of the need for contractors to be able to transfer Managers from a facility in one Southern California area to another, the San Diego Manager's salary is proposed to be at the Los Angeles-Long Beach area level of \$1,622.

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### 3. Lead Monitor Salary

The position of Lead Monitor provides a step upward for RWF facility staff hired at the Night Monitor and Monitor level. The Lead Monitor typically would be more mature, more experienced in RWF facility program demands and able to provide guidance to other facility staff. The Lead Monitor would be expected to devote a greater proportion of time to peer counseling of the more difficult residents. The Lead Monitor would not formally counsel, rate the performance of, or reprimand other lower level monitors.

It is recommended that the salary for Lead Monitor be 16.5 percent greater than the salary of Monitor resulting from a need for a class differential to allow for promotional opportunities and 20 percent less than that of Supervising Monitor (see next subsection). Therefore, the recommended monthly salary of the Lead Monitor is \$1,143.

### 4. Supervising Monitor Salary

The Supervising Monitor typically would be formally responsible for five to eight Monitors and Lead Monitors. Training new Monitor staff, reviewing their reports, observing their interpersonal tasks and making suggestions for improvement, and participating with the Facility Manager in formal job performance rating would be included in the scope of the job of Supervising Monitor.

Recognizing the need for class differential to allow for promotional opportunities and the significant increase in responsibilities, it is recommended that the salary for Supervising Monitor be 20 percent greater than the salary of the Lead Monitor. This would place it 31 percent below that of the Manager. Therefore, the recommended monthly salary of the Supervising Monitor is \$1,371.

### 5. Night Watch Salary

In the Work Sampling Study and through interviews of facility personnel, Rate Development staff found a large percentage of standby or nonproductive time in the routine of the Night Watch who typically works the 11 p.m. to 7:00 a.m. shift. Staff explored a level of compensation roughly equivalent to that paid to security guards in non-manufacturing settings. Acknowledging that the last hour of the shift, 6 to 7 a.m., was more demanding because of the activity of early rising residents, a combination of Security Guard and Resident Adviser salary was explored.

However, because of the occasional need for the RWF facility Night Watch to quell resident disturbances, the belief that the wise vendor and manager will require the Night Watch to perform report writing and other monitor type duties and, to have the flexibility to interchange the night watch person with day shift employees when the need occurs, it was decided to price the Night Watch function at the Monitor level. Therefore, all Night Watch and Relief Monitor work time is compensated in the model facility of this rate study at the proposed Monitor's salary of \$980 per month.

### 6. Job Developer Salary

A search for salary data on job developers in community program settings was conducted. The Bureau of Labor Statistics, the State Personnel Board, the State Department of Personnel Administration, all of whom conduct wage surveys, did not have data on job development classifications. The Department of Alcohol and Drug Programs sample of drug recovery facilities contained a Job Developer position with duties comparable to that of a Job Developer in an RWF facility. (See Appendix 10.) The community drug recovery facility salary for Job Developer in 1981-82 is \$1,050. The \$1,050 salary is used in the salary survey for the Job Developer function.

The United Way, Inc. of Los Angeles conducts its own salary surveys and constructs its own classification system. The position of Job Developer in a community program designed to provide employment to the Comprehensive Employment and Training Act (CETA) clients was found. The duties for the Job Developer dealing with hard-to-place clients were judged comparable to those of an RWF facility Job Developer. (See Appendix 11.) The monthly salary in 1981-82 is \$1,137 and is used in the salary survey for the Job Developer function.

Classes thought to be possibly comparable in State service were examined. The Employment Development Department's Job Agent and Employment Program Representative II were examined. Both are at the full journeyman level. Both the Job Agent and Employment Program Representative II typically provide services to clients of the same general kind as would be found in an RWF facility. (See Appendices 12 and 13 for the class specifications.) Both deal with clients in need of jobs, with the employer community and sometimes carry an ex-offender client caseload.

It is acknowledged that persons in both these State classes work in different, large bureaucratic settings, but both deal directly with clients rather than only with other department staff. (In contrast, EDD's Employment Development Specialist is typically a staff assistant to an EDD Administrator; therefore, it was excluded from the comparison group.) It was determined that the two EDD classes of Job Agent and Employment Program Representative are comparable to the RWF facility Job Developer. The monthly salaries are \$1,724 for Job Agent and \$1,572 for Employment Program Representative II.

The approved salaries in the budget for the community drug recovery facility for Job Developer (\$1,050), the CETA employment project Job Developer (\$1,137), the first step salaries of the two State EDD classes of Job Agent (\$1,724) and Employment Program Representative (\$1,572) were arrayed.

Then the average of these four salaries was calculated. This is \$1,371 per month. (See Table 14.) The salary of \$1,371 was used to price the job development functions in the RWF facility.

Table 14

Job Developer Salary Survey

<u>Class</u>	<u>Monthly Salary</u>
Los Angeles County Drug Recovery Facility	
Job Developer	\$1,050
Los Angeles County CETA Employment Project	
Job Developer	1,137
State Employment Development Department	
Job Agent	1,724
Employment Program Representative II	<u>1,572</u>
Average Salary	\$1,371

Next, using the results of the Work Sampling Study conducted by the Rate Development Unit staff, the salary values of the other functions were calculated. Using the same methodology as for Monitor, the composite salary is \$1,276. (See Table 12.) This represents the variety of functions being performed in RWF facilities in operation in February 1982. This places the Job Developer salary 41 percent under the Manager's to whom he is responsible. It would be 7.5 percent below the Supervising Monitor who would be expected to act as Assistant Manager. Therefore, it is recommended that the monthly salary of the Job Developer be \$1,276.

7. Program Developer Salary

Program considerations indicate that the function of Program Developer is required when the facility reaches the 26-32 bed size. With staff duties approximately the same as the Job Developer but with emphasis on enhancement and coordination of the facility's services, the focus would be on personal counseling. It is suggested that the Program Developer's salary be the same as that of the Job Developer, \$1,276 per month.

8. Manager Salary

The Manager has overall day-to-day responsibility for the operation of the RWF facility. Overall executive planning and direction is received from the Executive Director who would establish a management compensation plan geared to success in the model RWF facility. The key measure of success is the level of residents' employment. Given this study's recommendation elsewhere of a financial incentive for high levels of resident employment, the successful Executive Director and facility Manager could expect to obtain greater compensation than shown in this section on salaries.

Nonetheless, the recommended salary level of \$1,802 for the facility Manager is 31 percent higher than the next level staff in the larger facilities, the Supervising Monitor. This recognizes the level of responsibility of the position and the reality that, in this small scale operation, the conscientious Manager may perform a variety of tasks at any hour of the day or night. In the salary structure proposed here, the salary—exclusive of any successful performance bonus or fringe benefits—is \$1,802 per month, the average salary paid to the Managers of 13 facilities in operation July-December 1981.<sup>a/</sup>

8.1 Alternate Manager Salary for 1-10 and 1-15 Bed Facilities

The salary for the Manager of the 1-10 and 11-15 bed facilities is proposed to be ten percent less than that of the larger, more complex facilities or \$1,622 per month. This recognizes that lower salaries are normally paid in the smaller businesses. This general business practice was verified by analysis of the budgets proposed for the 1-10 and 1-15 bed facilities for July-September 1982. Insufficient data were

<sup>a/</sup> Excluded from the study group of 14 facilities is the salary for Model Ex-Offenders, San Diego which has unusually high salaries.



found to perform a direct analysis but we estimate that the manager's function in a 1-10 bed facility represents 50 percent of an employee's time while for a 11-15 bed facility it represents 75 percent of an employee's time. If a single individual were paid a combined manager/monitor function, the recommended salary would be \$1,246 for 1-10 bed facility and \$1,434 for the 11-15 bed facility exclusive of any administrative overhead compensation. This compares with the median manager's salary of \$1,240 for the 1-10 bed facility based on the July-September budgeted costs and back dated to the 1981-82 time period. The median manager's salary for the 11-15 bed facility for the same sample period is \$1,357. The 1981-82 invoice data indicates that actual median manager salaries paid were lower than budgeted costs. Additionally, \$1,128 per month for performing the administrative overhead functions are allocated to the 1-10 bed facility and \$1,548 to the 11-15 bed facility. The manager of these smaller facilities could be compensated a significant additional amount for his/her performance of part or all of the administrative overhead functions.

SALARY STRUCTURE

The salary structure of the model RWF facility adopts the individual salaries proposed in this study as discussed above.

1. The following salary structure is recommended:

a. Facilities larger than 15 beds

Class	Line Positions		All Positions	
	Monthly Salary	Differential Between Classes	Monthly Salary	Differential Between Classes
Manager	\$1,802		\$1,802	
Supervising Monitor	1,371	31%	1,371	31%
Job Developer and Program Developer			1,276	7
Lead Monitor	1,143	20	1,143	12
Monitor including Night Watch	980	17	980	17
Sec./Admin.Asst.	894	10	894	10

b. Facilities with 11-15 beds

Class	Monthly Salary	Differential Between Classes
Manager	\$1,433 <sup>a/</sup>	
Monitor	871	65%
Secretary/Admin. Asst. .25	224	

c. Facilities with 1-10 beds

Class	Monthly Salary	Differential Between Classes
Manager	\$1,246 <sup>b/</sup>	
Monitor	871	43%

This recommendation is made based upon the desirability for a career ladder for staff hired in the facility at the Night Monitor or Monitor level. It assumes a high degree of responsibility is assumed by the Secretary/Administrative Assistant for general administrative tasks as well as for all on-site report typing. It further assumes the Manager will rely upon the Supervising Monitor to act in the manager's absence as Assistant Manager. In addition, it recognizes the extreme importance of performing the job development function which may require every working hour.

This also recognizes that lower salaries are normally paid in the smaller businesses entities. This general business practice was verified by analysis of the budgets proposed for 1-10 and 11-15 bed facilities for July-September 1982.

If the 1-10 bed facility Manager were to perform some of the administrative overhead functions identified in this study, s/he could realize a significant additional monthly compensation.

2. Alternative Salary Structures

a. Actual Salary Based

One alternative salary structure would be influenced primarily by actual salary history in RWF facilities. A model facility with salaries at the average of actual 1981-82 RWF facilities would be:

<sup>a/</sup> Combined salaries, Manager function 75 percent and Monitor 25 percent.

<sup>b/</sup> Combine salaries, Manager function 50 percent and Monitor function 50 percent.

<u>Class</u>	<u>Monthly Salary</u>	<u>Differential Between Classes</u>
Manager	\$1,802	
Assistant Mgr/Job Developer	1,373	31.31%
Supervising Monitor	1,169	18
Lead Monitor	1,063*	10
Monitor	977*	9
Secretary/Admin. Assistant	853	15
Night Watch/Relief Monitor	781	9

\*In fact, actual salary data combined Lead Monitor and Monitor salaries; the \$977 average salary for Monitor in this table is based on the combined actual salary data.

The disadvantage of this salary structure is that the differentials between classes follow no regular pattern. Especially illogical is the small salary differential for the supervision responsibilities of the Supervising Monitor.

The relatively low salary paid to the Secretary/Administrative Assistant may recognize the fact that on average RWF incumbents do little typing and few of the demanding administrative assistant tasks in support of the Manager. In turn, this may account for the light emphasis placed on job development functions in some RWF facilities since the Assistant Manager/Job Developer is, by default, expected to shoulder administrative assistant duties.

For 1-10 and 11-15 bed facilities, insufficient data were found to perform direct analyses. Using the expectation that the smallest facilities' Manager function should be priced 10 percent less than that of the larger, more complex facilities and applying that rule to the remainder of the classes recommended for these facilities produces the following salary structure showing the salary available to one individual who works part-time performing Manager functions and part-time performing Monitor functions:

<u>Class</u>	<u>1-10 Beds</u>	
	<u>Monthly Salary</u>	<u>Differential Between Classes</u>
.5 Manager/.5 Monitor	\$1,252	
Monitor	882	42%

<u>Class</u>	<u>Monthly Salary</u>	<u>Differential Between Classes</u>
	<u>11-15 Beds</u>	
.75 Manager/.25 Monitor	\$1,437	
Secretary/Admin. Asst.	894	61%
Monitor	882	1%

b. Unadjusted Area Wage Survey

A second alternative salary structure would modify the recommended salaries by simply accepting the Area Wage Survey data for Security Guard I, nonmanufacturing and using that monthly salary, \$693, for the Night Watch and Relief Monitor. It also would use that salary value in the Composite Salaries Table (Table 12). The result would be as follows:

<u>Class</u>	<u>Monthly Salary</u>	<u>Differential Between Classes</u>
Manager	\$1,802	
Assistant Mgr/Job Developer	1,276	32%
Supervising Monitor	1,092	17
Lead Monitor	910	20
Monitor	825	10
Night Watch/Relief Monitor	693	19
Secretary/Admin. Assistant	868	

Using the same ten percent reduction for small business entities for 1-10 and 11-15 bed facilities, the following salary structure results from unadjusted Area Wage Survey data.

<u>Class</u>	<u>1-10 Beds</u>	
	<u>Monthly Salary</u>	<u>Differential Between Classes</u>
.5 Manager/.5 Monitor	\$1,182	
Monitor	742	59%

	<u>11-15 Beds</u>	
.75 Manager/.25 Monitor	\$1,182	
Secretary/Admin. Asst.	868	36%
Monitor	742	16%

### 3. Salary Structure Cost Comparisons

The salary levels of both the recommended salary structure and Alternative A (based on actual RWF expenditures) are higher than Alternative B which used unadjusted Area Wage Survey data for the security functions to be performed in the RWF facility. (See Table 15.)

Except for the position of Facility Manager, the recommended salaries were constructed without depending upon current RWF practice, yet are close to the prevailing practice for the Monitor and the second in command, the Supervising Monitor.

The recommended salaries of the working level staff are at a level that has proven so far to be completely adequate to attract well-educated and trained persons with greater salary differentials for increased responsibilities.

### STAFFING LEVELS

Staffing levels were developed based on program recommendations and on observed practices in RWF facilities supplemented by discussions with facility managers and executive directors. Comparisons with other similar community facilities also were made.

In each of the following descriptions of different size RWF facilities, the maximum staffing level at 90 percent occupancy is suggested. When the occupancy level is lower, cost reduction measures would have to be taken to stay within the reimbursement received. With the smallest facility of less than ten beds, the Manager could absorb most of the administrative overhead functions, thus saving \$860 per month. Further, the Manager could function as a Monitor during the daytime shift when most residents would be outside the facility at work or job search. This could reduce the number of Monitor hours by up to four hours per day producing an additional cost savings of up to \$568 per month.

For the larger facilities, cost containment may be realized most obviously by deferring the hiring of new staff beyond those employed at the suggested level for the next smaller facility. For example, the staffing differences between the suggested level for the 16-25 bed facility and the 26-32 bed facility are mainly additional Monitor staff or higher salaried Monitor-type staff. For cost containment, adding or promoting a Supervising Monitor, for example, could be delayed until a high enough resident occupancy level was realized.

Table 15

Salary Structure Cost Comparisons  
Recommended and Alternate Structures

Class	Recommended Structure			Alternative A Structure			Alternative B Structure		
	Salary Rate	Benefits @ 16.08%	Salary & Benefits	Salary Rate	Benefits @ 16.08%	Salary & Benefits	Salary Rate	Benefits @ 16.08%	Salary & Benefits
53 Manager	\$1,802	\$ 290	\$2,092	\$1,802	\$ 290	\$2,092	\$1,802	\$ 290	\$2,092
Supervising Monitor	1,371	220	1,591	1,169	188	1,357	1,092	176	1,268
Job Developer and Program Developer	1,276	205	1,481	1,373 <sup>b/</sup>	221 <sup>b/</sup>	1,594 <sup>b/</sup>	1,276	205	1,481
Lead Monitor	1,143	184	1,327	1,074	173	1,247	910	146	1,056
Monitor	980 <sup>a/</sup>	158 <sup>a/</sup>	1,138 <sup>a/</sup>	977	157	1,134	825	133	958
Night Watch	—	—	—	781	126	907	693	111	804
Relief Monitor	—	—	—	781	126	907	693	111	804
Sec./Admin. Asst.	894	144	1,038	853	137	990	868	140	1,008

<sup>a/</sup> Includes Relief Monitor and Night Watch.

<sup>b/</sup> This July-December 1981 data includes positions with Assistant Manager responsibilities as well as Job Developer or Program Developer duties.

1. Staffing for 1-10 Beds

The suggested maximum staffing level for a ten bed facility at 90 percent occupancy recognizes that each person on the staff must be flexible enough to perform a myriad of housekeeping functions. The 4.5 full-time equivalent position level provides one-person coverage of the facility 24 hours per day. A half-time Manager would be available to provide organization and supervision and to identify and discharge all the functions not done by the Monitors.

This staffing pattern acknowledges that the half-time Manager will have to be versatile, performing job development, administrative, staff supervision, and housekeeping functions. Probably, the Manager will be employed part-time as a Manager, part-time as a Monitor and part-time performing administrative overhead functions.

2. Staffing for 11-15 Beds

At the 11-15 bed level, the suggested maximum staffing at 90 percent occupancy includes a three-quarter time Manager performing all the various functions as at the ten bed facility level, but with more time available for job development, the need for which is expected to vary directly with the number of residents.

This report later includes a recommendation for incentive payments for high employment levels of residents. The value of such an incentive payment is not included in this salary structure but it could be substantial. It would be a wise business practice for vendors to share the performance incentive payment with the successful facility Manager and/or the Job Developer.

Also suggested at this 11-15 bed level is the employment of an additional Monitor for double coverage for six hours per day, six days per week. This would allow two Monitors from 4:30 p.m. to 10:00 p.m. Sunday through Friday when most of the residents would be present in the facility. (See Schedule 1.) Two hours per day is suggested for a Secretary/Administrative Assistant to do typing, report writing and help with administrative and housekeeping tasks.

3. Staffing for 16-25

The maximum staffing level suggested within the reimbursement rate for a 16-25 bed facility at 90 percent occupancy recognizes the need to increase staff when more residents are present and reduce staff when fewer residents are present.

For example, a facility with 16 residents may not afford a staff person designated as the Job Developer, whereas one with 22-25 residents probably would need to pay someone to function as a Job Developer six hours per day. This concept is familiar to CDC institutions' personnel who deal with bed and position activation and deactivation plans as inmate populations rise and fall. In accounting terms, the facility staff must be considered a step variable cost factor.

Suggested Maximum Staffing Schedules - 1-10 Beds, 11-15 Beds, and 16-25 Beds

Hour of Day	Class of Duty	1-10 Beds			11-15 Beds & 16-25 Beds			Hour of Day
		Mon-Fri	Saturday	Sunday	Mon-Fri	Saturday	Sunday	
0001	Monitor, Night Watch	M	M	M	M	M	M	0001
0100		M	M	M	M	M	M	0100
0200		M	M	M	M	M	M	0200
0300		M	M	M	M	M	M	0300
0400		M	M	M	M	M	M	0400
0500		M	M	M	M	M	M	0500
0600		M	M	M	M	M	M	0600
0700	Mgr (Dir.) Job Devpr.	M D	M	M	M D	M	M	0700
0800		M D	M	M	M D(A)	M	M	0800
0900	Sec./Admin. Assistant	M D	M	M	M D A	M	M	0900
1000		M D	M	M	M D(A)	M	M	1000
1100		M	M	M	M D(A)	M	M	1100
1200		M	M	M	M D (J) <sup>a/</sup>	M	M	1200
1300		M	M	M	M D (J)	M	M	1300
1400		M	M	M	M D (J)	M	M	1400
1500		M	M	M	M <sup>b/</sup> (J)	M	M	1500
1600		M M	M	M M	M M (J)	M	M M	1600
1700		M M	M	M M	M M (J)	M	M M	1700
1800		M M	M	M M	M M (J)	M	M M	1800
1900		M M	M	M M	M M	M	M M	1900
2000		M M	M	M M	M M	M	M M	2000
2100		M M	M	M M	M M	M	M M	2100
2200		M	M	M	M	M	M	2200
2300		M	M	M	M	M	M	2300

Total Hours Paid by Class (Excludes Time Off for Meals<sup>b/</sup>)

Key	Total Hrs			Total Hrs			
	Mon-Fri	Saturday	Sunday	11-15	16-15	16-25	16-25
I- Lead Monitor							40
M- Monitor	30	24	30	30	22	24	24
D- Manager (Director)	4	0	0	8	8	0	0
J- Job Developer	0	0	0	0	6	0	0
A- Sec./Admin. Asst.	0	0	0	2	4	0	0
TOTALS	34	24	30	40	48	24	24

Facility Staff Coverage, Minimum & Maximum Levels

Shift	Mon-Fri		Saturday		Sunday		Mon-Fri <sup>c/</sup>		Saturday		Sunday	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Day 0700/0900-1600/1800	1	2	1	1	1	1	1(1)	3(4)	1	1	1	1
Swing 1400/1600-2300	1	2	1	1	1	2	1(1)	2(3)	1	1	1	2
Night 2300-0700	1	1	1	1	1	1	1(1)	1(1)	1	1	1	1

- a/ For 1-15 beds omit staff in parentheses; for 16-25 beds include additional staff in parentheses.
- b/ Exceptions: Single Monitor who eats at his duty station.
- c/ For 11-15 beds read staff outside parentheses; for 16-25 beds read only staff in parentheses.
- d/ For 16-25 beds substitute Monitor with Lead Monitor position for the 1500 through 2300 shift.



The proposed staffing level for 25 beds at 90 percent occupancy allows double Monitor coverage for an average of six hours per day with the Job Developer or Manager or half-time Secretary/Administrative Assistant providing double coverage for an additional seven hours per day Monday through Friday. (See Schedule 1.) It would increase from two to four hours per day the contribution of the Secretary/Administrative Assistant, recognizing the increase demand for paperwork in a larger facility.

4. Staffing for 26-32 Beds

The staffing levels suggested within the reimbursement rate for a 26-32 bed facility at 90 percent occupancy also recognizes the need to increase and reduce staff when the number of residents increases or decreases. The Suggested Maximum Staffing Schedule for 26-32 Beds (Schedule 2) shows that, except for the night shift and for Sunday morning when most residents not on leave sleep late, two staff persons are on duty. During the swing shift Sunday through Friday, at least three staff are available to provide security control and peer counseling services at that time when most residents would be available in the facility. A Lead Monitor is suggested instead of a Monitor for the larger resident population. In further recognition of the report writing, typing and various administrative tasks that increase with number of residents, an additional two hours per day for the Secretary/Administrative Assistant is suggested.

It is recognized that this schedule demands staff be at work when residents are present and results in more swing shift hours than is currently the practice in some facilities. However, it is apparent that the role model and peer counseling benefits from a Monitor are nullified if the Monitor leaves the facility as the residents return to it from their jobs or job search. The current practice of Managers and Secretary/Administrative Assistants working only day shifts is preserved. (See Schedule 2.)

Program considerations indicate that a specially assigned staff person would be required at this facility size to emphasize the coordination and enhancement of the total facility service program. That position's staff functions would focus primarily on resident counseling.

The suggested staffing level allows all of the recommended classes in the recommended salary structure to be employed. This provides a career ladder within the 26-32 bed facility that gives the facility an employee recruitment advantage over smaller or less occupied facilities.

Hour of Day	Class of Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Hour of Day
0001	Night Watch, Relief Mtr	MM	M	M	M	M	M	M	0001
0100		MM	M	M	M	M	M	M	0100
0200		M	M	M	M	M	M	M	0200
0300		M	M	M	M	M	M	M	0300
0400		M	M	M	M	M	M	M	0400
0500		M	M	M	M	M	M	M	0500
0600	Relief Monitor	M	M	M	M	M	M	M	0600
0700	Monitor Job Developer	M	MJ	MJ	MJ	MJ	MJ	MM	0700
0800	Dir., Sec./Admin. Asst.	M	MJAD	MJAD	MJAD	MJAD	MJAD	MM	0800
0900		M	MJAD	MJAD	MJAD	MJAD	MJAD	MM	0900
1000		M	MJAD	MJAD	MJAD	MJAD	MJAD	MM	1000
1100		M	MJAD	MJAD	MJAD	MJAD	MJAD	MM	1100
1200	Lead Monitor	M	MJAD	MJAD	MJAD	MJAD	MJAD	ML	1200
1300	Supervising Monitor	M S	MJAD	MJAD	MJAD	MJAD	MJAD	ML	1300
1400		M S	MJ D	MJ D	MJ D	MJ D	MJSD	ML	1400
1500	Lead Monitor	MLS	MJSD	MJSD	MJSD	MJSD	MJSD	ML	1500
1600		MLS	M SD	M SD	M SD	M SD	MLS D	ML	1600
1700		MLS	MLS	MLS	MLS	MLS	MLS	ML	1700
1800		MLS	MLSP	MLSP	MLSP	MLSP	MLSP	ML	1800
1900		MLS	MLSP	MLSP	MLSP	MLSP	MLSP	ML	1900
2000		MLS	MLSP	MLSP	MLSP	MLSP	MLSP	MM	2000
2100		MLS	M SP	M SP	M SP	M SP	MLSP	MM	2100
2200		ML	M	M	M	M	MLS	MM	2200
2300	Night Watch	ML				M	ML	MM	2300

Total Hours Paid by Class (Excludes Time Off for Meals<sup>a/</sup>)

Key	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hrs
P- Program Developer		4	4	4	4	4		20.0
M- Monitor	25	23	23	23	23	23	31.5	171.5
S- Supvng Monitor	8	6	6	6	6	8	0	40.0
L- Lead Monitor	7.5	4	4	4	4	8	7.5	39.0
J- Job Developer	0	8	8	8	8	8	0	40.0
D- Manager (Director)	0	8	8	8	8	8	0	40.0
A- Sec./Admin. Asst.	0	6	6	6	6	6	0	30.0
TOTALS	40.5	59.0	59.0	59.0	59.0	65.0	39.0	380.5

Facility Staff Coverage, Minimum & Maximum Levels

Shift	Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Day 0700/0900-1600/1800	1	3	2	4	2	4	2	4	2	4	2	5	1	2
Swing 1400/1600-2300	2	3	2	4	2	4	2	4	2	4	2	4	2	2
Night 2300-0700	1	2	1	1	1	1	1	1	1	1	1	1	1	2

<sup>a/</sup> Exception: Graveyard shift monitor who eats at his duty station.

Schedule 3

Suggested Maximum Staffing Schedule - 33-40 Beds									
Hour of Day	Class of Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Hour of Day
0001	Monitor, Lead Monitor	MM	MM	MM	MM	MM	MM	ML	0001
0100		MM	MM	MM	MM	MM	MM	ML	0100
0200		MM	MM	MM	MM	MM	MM	MM	0200
0300		MM	MM	MM	MM	MM	MM	MM	0300
0400		MM	MM	MM	MM	MM	MM	MM	0400
0500		MM	MM	MM	MM	MM	MM	MM	0500
0600	Lead Monitor	MM	M	L	M	L	M	L	MM
0700	Job Dev, Dir, Sec./Adm Asst	MM	MJ	L	MJ	L	MJ	L	MM
0800		M	L	MJADL	MJADL	MJAD	MJADL	MJADL	MM
0900		M	L	MJAD	MJAD	MJAD	MJAD	MJAD	MM
1000		M	L	MJAD	MJAD	MJAD	MJAD	MJAD	MM
1100		M	L	MJAD	MJAD	MJAD	MJAD	MJAD	MM
1200	Supvng Monitor	M	S	MJAD	MJAD	MJAD	MJAD	MJAD	ML
1300		M	S	MJAD	MJAD	MJAD	MJAD	MJAD	ML
1400		M	S	MJSDA	MJSDA	MJSDA	MJSDA	MJSDAL	ML
1500	Lead Monitor	MLSL	MJSDA	MJSDA	MJSDA	MJSDA	MJSDA	MJSDAL	ML
1600		MLSL	M	SDA	M	SDA	M	SDA	ML
1700		MLSL	M	SLL	M	SLL	M	SLL	ML
1800	Program Developer	MLSL	MPSLL	MPSLL	MPSLL	MPSLL	MPS	L	ML
1900		MLSL	MPSL	MPSL	MPSL	MPSL	MPS	L	ML
2000		MLSL	MPSL	MPSL	MPSL	MPSL	MPS	L	MM
2100		MLSL	MP	L	MP	L	MP	L	MM
2200		ML	L	M	L	M	L	M	MM
2300	Monitor	ML	MM	MM	MM	MM	M	L	MM

Total Hours Paid by Class (Excludes Time Off for Meals<sup>2/</sup>)

Key	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hrs
P- Program Developer		4	4	4	4	4		20.0
M- Monitor	31	30	30	30	30	29	36.5	216.5
S- Supvng Monitor	8	6	6	6	6	8	0	40.0
L- Lead Monitor	19.5	10	11	10	11	12	9.5	83.0
J- Job Developer	0	8	8	8	8	8	0	40.0
D- Manager (Director)	0	8	8	8	8	8	0	40.0
A- Sec./Admin. Asst.	0	8	8	8	8	8	0	40.0
<b>TOTALS</b>	<b>58.5</b>	<b>74.0</b>	<b>75.0</b>	<b>74.0</b>	<b>75.0</b>	<b>75.0</b>	<b>77.0</b>	<b>479.5</b>

Facility Staff Coverage, Minimum & Maximum Levels

Shift	Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Day 0700/0900-1600/1800	2	4	3	5	3	5	3	5	3	5	3	5	2	2
Swing 1400/1600-2300	2	4	2	5	2	5	2	5	2	5	2	5	2	3
Night 2300-0700	2	2	2	2	2	2	2	2	2	2	2	2	2	2

<sup>2/</sup> Exception: Graveyard shift monitor who eats at his/her duty station.

Schedule 4

Suggested Maximum Staffing Schedule - 41-50 Beds									
Hour of Day	Class of Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Hour of Day
0001	Monitor	MM	MM	MM	MM	MM	MM	ML	0001
0100	Lead Monitor	MM	MM	MM	MM	MM	MM	ML	0100
0200		MM	MM	MM	MM	MM	MM	MM	0200
0300		MM	MM	MM	MM	MM	MM	MM	0300
0400		MM	MM	MM	MM	MM	MM	MM	0400
0500		MM	MM	MM	MM	MM	MM	MM	0500
0600	Lead Monitor	MM	M	L	M	L	M	L	MM
0700	Job Developer	MM	MJ	L	MJ	L	MJ	L	MM
0800	Mgr, Sec./Admin. Asst.	M	L	MJADL	MJADL	MJAD	MJADL	MJADL	MM
0900		M	L	MJAD	MJAD	MJAD	MJAD	MJAD	MM
1000		M	L	MJAD	MJAD	MJAD	MJAD	MJAD	MM
1100		M	L	MPAD	MJAD	MJAD	MJAD	MJAD	MMM
1200	Supvng Monitor	M	S	MPAD	MJAD	MJAD	MJAD	MJAD	MLM
1300		M	S	MPAD	MJAD	MJAD	MJAD	MJAD	MLM
1400	Lead Monitor	M	S	MPSDA	MJSDA	MJSDA	MJSDA	MJSDAL	MLM
1500		MJSD	MJSDA	MJSDA	MJSDA	MJSDA	MJSDA	MJSDAL	MLM
1600	Program Developer	MLSL	MPSDA	MPSDA	MPSDA	MPSDA	MPSDA	MPSDAL	MLM
1700		MLSL	MPSLL	MPSLL	MPSLL	MPSLL	MPS	L	MLM
1800		MLSL	MPSLL	MPSLL	MPSLL	MPSLL	MPS	L	ML
1900		MLSL	MPSLL	MPSLL	MPSLL	MPSLL	MPS	L	ML
2000		MLSL	MMSL	MMSL	MMSL	MMSL	MMSL	MM	MM
2100		MLSL	MM	L	MML	MML	MML	MMSL	MM
2200		ML	L	M	L	M	L	M	MM
2300	Monitor	ML	MM	MM	MM	MM	M	L	MM

Total Hours Paid by Class (Excludes Time Off for Meals<sup>2/</sup>)

Key	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Hrs
P- Program Developer		4	4	4	4	4		20.0
M- Monitor	31	32	32	32	32	31	42.5	232.5
S- Supvng Monitor	8	6	6	6	6	8	0	40.0
L- Lead Monitor	19.5	10	11	10	11	12	9.5	83.0
J- Job Developer	0	12	12	12	12	12	0	60.0
D- Manager (Director)	0	8	8	8	8	8	0	40.0
A- Sec./Admin. Asst.	0	8	8	8	8	8	0	40.0
<b>TOTALS</b>	<b>58.5</b>	<b>80.0</b>	<b>81.0</b>	<b>80.0</b>	<b>81.0</b>	<b>83.0</b>	<b>52.0</b>	<b>515.5</b>

Facility Staff Coverage, Minimum & Maximum Levels

Shift	Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Day 0700/0900-1600/1800	2	4	3	5	3	5	3	5	3	5	3	5	2	3
Swing 1400/1600-2300	2	4	2	6	2	6	2	6	2	6	2	6	2	3
Night 2300-0700	2	2	2	2	2	2	2	2	2	2	2	2	2	2

<sup>2/</sup> Exception: Graveyard shift monitor who eats at her duty station.

5. Staffing for 33-40 Beds

The maximum staffing for the 33-40 bed level at 90 percent occupancy shows an increase of 1.1 Monitor, one Lead Monitor, .50 Program Developer and .25 Secretary/Administrative Assistant over the maximum staffing for the 26-32 bed facility. The additional Monitor hours result in two-person, 24-hour coverage seven days per week. The additional Lead Monitor recognizes the value of additional resident adviser function time for larger numbers of residents. The additional Lead Monitor equates to six hours coverage per day Sunday through Friday. (See Schedule 3.)

The addition of two hours per day for the Secretary/Administrative Assistant recognizes the increased number of administrative tasks that inevitably accompany a larger-scale operation. The Secretary/Administrative Assistant would be expected to assume more report writing and typing responsibilities, thus freeing the Monitors for more resident adviser time with residents.

6. Staffing for 41-50 Beds

The suggested maximum staffing level for the 41-50 bed facility at 90 percent occupancy includes an additional half-time Job Developer and a .4 Monitor. This allows additional Monitor coverage during the swing shift Monday through Friday. (See Schedule 4.) This also recognized an increase in the resident adviser function demands (approximately 2 1/2 hours per day, six days per week).

STAFFING COSTS

The staffing costs of the different size facilities at the recommended staffing levels for each of the seven geographic areas can be seen in Tables 16-22. Although the resident levels may vary in the 1-10 bed facility, it is difficult to see how staffing costs can vary much given the need to retain core staff. Costs run \$5,496 per month at the recommended salary and benefit levels. However, the component cost for administrative overhead functions could be saved by the Manager discharging most of those administrative responsibilities. Further, up to four hours per day of Monitor salary may be saved by having the Manager provide the basic monitor coverage during the daytime shift. Reductions could total \$860 for administrative overhead and \$506 for Monitor salary savings. This would still allow \$290 per month for outside accounting service.

For facilities in the 11-15 bed category, monthly staffing costs are expected to reach \$7,239 at the recommended compensation and staffing levels. They might be reduced with lower resident occupancy levels by deferring the hiring of the Secretary/Administrative Assistant or having the Manager perform Monitor functions half-time instead of quarter-time. Total staffing cost savings could be as much as \$766 per month.

Salaries and Benefits Component Costs  
Los Angeles-Long Beach Area Salaries

Table 16

	Positions	Salary Rate <sup>a/</sup>	Benefits @16.06% <sup>b/</sup>	Salary & Benefits	PIE Cost	Average Resident	Component Cost
<u>1-10 Beds</u>							
Manager	.5	\$ 1,622	\$ 261	\$ 1,883	\$ 942		
Monitor	4.5	871	140	1,011	4,550		
					\$ 5,492	9.0	\$ 20.07
<u>1-15 Beds</u>							
Manager	.75	1,622	261	1,883	1,413		
Monitor	5.5	871	140	1,011	5,561		
Sec./Admin. Asst.	.25	894	144	1,038	260		
					\$ 7,234	13.5	17.63
<u>16-25 Beds</u>							
Manager	1.0	1,802	290	2,092	2,092		
Job Developer	.75	1,276	205	1,481	1,111		
Lead Monitor	1.0	1,143	184	1,327	1,327		
Monitor	4.5	980	158	1,138	5,121		
Sec./Admin. Asst.	.5	894	144	1,038	519		
					\$10,170	22.5	14.86
<u>26-32 Beds</u>							
Manager	1.0	1,802	290	2,092	2,092		
Supvng Monitor	1.0	1,371	220	1,591	1,591		
Job Developer	1.0	1,276	205	1,481	1,481		
Program Developer	.5	1,276	205	1,481	740		
Lead Monitor	1.0	1,143	184	1,327	1,327		
Monitor	4.8	980	158	1,138	5,442		
Sec./Admin. Asst.	.75	894	144	1,038	779		
					\$13,473	28.8	15.38
<u>33-40 Beds</u>							
Manager	1.0	1,802	290	2,092	2,092		
Supvng Monitor	1.0	1,371	220	1,591	1,591		
Job Developer	1.0	1,276	205	1,481	1,481		
Program Developer	.5	1,276	205	1,481	740		
Lead Monitor	2.0	1,143	184	1,327	2,654		
Monitor	5.9	980	158	1,138	6,714		
Sec./Admin. Asst.	1.0	894	144	1,038	1,038		
					\$16,310	36.0	14.89
<u>41-50 Beds</u>							
Manager	1.0	1,802	290	2,092	2,092		
Supvng Monitor	1.0	1,371	220	1,591	1,591		
Job Developer	1.0	1,276	205	1,481	1,481		
Program Developer	.5	1,276	205	1,481	740		
Lead Monitor	2.0	1,143	184	1,327	2,654		
Monitor	6.3	980	158	1,138	7,169		
Sec./Admin. Asst.	1.0	894	144	1,038	1,038		
					\$16,765	45.0	12.25

<sup>a/</sup> Los Angeles-Long Beach area salaries. See the following pages for other areas.  
<sup>b/</sup> See immediately following section, "Staff Benefits".

Table 17  
Salaries and Benefits Component Costs  
Anaheim-Santa Ana-Garden Grove Area Salaries  
(L.A. Area Composite Salary Index = 1.026)

Positions	Salary Rate	Benefits @16.08% <sup>a/</sup>	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 1,664	\$ 268	\$ 1,932		\$ 966
Monitor	4.5	894	144	1,038		4,571
					9.0	\$ 20.59
				\$ 5,637		
<b>1-15 Beds</b>						
Manager	.75	1,664	268	1,932		1,449
Monitor	5.5	894	144	1,038		5,709
Sec./Admin. Asst.	.25	917	147	1,064		266
					13.5	18.08
				\$ 7,424		
<b>16-25 Beds</b>						
Manager	1.0	1,849	297	2,146		2,146
Job Developer	.75	1,309	210	1,519		1,139
Lead Monitor	1.0	1,173	189	1,362		1,362
Monitor	4.5	1,005	162	1,167		5,252
Sec./Admin. Asst.	.5	917	147	1,064		532
					22.5	15.25
				\$10,431		
<b>26-32 Beds</b>						
Manager	1.0	1,849	297	2,146		2,146
Supvng Monitor	1.0	1,407	226	1,633		1,633
Job Developer	1.0	1,309	210	1,519		1,519
Program Developer	.5	1,309	210	1,519		760
Lead Monitor	1.0	1,173	189	1,362		1,362
Monitor	4.8	1,005	162	1,167		5,602
Sec./Admin. Asst.	.75	917	147	1,064		798
					28.8	15.78
				\$13,820		
<b>33-40 Beds</b>						
Manager	1.0	1,849	297	2,146		2,146
Supvng Monitor	1.0	1,407	226	1,633		1,633
Job Developer	1.0	1,309	210	1,519		1,519
Program Developer	.5	1,309	210	1,519		760
Lead Monitor	2.0	1,173	189	1,362		2,724
Monitor	5.9	1,005	162	1,167		6,885
Sec./Admin. Asst.	1.0	917	147	1,064		1,064
					36.0	15.28
				\$16,731		
<b>41-50 Beds</b>						
Manager	1.0	1,849	297	2,146		2,146
Supvng Monitor	1.0	1,407	226	1,633		1,633
Job Developer	1.0	1,309	210	1,519		1,519
Program Developer	.5	1,309	210	1,519		760
Lead Monitor	2.0	1,173	189	1,362		2,724
Monitor	6.3	1,005	162	1,167		7,352
Sec./Admin. Asst.	1.0	917	147	1,064		1,064
					45.0	12.57
				\$17,198		

<sup>a/</sup> See immediately following section, "Staff Benefits".

Table 18  
Salaries and Benefits Component Costs  
San Diego Area Salaries  
(L.A. Area Based Composite Salary Index .872<sup>b/</sup>)

Positions	Salary Rate	Benefits @16.08% <sup>b/</sup>	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 1,622	\$ 261	\$ 1,883		\$ 942
Monitor	4.5	760	122	882		3,969
					9.0	\$ 17.95
				\$ 4,911		
<b>1-15 Beds</b>						
Manager	.75	1,622	261	1,883		1,413
Monitor	5.5	760	122	882		4,851
Sec./Admin. Asst.	.25	780	125	905		226
					13.5	15.82
				\$ 6,490		
<b>16-25 Beds</b>						
Manager	1.0	1,802	290	2,092		2,092
Job Developer	.75	1,113	179	1,292		969
Lead Monitor	1.0	997	160	1,157		1,157
Monitor	4.5	855	137	992		4,464
Sec./Admin. Asst.	.5	780	125	905		453
					22.5	13.35
				\$ 9,135		
<b>26-32 Beds</b>						
Manager	1.0	1,802	290	2,092		2,092
Supvng Monitor	1.0	1,195	192	1,388		1,388
Job Developer	1.0	1,113	179	1,292		1,292
Program Developer	.5	1,113	179	1,292		646
Lead Monitor	1.0	997	160	1,157		1,157
Mon .5	\$ 1,622	\$ 261	\$ 1,883	\$ 942		
Monitor	4.5	760	122	882		3,969
					9.0	\$ 17.95
				\$ 4,911		
<b>1-15 BedB.72</b>						
<b>33-40 Beds</b>						
Manager	1.0	1,802	290	2,092		2,092
Supvng Monitor	1.0	1,196	192	1,388		1,388
Job Developer	1.0	1,113	179	1,292		1,292
Program Developer	.5	1,113	179	1,292		646
Lead Monitor	2.0	997	160	1,157		2,314
Monitor	5.9	855	137	992		5,853
Sec./Admin. Asst.	1.0	780	125	905		905
					36.0	13.23
				\$14,490		
<b>41-50 Beds</b>						
Manager	1.0	1,802	290	2,092		2,092
Supvng Monitor	1.0	1,196	192	1,388		1,388
Job Developer	1.0	1,113	179	1,292		1,292
Program Developer	.5	1,113	179	1,292		646
Lead Monitor	2.0	997	160	1,157		2,314
Monitor	6.3	855	137	992		6,250
Sec./Admin. Asst.	1.0	780	125	905		905
					45.0	10.88
				\$14,887		

<sup>a/</sup> Except for Manager which is set at the Los Angeles-Long Beach rate.  
<sup>b/</sup> See immediately following section, "Staff Benefits".

Salaries and Benefits Component Costs  
Sacramento Area Salaries  
(L.A. Area Composite Salary Index = 1.054)

Table 19

Positions	Salary Rate	Benefits @16.08%	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 275	\$ 1,985	\$ 992		
Monitor	4.5	148	1,066	4,797		
				\$ 5,789	9.0	\$ 21.15
<b>1-15 Beds</b>						
Manager	.75	275	1,985	1,489		
Monitor	5.5	148	1,066	5,863		
Sec./Admin. Asst.	.25	151	1,083	273		
				\$ 7,625	13.5	18.57
<b>16-25 Beds</b>						
Manager	1.0	305	2,203	2,204		
Job Developer	.75	216	1,561	1,171		
Lead Monitor	1.0	194	1,399	1,399		
Monitor	4.5	166	1,200	5,400		
Sec./Admin. Asst.	.5	151	1,092	547		
				\$10,721	22.5	15.66
<b>26-32 Beds</b>						
Manager	1.0	305	2,204	2,204		
Supvng Monitor	1.0	232	1,677	1,677		
Job Developer	1.0	216	1,561	1,561		
Program Developer	.5	216	1,561	780		
Lead Monitor	1.0	194	1,399	1,399		
Monitor	4.8	166	1,200	5,760		
Sec./Admin. Asst.	.75	151	1,093	820		
				\$14,201	28.8	16.21
<b>33-40 Beds</b>						
Manager	1.0	305	2,204	2,204		
Supvng Monitor	1.0	232	1,677	1,677		
Job Developer	1.0	216	1,561	1,561		
Program Developer	.5	216	1,561	780		
Lead Monitor	2.0	194	1,399	2,798		
Monitor	5.9	166	1,200	7,080		
Sec./Admin. Asst.	1.0	151	1,093	1,093		
				\$17,184	36.0	15.69
<b>41-50 Beds</b>						
Manager	1.0	305	2,204	2,204		
Supvng Monitor	1.0	232	1,677	1,677		
Job Developer	1.0	216	1,561	1,561		
Program Developer	.5	216	1,561	780		
Lead Monitor	2.0	194	1,399	2,798		
Monitor	6.3	166	1,200	7,560		
Sec./Admin. Asst.	1.0	151	1,093	1,093		
				\$17,673	45.0	12.91

2/ See immediately following section, "Staff Benefits".

Salaries and Benefits Component Costs  
San Francisco-Oakland Area Salaries  
(L.A. Area Composite Salary Based Index = 1.080)

Table 20

Positions	Salary Rate	Benefits @16.08%	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 282	\$ 2,034	\$ 1,017		
Monitor	4.5	151	1,092	4,914		
				\$ 5,931	9.0	\$ 21.67
<b>1-15 Beds</b>						
Manager	.75	282	2,034	1,526		
Monitor	5.5	151	1,092	6,006		
Sec./Admin. Asst.	.25	155	1,121	280		
				\$ 7,812	13.5	19.02
<b>16-25 Beds</b>						
Manager	1.0	313	2,259	2,259		
Job Developer	.75	222	1,600	1,200		
Lead Monitor	1.0	198	1,432	1,432		
Monitor	4.5	170	1,228	5,526		
Sec./Admin. Asst.	.5	155	1,121	561		
				\$10,978	22.5	16.05
<b>26-32 Beds</b>						
Manager	1.0	313	2,259	2,259		
Supvng Monitor	1.0	238	1,719	1,719		
Job Developer	1.0	222	1,600	1,600		
Program Developer	.5	222	1,600	800		
Lead Monitor	1.0	198	1,432	1,432		
Monitor	4.8	170	1,228	5,894		
Sec./Admin. Asst.	.75	155	1,121	841		
				\$14,545	28.8	16.61
<b>33-40 Beds</b>						
Manager	1.0	313	2,259	2,259		
Supvng Monitor	1.0	238	1,719	1,719		
Job Developer	1.0	222	1,600	1,600		
Program Developer	.5	222	1,600	800		
Lead Monitor	2.0	198	1,432	2,864		
Monitor	5.9	170	1,228	7,245		
Sec./Admin. Asst.	1.0	155	1,121	1,121		
				\$17,608	36.0	16.08
<b>41-50 Beds</b>						
Manager	1.0	313	2,259	2,259		
Supvng Monitor	1.0	238	1,719	1,719		
Job Developer	1.0	222	1,600	1,600		
Program Developer	.5	222	1,600	800		
Lead Monitor	2.0	198	1,432	2,864		
Monitor	6.3	170	1,228	7,736		
Sec./Admin. Asst.	1.0	155	1,121	1,121		
				\$18,099	45.0	13.23

2/ See immediately following section, "Staff Benefits".

Table 21

Salaries and Benefits Component Costs  
San Jose Area Salaries  
(L.A. Area Based Composite Salary Index = 1.047)

Positions	Salary Rate	Benefits @ 16.08% <sup>a/</sup>	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 1,688	\$ 273	\$ 1,971		\$ 986
Monitor	4.5	912	147	1,059		4,766
						\$ 5,752
					9.0	\$ 21.01
<b>1-15 Beds</b>						
Manager	.75	1,689	273	1,971		1,478
Monitor	5.5	912	147	1,059		5,824
Sec./Admin. Asst.	.25	936	150	1,086		272
						\$ 7,574
					13.5	18.44
<b>16-25 Beds</b>						
Manager	1.0	1,887	303	2,190		2,190
Job Developer	.75	1,336	215	1,551		1,163
Lead Monitor	1.0	1,197	192	1,389		1,389
Monitor	4.5	1,026	165	1,191		5,360
Sec./Admin. Asst.	.5	936	150	1,087		543
						\$10,646
					22.5	15.56
<b>26-32 Beds</b>						
Manager	1.0	1,887	303	2,190		2,190
Supvng Monitor	1.0	1,435	231	1,666		1,666
Job Developer	1.0	1,336	215	1,551		1,551
Program Developer	.5	1,336	215	1,551		776
Lead Monitor	1.0	1,197	192	1,389		1,389
Monitor	4.8	1,026	165	1,191		5,717
Sec./Admin. Asst.	.75	936	150	1,087		815
						\$14,104
					28.8	16.10
<b>33-40 Beds</b>						
Manager	1.0	1,887	303	2,190		2,190
Supvng Monitor	1.0	1,435	231	1,666		1,666
Job Developer	1.0	1,336	215	1,551		1,551
Program Developer	.5	1,336	215	1,551		776
Lead Monitor	2.0	1,197	192	1,389		2,778
Monitor	5.9	1,026	165	1,191		7,027
Sec./Admin. Asst.	1.0	936	151	1,087		1,087
						\$17,025
					36.0	15.59
<b>41-50 Beds</b>						
Manager	1.0	1,887	303	2,190		2,190
Supvng Monitor	1.0	1,435	231	1,666		1,666
Job Developer	1.0	1,336	215	1,551		1,551
Program Developer	.5	1,336	215	1,551		776
Lead Monitor	2.0	1,197	192	1,389		2,778
Monitor	6.3	1,026	165	1,191		7,503
Sec./Admin. Asst.	1.0	936	151	1,087		1,086
						\$17,551
					45.0	12.83

a/ See immediately following section, "Staff Benefits".

Salaries and Benefits Component Costs  
Fresno Area Salaries  
(L.A. Area Composite Salary Index = .936)

Table 22

Positions	Salary Rate	Benefits @ 16.08% <sup>a/</sup>	Salary & Benefits	FTE Cost	Average Resident	Component Cost
<b>1-10 Beds</b>						
Manager	.5	\$ 1,518	\$ 244	\$ 1,762		\$ 881
Monitor	4.5	815	131	946		4,257
						\$ 5,138
					9.0	\$ 18.77
<b>1-15 Beds</b>						
Manager	.75	1,518	244	1,762		1,322
Monitor	5.5	815	131	946		5,203
Sec./Admin. Asst.	.25	837	135	972		243
						\$ 6,768
					13.5	16.48
<b>16-25 Beds</b>						
Manager	1.0	1,687	271	1,958		1,958
Job Developer	.75	1,194	192	1,386		1,040
Lead Monitor	1.0	1,070	172	1,242		1,242
Monitor	4.5	917	147	1,064		4,788
Sec./Admin. Asst.	.5	837	135	972		486
						\$9,514
					22.5	13.91
<b>26-32 Beds</b>						
Manager	1.0	1,687	271	1,958		1,958
Supvng Monitor	1.0	1,283	206	1,489		1,489
Job Developer	1.0	1,194	192	1,386		1,386
Program Developer	.5	1,194	192	1,386		693
Lead Monitor	1.0	1,070	172	1,242		1,242
Monitor	4.8	917	147	1,064		5,107
Sec./Admin. Asst.	.75	837	135	972		729
						\$12,604
					28.8	14.40
<b>33-40 Beds</b>						
Manager	1.0	1,687	271	1,958		1,958
Supvng Monitor	1.0	1,283	206	1,489		1,489
Job Developer	1.0	1,194	192	1,386		1,386
Program Developer	.5	1,194	192	1,386		693
Lead Monitor	2.0	1,070	172	1,242		2,484
Monitor	5.9	917	147	1,064		6,278
Sec./Admin. Asst.	1.0	837	135	972		972
						\$15,260
					36.0	13.94
<b>41-50 Beds</b>						
Manager	1.0	1,687	271	1,958		1,958
Supvng Monitor	1.0	1,283	206	1,489		1,489
Job Developer	1.0	1,194	192	1,386		1,386
Program Developer	.5	1,194	192	1,386		693
Lead Monitor	2.0	1,070	172	1,242		2,484
Monitor	6.3	917	147	1,064		6,703
Sec./Admin. Asst.	1.0	837	135	972		972
						\$15,685
					45.0	11.47

a/ See immediately following section, "Staff Benefits".



For facilities in the 16-25 bed range, staffing costs are expected to reach \$10,170 at 90 percent occupancy with cost containment efforts focused on the number of hours scheduled for the added Job Developer and the Secretary/Administrative Assistant. Savings from these two salaries alone could reach \$1,377 per month. An additional \$189 could be saved by deferring the promotion or hiring of the Lead Monitor.

Facilities in the 26-32 bed range can be expected to benefit from the increased flexibility that a larger staff provides. The total hours of nonsupervising monitor type staff available is increased from 5.5 full-time equivalents to 6.8 FTE. In addition, a full-time Supervising Monitor and a half-time Program Developer are suggested as well as two additional hours per day for the Secretary/Administrative Assistant. With a total suggested monthly staffing budget, cost savings up to \$2,561 could be realized by not hiring additional suggested staff.

For facilities in the 33-40 bed category and in the 41-50 bed range, staffing costs may reach \$16,310 for 33-40 beds and \$16,765 for 41-50 beds. Costs might most easily be varied by controlling the hours worked by the Job Developer, the Program Developer, the Monitors or Lead Monitors and the Secretary/Administrative Assistant. A maximum of \$2,611 savings for the 33-40 facility and \$3,066 for the 41-50 bed facility would be realized simply by not hiring above the level suggested for the 26-32 bed facility.

The suggested staffing described above for each of the different sized facilities excludes the additional staff available to the facility to discharge the food service and administrative overhead functions. The proposed per diem rate provides payment for cooks and administrative personnel in the component rate for food and administrative overhead, respectively. The staff coverage within the facility as suggested in the staffing schedules could be increased at no cost to the facility by locating the food preparation and administrative overhead staff in the RWF facility.

It is important to keep two concepts clear: 1) the salary structure and staffing recommended merely set a ceiling; and 2) staffing is a step variable cost. Because the ceiling does not require that each facility employ staff as this study suggests a model facility would, the individual vendor can construct its own flexibility in staffing. All that is absolutely required is that program standards for service be met.

Because staffing is a step variable cost, the individual facility manager is able to add staff employees and/or increase hours worked per employee as the number of residents increases. The manager also would have a formal plan for reducing staff and/or staff hours if the number of residents declines. Called activation and deactivation plans by CDC institutions, a similar type of staffing plan is used by nursing homes and other vendors contracting on a per diem reimbursement basis with the State of California.

Working with the Executive Director, the Manager would calculate the reimbursement per day and compare that with the total costs for the facility. Some costs will be fixed, core staff and the equipment replacement fund, for example—and food service will be largely variable. Staffing costs will not be completely fixed because to the extent that Monitors can be employed on an as-needed basis, staffing costs can be reduced as reimbursement is reduced and increased as reimbursement is increased.

SUMMARY

The recommended salary structure and staffing levels produce, for each Area Wage Survey Area in the State, the following component costs:

	Los Angeles Long Beach	Anaheim Santa Ana Garden Grove	San Diego	Sacra- mento	San Fran Oakland	San Jose	Fresno
1-10 Beds	\$20.07	\$20.59	\$17.95	\$21.15	\$21.67	\$21.01	\$18.77
11-15 Beds	17.63	18.08	15.82	18.57	19.02	18.44	16.48
16-25 Beds	14.86	15.25	13.35	15.66	16.05	15.56	13.91
26-32 Beds	15.38	15.78	13.72	16.21	16.61	16.10	14.40
33-40 Beds	14.89	15.28	13.23	15.69	16.08	15.59	13.94
41-50 Beds	12.25	12.57	10.88	12.91	13.23	12.83	11.47
LA Area Based Composite Salary Index	1.000	1.026	.872 <sup>a/</sup>	1.054	1.080	1.047	.936

<sup>a/</sup> Exception: This factor does not apply to the salary of the Manager; therefore, .872 may not be applied to any of the bed capacity categories.

ISSUE

What is the appropriate staff benefit rate for private Re-Entry Work Furlough facility staff?

DISCUSSION

During the six-month period of July 1, 1981 through December 31, 1981, all the 14 facilities in operation paid some form of benefits to their personnel. The average allowance was 17.20 percent of wages with the median at 16.08 percent. (See Table 23.) The benefit package ranged from social security and Workers' Compensation to retirement plans and health insurance with dental plans.

In comparison, the average benefit package offered is 20.02 percent in other residential treatment programs contracted by the State. (See Table 24.) The high was represented by medical nursing homes which offered 23.74 percent while the low was paid by residential care facilities which offered 16.67 percent.

The International Halfway House Association (IHHA) indicates that presently there is no industry standard for private Re-Entry Work Furlough facilities.

The IHHA conducted a nationwide survey during the summer of 1981 to determine staff benefits. They sent over 500 requests for information to different work furlough/halfway houses, but only received 67 responses. The range of benefits was from a low of ten percent to a high of 20 percent. Of the 67 respondents, the following facilities had paid benefits:

- 66 percent had paid life insurance plans
- 23 percent had paid long-term disability plans
- 23 percent had paid short-term disability plans
- 26 percent had paid dental plans
- 80 percent had paid medical plans
- 20 percent had paid HMO (health maintenance organization) plans
- 46 percent had paid pension plans
- 63 percent had paid FICA plans

The International Halfway House Association indicated the purpose of the survey was to create a life insurance plan for halfway houses and not as a statistical sampling. Therefore, no national average or standard is available at this time. However, they indicated that IHHA's benefit package is 16 percent and concurred that the 16.08 percent recommended for Re-Entry Work Furlough facilities was generous.

RECOMMENDATION

It is recommended that the Re-Entry Work Furlough facility median package of 16.08 percent for the period from July 1, 1981 through December 31, 1981 be paid for a staff benefit. This allows for an increase in benefits among several facilities while remaining cost effective to the State.

Table 23

**Actual Staff Benefits  
for the Period from July 1 through December 31, 1981**

<u>Program</u>	<u>Staff Benefits</u>
E.C.I. - Marvin Gardens	25.41%
E.C.I. - Santa Barbara	23.79
Casa Libre	20.36
SPAN, Inc. - Pasadena	18.18
V.O.A. - Oakland (East)	16.96
V.O.A. - Oakland (West)	16.08
SPAN, Inc. - Upland	15.95
Turning Point - Bakersfield	14.65
V.O.A. - Los Angeles	13.41
Harbour Area Halfway House	12.53
Orange County Halfway House	11.86

Median = 16.08%  
Mean = 17.20%

NOTE: V.O.A. - San Diego, Friends Outside - Monterey County and Model Ex-Offenders were omitted as they do not pay social security benefits. The vendors omitted all fall below the proposed median staff benefit percentage.

Table 24

Staff Benefits Survey

<u>Resident Care &amp; Related Fields</u>	<u>Benefits</u>
Residential Care Facilities - F.Y. 79/80 <sup>a/</sup>	16.67%
Regional Centers - F.Y. 80/81 <sup>a/</sup>	20.47
California Health Facility Survey of Medical Nursing Homes - F.Y. 80/81 <sup>a/</sup>	23.74
Day Training Activity Centers - F.Y. 80/81 <sup>a/</sup>	22.00
Private Re-Entry Work Furlough Facilities F.Y. 80/81	17.20

Median = 20.47%  
Mean = 20.02%

<sup>a/</sup> Information obtained from 1981-82 Residential Care Rate Study, published by the Department of Developmental Services, Health and Welfare Agency, March 1981.

ISSUE

How should equipment costs be treated in the proposed rate structure?

DISCUSSION

State Administrative Manual, Section 1272 states: "Subvention aid contracts must specifically reserve title in the State to State purchased or financed property not fully consumed in the performance of the contract...." Therefore, the current method of equipment purchase is as follows: contracts may include a budget line item for equipment; contractors send a written request via the regional office for specific equipment to CDC. The request must include three "competitive" bids for the requested item. After approval of the request, CDC either sends the item or notifies the RWF facility that they may purchase the item. The facility sends a Stock Received Report to CDC upon receipt of the item. The amount of the item is charged to the facility's equipment line item if CDC supplies the item or the facility is reimbursed for the item if the facility purchases it. In either case, CDC retains title to the equipment.

In order to determine a uniform method of reimbursement for equipment, several factors must be considered: 1) type and amount of equipment; 2) cost; 3) useful life of each kind of item and 4) method of purchase (facility or CDC).

ALTERNATIVE 1

Allows for the direct purchase of equipment by the vendor with the appropriate controls and approval by the Department's Business Services Section. All equipment inventory records must be maintained. Under the direct purchase system, equipment costs cannot be included in the rate structure but must be treated as an additional cost that would be reimbursed for actual equipment purchased.

ADVANTAGE

CDC would continue to review and approve all bids for equipment purchases by the vendor.

DISADVANTAGES

1. There would be vendor delays in obtaining needed equipment resulting from the approval process.
2. CDC would be required to maintain equipment inventory lists for all the work furlough facilities.
3. Direct purchase of equipment does not allow equipment costs to be included in the proposed rate structure.

## ALTERNATIVE 2

Allows facilities to directly, without State assistance, purchase equipment and to be reimbursed for depreciation costs through an equipment component in the daily reimbursement rate. The depreciation amount to be allocated would be computed based on a standardized list of equipment which each facility should have. The cost and useful life of each item would be established and used as a base for calculating the depreciation expense component in the rate structure. In their foster care programs, San Diego county allows for depreciation of equipment over \$500 with a useful life of two or more years amortized over the life of the equipment; the Bay Area Placement Committee allows depreciation on equipment and the San Francisco Demonstration Project allows depreciation on equipment over \$300. The Federal Bureau of Prisons depreciates equipment over \$300 and desirable items under \$300, i.e., calculators. Other State departments that set rates for private vendors include equipment depreciation costs in their rate structure.

## ADVANTAGES

1. The State would not be involved in purchasing or financing property "not fully consumed in the performance of the contract" because depreciation would be allowed for only that portion which is used during the contract period.
2. The paperwork currently being handled by CDC staff would be eliminated because CDC would not purchase or have to account for the facility equipment items.
3. CDC would control the amount paid to contractors for equipment through the per diem rate component based on an equipment depreciation list.
4. Pricing one prospective equipment list annually represents fewer CDC staff hours than pricing individual pieces of equipment from the several contractors and approving competitive bids for each equipment item to be purchased.
5. This method would allow equipment cost to be included in the per diem rate structure.
6. The facility equipment would not belong to the State and, therefore, CDC would not have to maintain equipment inventory records.

## DISADVANTAGES

1. Currently, the facilities' equipment items are State property. Depreciation costs cannot be allowed on State property and, therefore, cannot be included in the rate structure.

2. Implementation of equipment depreciation costs does not allow for standardization of equipment cost in the proposed rate structure. Depreciation would vary from vendor to vendor and could only be allowed on new equipment purchased by the vendor. Equipment in the current facilities was purchased by and remains State equipment which cannot be depreciated nor reimbursed under the proposed rate structure.
3. The amount of investment needed to open a new RWF facility would be increased by the amount of equipment to be purchased by the vendor. Some small programs may find it difficult to obtain such funds; as a result it would have a detrimental effect on opening new facilities.

## ALTERNATIVE 3

The proposed rate structure would include a component for replacement costs for necessary equipment items to be used in RWF facilities. The State would directly purchase or provide adequate equipment during the vendor's initial start up period. After the initial purchase of the facility equipment by the State, the vendor would be allowed an equipment replacement cost allowance. The equipment replacement cost allowance would be calculated by using a standardized equipment list which includes and identifies the equipment, number of units, unit price, total price, useful life, and yearly and monthly replacement costs. Replacement costs are determined by utilizing straight line depreciation without any residual value considerations. Funds received for the replacement of equipment will be identified in the rate structure and will be placed in a replacement fund by the vendor. The replacement fund is to be maintained in an interest-bearing savings account or in a mutual fund account whose investment instruments are backed by a governmental agency. We are assuming that the interest earned in the replacement fund will equal the increased cost of the equipment needed. Replacement fund accounts can only be used by the vendor to purchase the items listed on the equipment replacement cost list. Equipment items purchased cannot exceed the maximum cost listed on the equipment list.

The equipment would remain State property and funds in the replacement fund account will be returned to CDC upon request or at the cancellation of a contract.

The vendor would, on a quarterly basis, report the replacement fund status and report all equipment purchased. The vendor will be responsible to maintain and protect all equipment utilized in the facility. The replacement fund account and equipment purchased will be subject to audit.

All replacement would be paid for out of the replacement fund. Only in the case of catastrophic emergency would CDC directly purchase equipment. A catastrophic emergency is one which prevents CDC from placing residents in a facility because of lack of proper equipment.

In the event that a resident destroys or damages equipment, the resident would be responsible for replacing or repairing the equipment. In this instance, CDC will pay for replacement equipment only after all other recourse has been exhausted.

ADVANTAGES

1. Facility equipment will remain State property.
2. Equipment costs will be controlled by the yearly update of the equipment list.
3. The paperwork currently being reviewed by CDC staff for equipment purchase by vendors would be reduced by referral to the standardized equipment list.
4. This method allows for the inclusion of the equipment cost as a component to the rate structure.

DISADVANTAGES

1. CDC needs to maintain equipment inventory records.
2. Constant monitoring of the replacement fund account will be necessary.
3. Replacement fund account may not increase in accordance with the escalating costs of equipment.

RECOMMENDATIONS

We recommend that replacement costs as described in Alternative 3 be used to compensate vendors for equipment utilized in their RWF facilities. The replacement cost alternative is being recommended because of the standardization and inclusion of equipment costs in the rate structure.

The equipment items, cost, useful life and the replacement fund would be reviewed annually and appropriate adjustments made if inadequate funds are available to purchase replacement equipment.

Although Alternative 2, which proposes a depreciation component within the rate structure, is preferred and utilized by most other State programs, it is not feasible system-wide because the equipment used by vendors in Re-Entry Work Furlough facilities prior to Fiscal Year 1982-83 is State-owned and, therefore, cannot be depreciated.

If we were to implement Alternative 2, all the outstanding State-owned equipment would have to be purchased by the respective vendor. The equipment component cost under both Alternative 2 and Alternative 3 would be the same. Replacement cost method of equipment reimbursement results in the following component costs in the rate structure (see Tables 25-31):

<u>Bed Capacity</u>	<u>Component Cost</u>
1-10	61¢
11-15	47¢
16-25	34¢
26-32	31¢
33-40	27¢
41-50	28¢



Equipment List for Re-Entry Work Furlough Programs, 1-10 Bed Capacity

Table 25

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	1	280	20 years	280	14.00	1.17
	2. Chair, swivel, arm	1	95	10 years	95	9.50	.79
	3. Chair, side	2	55	15 years	110	7.33	.61
	4. Credenza/bookcase	1	70	20 years	70	3.50	.29
	5. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 19" color	1	350	5 years	350	70.00	5.83
	2. Sofa, 7 feet	1	375	5 years	375	75.00	6.25
	3. Coffee table	1	80	20 years	80	4.00	.33
	4. End table	2	70	20 years	140	7.00	.58
	5. Lamp table	2	45	10 years	90	9.00	.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box sprgs & mattress)	10	130	10 years	1,300	130.00	10.83
	2. Night stand	10	90	10 years	900	90.00	7.50
	3. Lamp, small table	10	30	10 years	300	30.00	2.50
	4. Four-drawer dresser	5	110	10 years	550	55.00	4.58
	5. Chair, metal frame	10	35	20 years	350	17.50	1.46
	6. Wardrobe locker	10	175	20 years	1,750	87.50	7.29

**CONTINUED**

**1 OF 5**

IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mxr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	2	95	20 years	190	9.50	.79
2. Chair, dining	8	35	20 years	280	14.00	1.17

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	1	60	7 years	60	8.57	.71
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$165.91	Monthly depreciated value	\$16,710	\$1,990.93	\$165.91
+ 9	Number of residents at 90% occupancy			
<u>\$ 18.43</u>	Monthly equipment reimbursement component			
+30.417	Days per month			
<u>\$ .61</u>	Per resident per day			

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Table 26

**Additional Equipment List  
For Mother/Child Re-Entry Work Furlough Programs  
1-10 Beds Capacity**

<u>Item</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Estimated Useful Life</u>	<u>Cost</u>	<u>Yearly Dep. Value</u>	<u>Monthly Dep. Value</u>
Large crib for child up to 6 years	10	\$ 90.00	5 yrs	\$ 900.00	\$180.00	\$15.00
Playpen	5	60.00	5 yrs	300.00	60.00	5.00
Stroller	5	65.00	3 yr	325.00	108.33	9.03
<b>Total</b>		<b>\$215.00</b>		<b>\$1,525.00</b>	<b>\$348.33</b>	<b>\$29.03</b>

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\$29.03 Monthly depreciated value  
+ 9 Number of residents at 90% occupancy  
\$ 3.23 Monthly equipment reimbursement component  
+ 30.417 Days per month  
\$ .11 Per resident per day

Equipment List for Re-Entry Work Furlough Programs, 11-15 Bed Capacity

Table 27

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	2	280	20 years	560	28.00	2.33
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel arm	2	95	10 years	190	19.00	1.58
	4. Chair, steno/typist, swivel	2	65	10 years	65	6.50	.54
	5. Chair, side	4	55	15 years	220	14.67	1.22
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 19" color	1	350	5 years	350	70.00	5.83
	2. Sofa, 7 feet	2	375	5 years	750	150.00	12.50
	3. Coffee table	2	80	20 years	160	8.00	.67
	4. End table	2	70	20 years	140	7.00	.58
	5. Lamp table	2	45	10 years	90	9.00	.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box springs & mattress)	15	130	10 years	1,950	195.00	16.25
	2. Night stand	15	90	10 years	1,350	135.00	11.25
	3. Lamp, small table	15	30	10 years	450	45.00	3.75
	4. Four-drawer dresser	8	110	10 years	880	88.00	7.33
	5. Chair, metal frame	15	35	20 years	525	26.25	2.19
	6. Wardrobe locker	15	175	20 years	2,625	131.25	10.94

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	2	95	20 years	190	9.50	.79
2. Chair, dining	8	35	20 years	280	14.00	1.17

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	1	60	7 years	60	8.57	.71
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$194.69	Monthly depreciated value	\$20,715	\$2,336.27	\$194.69
+13.5	Number of residents at 90% occupancy			
\$ 14.42	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .47	Per resident per day			

Equipment List for Re-Entry Work Furlough Programs, 16-25 Bed Capacity

Table 28

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	3	280	20 years	840	42.00	3.50
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	3	95	10 years	285	28.50	2.38
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	5	55	15 years	275	18.33	1.53
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	2	375	5 years	750	150.00	12.50
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	25	130	10 years	3,250	325.00	27.08
	2. Night stand	25	90	10 years	2,250	225.00	18.75
	3. Lamp, small table	25	30	10 years	750	75.00	6.25
	4. Four-drawer dresser	13	110	10 years	1,430	143.00	11.92
	5. Chair, metal frame	25	35	20 years	875	43.75	3.65
	6. Wardrobe locker	25	175	20 years	4,375	218.75	18.23

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	3	95	20 years	285	14.25	1.19
2. Chair, dining	12	35	20 years	420	21.00	1.75

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	2	60	7 years	120	17.14	1.43
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$234.18	Monthly depreciated value	\$26,400	\$2,809.75	\$234.18
+22.5	Number of residents at 90% occupancy			
\$ 10.41	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .34	Per resident per day			

Equipment List for Re-Entry Work Furlough Programs, 26-32 Bed Capacity

Table 29

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	3. Chair, side	6	55	15 years	330	22.00	1.83
	4. Credenza/bookcase	1	70	20 years	70	3.50	.29
	5. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	3	375	5 years	1,125	225.00	18.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	32	130	10 years	4,160	416.00	34.67
	2. Night stand	32	90	10 years	2,880	288.00	24.00
	3. Lamp, small table	32	30	10 years	960	96.00	8.00
	4. Four-drawer dresser	16	110	10 years	1,760	176.00	14.67
	5. Chair, metal frame	32	35	20 years	1,120	56.00	4.67
	6. Wardrobe locker	32	175	20 years	5,600	280.00	23.33

IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	5	95	20 years	475	23.75	1.98
2. Chair, dining	20	35	20 years	700	35.00	2.92

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac Clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	3	60	7 years	180	25.71	2.14
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$268.82	Monthly depreciated value	\$31,285	\$3,225.49	\$268.82
+28.8	Number of residents at 90% occupancy			
\$ 9.33	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .31	Per resident per day			

Equipment List for Re-Entry Work Furlough Programs, 33-40 Bed Capacity

Table 30

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	6	55	15 years	330	22.00	1.83
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	3	375	5 years	1,125	225.00	18.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	40	130	10 years	5,200	520.00	43.33
	2. Night stand	40	90	10 years	3,600	360.00	30.00
	3. Lamp, small table	40	30	10 years	1,200	120.00	10.00
	4. Four-drawer dresser	20	110	10 years	2,200	220.00	18.33
	5. Chair	40	35	20 years	1,400	70.00	5.83
	6. Wardrobe locker	40	175	20 years	7,000	350.00	29.17

IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	5.31

B. Furniture

1. Table	6	95	20 years	570	28.50	2.38
2. Chair, dining	24	35	20 years	840	42.00	3.50

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	3	60	7 years	180	25.71	2.14
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 year	150	30.00	2.50

TOTAL

\$297.12	Monthly depreciated value	\$35,640	\$3,565.24	\$297.12
+36.0	Number of residents at 90% occupancy			
\$ 8.25	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .27	Per resident per day			

Equipment List for Re-Entry Work Furlough Programs, 41-50 Bed Capacity

Table 31

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	6	55	15 years	330	22.00	1.83
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	2	550	5 years	1,100	220.00	18.33
	2. Sofa, 7 feet	5	375	5 years	1,875	375.00	31.25
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box springs & mattress)	50	130	10 years	6,500	650.00	54.17
	2. Night stand	50	90	10 years	4,500	450.00	37.50
	3. Lamp, small table	50	30	10 years	1,500	150.00	12.50
	4. Four-drawer dresser	25	110	10 years	2,750	275.00	22.92
	5. Chair	50	35	20 years	1,750	87.50	7.29
	6. Wardrobe locker	50	175	20 years	8,750	437.50	36.46

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	2	1,000	10 years	2,000	200.00	16.67
3. Freezer, 25 cu ft	2	600	12 years	1,200	100.00	8.33
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	2	70	5 years	140	28.00	2.33
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	7	95	20 years	665	33.25	2.77
2. Chair, dining	28	35	20 years	980	49.00	4.08

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer/heavy duty	2	550	5 years	1,100	220.00	18.33
2. Dryer/heavy duty	2	450	5 years	900	180.00	15.00
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	4	60	7 years	240	34.29	2.86
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$384.97	Monthly depreciated value	\$45,055	\$4,619.57	\$384.97
+45.0	Number of residents at 90% occupancy			
\$ 8.55	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .28	Per resident per day			



ISSUE

What is an adequate food service component cost?

DISCUSSION

The American Correctional Association Standards for Adult Community Residential Services sets forth the following items as mandatory or essential standards for food service in Re-Entry Work Furlough programs:

1. When the facility contracts for food service, a registered dietitian or physician annually approves the nutritional value of the contractor's menu; the contractor complies with all sanitation and health codes enacted by State or local authorities.
2. When food service is provided at the facility, the advance planned menus are reviewed and approved by a registered dietitian or physician; special diets are prepared which meet the medical needs of residents; the facility complies with all sanitation and health codes enacted by State and local authorities.

The 14 RWF facilities on-line from July 1 through December 31, 1981 basically use two methods of feeding residents: inside the facility or outside the facility. Those facilities which provide inside food service use varying food service methods ranging from catered food service through full-time cooks seven days a week, cooks five days a week with residents or monitor staff preparing all weekend meals. The average actual cost for the period July 1 through December 31, 1981 for inside food service is \$5.59 per resident per day which includes cooking staff and raw food.

The facilities that provide outside food service do so by allowing each resident \$5.00 per day for purchasing food. The residents prepare their own meals.

The reimbursement rate should take into account the differences in the two methods of food service recognizing that different cost factors apply. For example, the facilities with inside food service can take advantage of bulk buying but must pay a cook's salary; the facilities with outside food service do not pay cooks but likewise cannot take advantage of the economies of scale associated with purchasing food for more than one individual.

Inside Food Service

A. Raw Food Cost Comparison

1. During 1981-82, CDC budgeted \$2.25 per inmate per day for institutions and \$2.67 per inmate per day for camps. The camp rate allows for purchases at local stores and for waste occurring from inmates preparing the food.

2. Department of Health Services allows \$2.73 per client per day for the ICF-HH-H (7-15 beds) program.
3. Other State programs (Developmental Disabilities, Mental Health, Social Services, and Alcohol and Drug Programs) do not separately identify raw food costs.
4. Four county administered foster care programs pay actual costs ranging from \$3.00 to \$5.00 per client per day.
5. The U. S. Department of Agriculture (USDA) Human Nutrition Information Services published a booklet titled Family Food Budgeting...For Good Meals and Good Nutrition. The study shows the costs for families and individuals for four plans called Thrifty, Low-Cost, Moderate and Liberal for November 1981. The CDC Food Administrator reviewed the four food plans and determined that the low-cost plan most closely resembles the nutritional guidelines CDC uses for camps. This monthly cost for an individual male aged 20-54 years under the low-cost food plan is \$92.40 or \$3.03 per individual per day. The costs given are for the individuals in a four-person family. The report suggests adjustments for individuals in other size families; for seven or more persons subtract ten percent.

Since the size of the model RWF facility is 40 residents, the average cost per day for one individual should be \$2.73 (\$3.03-30%).

6. The average raw food cost for inside food service in CDC's private Re-Entry Work Furlough facilities is \$3.46 per resident per day for the period from July 1, 1981 through December 31, 1981.

#### B. Cook Salary Comparisons

1. The Department of Alcohol and Drug Programs identifies monthly cooks' salaries for two Los Angeles facilities as follows:

Facility 1: \$900 - \$1,000	Supervising Cook
\$600 - \$ 675	Assistant Cook
Facility 2: \$700 - \$ 900	Cook
2. Other State and county departments, e.g., Health Services, Developmental Services, Los Angeles, San Diego, do not separately identify cooks' salaries.
3. The Bureau of Labor Statistics does not publish cooks' salaries data.
4. The IHHA Salary Survey shows the average annual cook salary for the Western Region as \$11,250 or \$937.50 per month.

5. The United Way San Francisco Bay Area 1981 Wage and Benefit Survey for Tax-Exempt, Nonprofit Organizations identifies wages paid for cook and assistant cook as \$974.00 and \$791.00 per month respectively for the average of \$882.50 per month.
6. The California Mini Guide published by the State Employment Development Department (EDD) shows the statewide average wage for a journey person level cook (non-union) as \$4.00-\$6.00 per hour. See Table 32 for the comparison of cook wages in various areas of the State using the Bureau of Labor Statistics' Standard Metropolitan Statistical Area with Los Angeles-Long Beach as the base area.
7. The average cook's salary paid by RWF facilities is \$863.85 per month for the period from July 1, 1981 through December 31, 1981.

#### C. Cook Staffing Levels

1. Other State and county departments do not identify cook staffing levels.
2. Current RWF Staffing

In facilities which employ cooks, the staffing level ranges from 0.83 to 3.33 positions.

#### Outside Food Service Comparisons

- A. No other State or county departments reimburse food service outside the facility.
- B. USDA Study

The USDA study cited above in the comparisons section of Inside Food Service shows the monthly cost for an individual male aged 20-54 years under the low-cost food plan to be \$92.40 or \$3.03 per individual per day. The costs given are for individuals in a four-person family. The report suggests adjustments for individuals in other size families; for one person families, add 20 percent. Since each person received a separate food allowance, the average cost per day for one individual would be \$3.64 (\$3.03 + 61%).

- C. Under current policy, the applicable RWF facilities provide a \$4.00 per day food allowance to each resident for the period from July 1, 1981 through December 31, 1981.

#### RECOMMENDATIONS

##### A. Raw Food

The raw food cost component should be taken from the USDA study. The reasons for this recommendation are as follows:

Table 32

## Average Wage Offered to Cooks (Short Order)

SMSA	Avg. Wage Per Hour	Weight	Salary Supr. Cook <sup>a</sup>		Salary Asst. Cook <sup>a</sup>	
			Hour	Month	Hour	Month
Los Angeles-Long Beach	\$3.99	1.000	\$5.00	\$867	\$4.50	\$780
Anaheim-Santa Ana- Garden Grove	3.92	.982	4.91	851	4.419	766
San Diego	3.67	.920	4.60	797	4.14	718
Sacramento	4.11	1.030	5.15	893	4.635	803
San Francisco-Oakland	4.44	1.113	5.565	965	5.009	868
San Jose	4.11	1.030	5.15	893	4.635	803
Fresno	3.59	.900	4.50	780	4.05	702

Source: ES Wage Data Quarterly Report, Third Quarter 1981

In regard to the wage data, some cautions are necessary. The average hourly wage rate data shown in the above table are derived from job orders placed with the Employment Development Department (EDD) by employers seeking qualified workers. These figures represent hourly wage rates or the hourly equivalents of weekly or monthly compensation being offered for qualified workers, entry or otherwise. The types of job openings listed with EDD are not necessarily representative of all job openings. Even among listings received by EDD, employers' qualifying requirements regarding skills, knowledge and abilities and the appropriate rate of compensation may vary widely for particular jobs within an occupational category.

<sup>a/</sup> Listed salary costs do not include fringe benefits. In computing the component rate, fringe benefits were calculated at 16.08 percent.

1. Each food plan is defined by type and amounts of foods.
2. The CDC Food Administrator recommended using the food plan which most closely resembles the food plan for CDC camps.
3. The USDA study shows the actual amount paid by people during November 1981.
4. The USDA study suggests percentage increases or decreases for various numbers of individuals in a family and, therefore, can be used for both types of food service.
5. The USDA study shows costs for individuals based on sex and age.

Therefore, the recommended raw food allowances per resident per day are:

Inside Food Service	\$2.73
Outside Food Service	\$3.64

## B. Cook Salary

The recommended monthly salary for a cook in an RWF facility in the Los Angeles-Long Beach base area is \$5.00 per hour or \$867 per month for the supervising cook and \$4.50 per hour or \$780 per month for assistant cooks. The reasons for this recommendation are as follows:

1. The recommended salary is the mid-range of the average currently being paid to cooks in California according to the EDD Survey.
2. The recommended salary is at about the average cook salaries identified in the United Way Survey and in facilities which contract with the Department of Alcohol and Drug programs.
3. The recommended salary equals the average cook salaries currently being paid by the Re-Entry Work Furlough facilities.

See Table 34 for the calculation of weights to be placed on each Standard Metropolitan Statistical Area (SMSA) using Los Angeles-Long Beach as the base area. These weights will be used to calculate the salary differences due to geographical area.

Cook Staffing

For facilities in the 1-10 and 11-15 bed size categories, .818 full-time equivalent positions are recommended. Breakfast and lunch could be prepared in two and a half hours while dinner could be prepared in three and a half hours for a total of six hours per day during the week. Monitor staff and residents could prepare weekend meals as is currently done in some facilities. (See Schedule 5.)

Suggested Cook Staffing Schedule  
1-10 Bed Facility  
11-15 Bed Facility

Schedule 5

Hour of Day	Class on Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
0001								
0100								
0200								
0300								
0400								
0500	Supv. Cook		0530	0530	0530	0530	0530	
0600								
0700			c	c	c	c	c	
0800			0800	0800	0800	0800	0800	
0900								
1000								
1100								
1200								
1300								
1400								
1500								
1600			1600	1600	1600	1600	1600	
1700			c	c	c	c	c	
1800			c	c	c	c	c	
1900								
2000			1930	1930	1930	1930	1930	
2100								
2200								
2300								
<b>Total Hours by Class</b>								
<b>Key</b>								
c - Supervising Cook		6	6	6	6	6	6	30
								100

Suggested Cook Staffing Schedule  
16-25, 26-32, and 33-40 Bed Facilities

Schedule 6

Hour of Day	Class on Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
0001								
0100								
0200								
0300								
0400								
0500	Supv. Cook							
0600			0530	0530	0530	0530	0530	
0700			c	c	c	c	c	
0800			c	c	c	c	c	
0900	Asst. Cook	0900	0830	0830	0830	0830	0830	0900
1000		a						a
1100		1100						1100
1200								
1300								
1400								
1500		1500	1430	1430	1430	1430	1430	1500
1600		a	1600	1600	1600	1600	1600	a
1700		a	ca	ca	ca	ca	ca	a
1800		1800	1800	1800	1800	1800	1800	1800
1900			c	c	c	c	c	
2000			1930	1930	1930	1930	1930	
2100								
2200								
2300								
<b>Total Hours by Class</b>								
<b>Key</b>								
c - Supervising Cook		8	8	8	8	8	8	40
a - Assistant Cook	5	2	2	2	2	2	2	20
<b>TOTALS</b>	5	10	10	10	10	10	5	60
								101

Suggested Cook Staffing Schedule  
41-50 Bed Facility

Schedule 7

Hour of Day	Class on Duty	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
0001								
0100								
0200								
0300								
0400								
0500	Supv. Cook		0530	0530	0530	0530	0530	
0600	Asst. Cook		ca	ca	ca	ca	ca	
0700			ca	ca	ca	ca	ca	
0800								
0900	Asst. Cook	0830 0900	0830	0830	0830	0830	0830	0830 0900
1000		aa						aa
1100		1100						1100
1200								
1300								
1400								
1500		1500 a	1430 c	1430 c	1430 c	1430 c	1430 c	1500 a
1600		1600	ca	ca	ca	ca	ca	1600
1700		aa	ca	ca	ca	ca	ca	aa
1800		1800 a	ca	ca	ca	ca	ca	1800 a
1900		1830	ca	ca	ca	ca	ca	1830
2000			1930	1930	1930	1930	1930	
2100								
2200								
2300								
Total Hours by Class								
Key								
c - Supervising Cook		8	8	8	8	8	8	40
a - Assistant Cook	10	8	8	8	8	8	10	60
TOTALS	10	16	16	16	16	16	10	100

For facilities in the 16-25, 26-32 and 33-40 bed capacity categories, 1.635 full-time equivalent cook positions are recommended. The supervising cook would work eight hours per day, Monday through Friday. An assistant cook would work two hours per day during the week to help prepare dinner and bag lunches. The facilities were surveyed to determine meal schedules on weekends. The facilities which provide inside food service serve only two meals a day on weekends and holidays: brunch and dinner. An assistant cook would work five hours per day on the two weekend days. (See Schedule 6.)

For facilities in the 41-50 bed capacity category, 2.725 full-time equivalent cook positions are recommended. The supervising cook and an assistant cook would each work eight hours per day during the week. Two other assistant cooks would work six hours and four hours each per day on the two weekend days. (See Schedule 7.)

Full-time equivalent positions include a relief factor to compensate for regular days off, holidays, sick leave and vacation.

Relief cooks' wages will be calculated at the assistant cook level except for the 1-10 and 11-15 bed capacity facilities where it will be calculated at the supervising cook level because we are recommending less than one position. All salaries will be adjusted to include 16.08 percent for staff benefits and calculated at 90 percent occupancy in determining component food costs.

The component cost for salary and benefits for cook positions for inside food service for the Los Angeles-Long Beach base area is as follows:

	1-10	11-15	16-25	26-32	33-40	41-50
Supervising Cook	\$3.01	\$2.00	\$1.47	\$1.15	\$ .92	\$ .73
Assistant Cook			.84	.66	.53	1.14
TOTAL	\$3.01	\$2.00	\$2.31	\$1.81	\$1.45	\$1.87

SUMMARY

A. Inside Food Service Component Costs

The recommended component cost for the inside food service for each SMSA is as follows:

	Los Angeles Long Beach	Anaheim Santa Ana Gar Grove	Fresno	Sacra- mento	San Diego	San Francisco Oakland	San Jose
<u>1-10 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	3.01	2.95	2.71	3.10	2.77	3.35	3.10
<b>TOTAL</b>	<b>\$5.74</b>	<b>\$5.68</b>	<b>\$5.44</b>	<b>\$5.83</b>	<b>\$5.50</b>	<b>\$6.08</b>	<b>\$5.83</b>
<u>11-15 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	2.00	1.97	1.80	2.06	1.84	2.23	2.06
<b>TOTAL</b>	<b>\$4.73</b>	<b>\$4.70</b>	<b>\$4.53</b>	<b>\$4.79</b>	<b>\$4.57</b>	<b>\$4.96</b>	<b>\$4.79</b>
<u>16-25 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	2.31	2.26	2.08	2.38	2.12	2.58	2.38
<b>TOTAL</b>	<b>\$5.40</b>	<b>\$4.99</b>	<b>\$4.81</b>	<b>\$5.11</b>	<b>\$4.85</b>	<b>\$5.31</b>	<b>\$5.11</b>
<u>26-32 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	1.81	1.77	1.62	1.86	1.66	2.01	1.86
<b>TOTAL</b>	<b>\$4.54</b>	<b>\$4.50</b>	<b>\$4.35</b>	<b>\$4.59</b>	<b>\$4.39</b>	<b>\$4.74</b>	<b>\$4.59</b>
<u>33-40 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	1.45	1.42	1.30	1.49	1.33	1.60	1.49
<b>TOTAL</b>	<b>\$4.18</b>	<b>\$4.15</b>	<b>\$4.03</b>	<b>\$4.22</b>	<b>\$4.06</b>	<b>\$4.33</b>	<b>\$4.22</b>
<u>41-50 BEDS</u>							
Raw Food	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73	\$2.73
Cook	1.87	1.84	1.69	1.94	1.73	2.11	1.94
<b>TOTAL</b>	<b>\$4.60</b>	<b>\$4.57</b>	<b>\$4.42</b>	<b>\$4.67</b>	<b>\$4.46</b>	<b>\$4.84</b>	<b>\$4.67</b>

**B. Outside Food Service Component Costs**

The recommended component costs for outside food service for all geographic areas are as follows:

1-10 Beds	11-15 Beds	16-25 Beds	26-32 Beds	33-40 Beds	41-50 Beds
\$3.64	\$3.64	\$3.64	\$3.64	\$3.64	\$3.64

**ISSUE**

How should transportation be treated in the proposed rate structure?

**DISCUSSION**

For the six-month period from July 1, 1981 through December 31, 1981, travel and conference expenses totaled \$15,794.92 for the 14 facilities in operation. This averages to \$188.03 per month per facility.

However, the average was not representative of the total because three facilities reported zero travel expenses for the period while three others reported a total of \$9,395.41 (59.48 percent of the total) for the period. The median monthly expense totaled \$147.22. Therefore, due to the wide variance between the facilities, it becomes difficult to identify an accurate measure to establish a component rate.

**RECOMMENDATION**

Travel and conference costs shall be specifically identified as Program Transportation. It shall provide the facility Manager and Job Developer with a facility expense allowance for travel to the district and/or regional parole office, develop community resources, establish job contacts for residents as well as provide a means by which facility staff may offer or provide for transportation to residents. The method of transportation such as bus, van mileage for private vehicle, etc., will be at the discretion of the facility management.

Based on our Work Sampling Study and the proposed program expectation of job development, resident assistance, etc., it was determined that to provide the program transportation needs of the facility and to provide an increase in this service, 1,200 miles per month for the 36-bed facility would be adequate.

This will allow the Job Developer greater mobility to establish community resources as well as provide the resident who has no transportation funds with a means to meet employment commitments. Since program transportation will be a relatively new concept for some facilities, it will greatly increase their service area, community contact, and flexibility to meet the employment needs of the residents.

Consequently, 1,200 miles per month will become the benchmark mileage for the 33-40 bed facilities. Program transportation costs will be reimbursed at 21¢ a mile according to State Board of Control Rules and a 90 percent occupancy rate will be used to determine the component rate. Increased mileage for program transportation is allowed with increased facility bed capacity, but because of the increased number of bed days, the component cost decreases with facility bed capacity.

The recommended program transportation mileages and component per diem rates for the Re-Entry Work Furlough facilities are as follows:

<u>1-10 Beds</u>	<u>11-15 Beds</u>	<u>16-25 Beds</u>	<u>26-32 Beds</u>
700 miles/month	800 miles/month	950 miles/month	1100 miles/month
54¢	41¢	29¢	26¢
	<u>33-40 Beds</u>	<u>41-50 Beds</u>	
	1200 miles/month	1400 miles/month	
	23¢	21¢	

ISSUE

What is an adequate component cost to reimburse vendors for operating costs that will be incurred while operating a Re-Entry Work Furlough program?

DISCUSSION

The operating costs for the 14 Re-Entry Work Furlough facilities included in our sample that were in operation from July 1, 1981 through December 31, 1981 amounted to a net total of \$531,585.

Direct operating costs included:

Travel	\$ 15,795
Facility Lease	205,905
Facility Maintenance	14,304
Insurance	10,708
Communication	15,901
Utilities	38,534
Office Supplies	15,077
Program Supplies	8,126
Household Services	2,639
Household Supplies	24,146
Food Costs	177,896
Interest	2,554
	<u>\$ 531,585</u>

Within the model facility rate structure, rental costs, food costs, travel costs, and interest costs will be extracted and addressed separately. Extracting these items from operating costs reduces operating costs from \$531,585 to \$129,435; \$117,388 of this amount was paid by CDC while the remaining \$12,047 was paid by other funding sources such as the U. S. Bureau of Prisons, counties, California Youth Authority, etc.

The remaining line items of operating costs are: maintenance, insurance, communication, utilities, office supplies, program supplies and household supplies.



Maintenance, insurance, communications and utility costs are considered as step variable costs. They have characteristics of being strict variable costs at the same time. These four line item costs will remain constant or fixed at a given range of occupancy for a given short period of time. During the time period, occupancy can increase to a point which then results in overall small incremental increases in the four line items for another short period of time.

Office supplies, program supplies, household supplies and household services are considered variable costs because they will fluctuate directly with change in occupancy.

This methodology is called percentage variable with occupancy. It is an accepted procedure as established for other community programs developed by the Department of Alcohol and Drug Programs and the Health and Welfare Agency.

The Rate Development staff looked for comparable operating cost data from similar community facilities in other programs but found little. Only agreement on the variable, step variable and fixed cost categories of operating costs was found, not studies or compilations of these operating costs by such categories. Therefore, Rate Development staff were limited to making overall operating cost comparisons.

We compared the total operating costs with total program costs for the private Re-Entry Work Furlough program and for the Drug and Alcohol programs. Re-Entry Work Furlough operating cost represented nine percent of total program costs, while Drug and Alcohol programs operating costs represented eight percent of total program costs. The higher operating costs for Re-Entry Work Furlough programs could be the result of: 1) increased security related operating costs; 2) more accountability of program participants; and 3) more job and casework assistance resulting in higher communication costs.

#### RECOMMENDATION

Due to the complexity of measuring effective short-run time periods for step variable costs and due to the lack of comparable data, it is recommended that all operating costs be considered as variable. This also simplifies the methodology for the vendor while allowing a slightly greater monthly amount than was recorded historically.

The recommended operating costs component rate for all RWF facility sizes is:

$$\$117,388 \div 46,568 \text{ actual participation days} = \$2.52$$

#### ISSUE

How should food service costs and other operating costs be updated?

#### DISCUSSION

The general approach of this private Re-Entry Work Furlough facility component rate study is to find firm data on costs that a business person or consumer experienced in the July-December 1981 period. Geographic differences were acknowledged as important. For RWF facility food service costs, 1981 in-home costs as found by U. S. Department of Agriculture survey were used as the period costs. For other RWF facility operating costs, the actual RWF facility cost experience during July-December 1981 was used as the base from which cost increases are to be calculated.

#### ALTERNATIVE 1

Construct an RWF facility operating cost index which would establish a cost basis for RWF facility operating costs in 1981, find costs comparable to RWF facility operating costs in the Consumer Price Index (CPI), and update the facility costs annually by the percentage annual increase in such costs experiences in California as measured by the annual averages of the CPI. By listing the relevant CPI costs in an RWF facility operating cost index (FOCI) for different geographic areas, an easy annual adjustment can be made for each item and for the total operating costs including food service.

#### ADVANTAGES

1. Is most sensitive to geographic differences in California.
2. Uses the most widely accepted measure of cost increases for consumers in California.
3. Is a relatively easy update method that can be consistently applied year after year.

#### DISADVANTAGES

1. Requires more time than simply allowing the average increase in all costs to California consumers measured by the California CPI (CCPI).
2. Because of its uniqueness, it may be less understandable and acceptable to vendors and the State's control agencies than the California CPI.

### ALTERNATIVE 2

Use actual operating cost experiences of RWF facilities by gathering operating cost experience from 1982 invoices, calculate the change in costs from the 1981 cost basis data, and allow that percent change from 1981 to 1982 for the 1983-84 Fiscal Year. Admittedly, quarterly invoices for second quarter of Fiscal Year 1982-83 would not be received, desk audited and processed for payment until approximately April 1983.

### ADVANTAGE

Uses data directly from RWF facilities.

### DISADVANTAGES

1. Uses unaudited data which may be seriously inaccurate.
2. Depends on data available late in the spring with little time for presentation to control agencies during the May Revision of the Governor's Budget.
3. Is unlikely to produce sufficient data to make geographic distinctions in costs.

### ALTERNATIVE 3

Use the Department of Finance, Financial and Economic Research Section projection of the California CPI for Fiscal Year 1983-84 calculated to the mid-point of that year and apply it to the best data available on actual 1982-83 RWF facility operating costs.

### ADVANTAGES

1. It is a widely accepted figure for contracts.
2. As a general measure of what costs are likely to be, it is accepted as authoritative.

### DISADVANTAGES

1. It is not focused on the operating costs of RWF facilities.
2. To give this projection a realistic base, an RWF facility operating cost index would be advisable; therefore, most of the work for more specifically updating RWF facility operating costs would have to be done anyway.
3. Current cost projections for 1982-83 rates would be adjusted to reflect actual market conditions in projecting 1983-84 RWF facility operating costs.

### RECOMMENDATIONS

Construct an RWF Facility Operating Cost Index (FOCI) that uses percent changes in the CPI which measures actual market conditions for a specific area whenever possible. When not possible, it should use California-wide data, and when that is not possible, it should use U.S. city average cost data so long as the CPI item is comparable to an actual RWF facility operating cost item.

Using the percent change of the CPI, update the FOCI and allow that percent change for RWF facility operating and food service costs to reflect increased market condition costs by geographic areas between the first year of the study's application, 1981-82, and the second year, 1982-83. Then, utilize the Department of Finance's Financial and Economic Research Section projections of cost increases expected in 1983-84 to set 1983-84 component rates for RWF facilities.

The recommended update of food service costs and other operating costs are contingent upon adequate funds being appropriated for this purpose.

### DATA SELECTION FOR THE FOCI

The Bureau of Labor Statistics conducts CPI surveys in urban areas throughout the nation. (These areas are not identical to its Area Wage Survey areas.) For the largest urban areas, called Class A areas, much detail is published; for smaller areas, Class B-D, less detail is published. There are three Class A areas in California: Los Angeles-Anaheim, San Francisco-Oakland and San Diego.

Even for Class A areas, some detailed categories of cost are not available; they are found only in the tables for U.S. cities average.

The result of these data limitations is that no information unique to Non-Class A areas in California is available and even for California's Class A areas, information unique to those areas is not available for certain specific costs. Specifically, costs directly reflecting the 1981 experience of RWF facilities outside the Los Angeles-Anaheim, San Francisco-Oakland and San Diego areas are not available. Further, not available for any area in California are unique area costs comparable to RWF facility costs for insurance, facility maintenance, household supplies, communications and personal care. To deal with the first problem, no data for California outside Class A areas, the CCPI data approach of the Department of Industrial Relations was used to produce statewide average cost items. To solve the second, lack of comparable data unique to the area, U. S. cities average data were used which are comparable.

CCPI DATA FOR NON-CLASS A AREAS

The RWF facility manager in a Class A area would look within the CPI for that area to align its items with comparable operating cost items of the facility. But if the manager's facility is outside a Class A area, the manager would look to the California CPI. The Department of Industrial Relations takes data from the three Class A areas in California and develops an overall California CPI but without the detail the RWF facility manager needs.

(Technically, the CCPI is the combined CPI's of the three Class A areas weighted so that the Los Angeles-Anaheim area with 65 percent of the three areas' population has 65 percent of the CCPI weight. Similarly, the San Francisco-Oakland area with 23 percent of the three areas' population has 23 percent of the CCPI weight and San Diego with 12 percent of the combined population has 12 percent of the CCPI weight.)

To provide the RWF facility manager with the operating cost item detail needed, Rate Development staff used the Department of Industrial Relation's methodology for statewide averages which is applied to each CPI item to produce a California CPI detailed measure. Then each such CCPI item comparable to an RWF facility operating cost can be used as a guide for future cost increases for operating costs in RWF facilities. The following are such comparable items:

<u>CCPI</u>	<u>RWF Facility</u>
Food at Home	Food Services
Fuel and Other Utilities	Utilities
Transportation	Travel
Personal Care	Program Supplies

For the remainder of RWF facility operating cost items, no data were available in the Class A area CPI's; therefore, Rate Development staff looked at the more detailed CPI for urban consumers nationwide.

U.S. CITY AVERAGES

For certain cost items, no data were published in any of the three Class A area CPI's. Therefore, Rate Development staff turned to the more detailed U.S. City Averages tables in the Detailed Report, January 1982 to find "Tenant's Insurance" as most comparable to the RWF facility's insurance cost, "Telephone Services" as most comparable to communications, "Housekeeping Supplies" as most comparable to Office and Household Supplies, and "Personal Care" as most comparable to program supplies.

The result of the selection and adaptation of CPI data comparable to RWF facility operating costs is the FOCI. A separate FOCI is prepared for each of the three California Class A areas and a fourth as an average for Non-Class A area RWF facilities in California. (See Tables 33, 34, 35, and 36 immediately following.)

RWF Facility Operating Cost Index  
(FOCI)  
Los Angeles-Anaheim

Table 33

CPI Item	Comparable RWF Facility Item	CPI Annual Average <sup>a/</sup>	Annual Avg Change 1980-81 (%)	Selected RWF Facility OP Costs <sup>b/</sup>	Oper Cost Change 1980-81 (%)	FOCI 1981 Base Year	FOCI 198
<b>FOOD &amp; BEVERAGE</b>							
Food							
Food at home	Food Service						
Food away from home	None	270.3		4.10 <sup>c/</sup>		100	
Alcoholic Beverages	None						
<b>HOUSING</b>							
Separately computed except for components below							
<b>Shelter</b>							
Rent, residential							
Other rental costs							
Tenant's insurance	Insurance	134.0 <sup>d/</sup>	9.7	10,708		100	
Home Ownership							
Maintenance & repairs	Facility Maintenance	314.4 <sup>e/</sup>	10.0	15,485		100	
Fuel & Other Utilities	Utilities	250.3	8.5	40,161		100	
Other Util & Pub Serv							
Telephone service	Communications	147.7 <sup>f/</sup>	8.8	17,337		100	
Household Furn & Oper							
Household supplies	Office Supplies; Household Supplies	269.7 <sup>g/</sup>	9.7	39,223		100	
<b>APPAREL &amp; UPKEEP</b>							
	None						
<b>TRANSPORTATION</b>							
Private transportation	Travel	282.5	10.7	15,795		100	
Public transportation							
<b>MEDICAL CARE</b>							
	N/A						
<b>ENTERTAINMENT</b>							
	N/A						
<b>OTHER GOODS &amp; SERVICES</b>							
Personal Care	Program Supplies	222.1	9.7	8,126		100	

- <sup>a/</sup> Anytime detailed data required for relevant comparison were not available for this area, data for U.S. cities were used.
- <sup>b/</sup> These represent each of the operating cost items that are not dealt with separately in the RWF facility reimbursement rate study.
- <sup>c/</sup> Per capita, per diem for a 33-40 bed facility based on separate Food Service Cost study by the Rate Development Unit, 1982.
- <sup>d/</sup> CPI item "Tenant's Insurance" was most comparable; however, the only data available are U.S. city average.
- <sup>e/</sup> CPI item "Maintenance & Repairs" was most comparable; however, the only data available are U.S. city average.
- <sup>f/</sup> CPI item "Telephone Service" was most comparable; however, the only data available are U.S. city average.
- <sup>g/</sup> Because of need to exclude furnishings, the CPI item "Housekeeping Supplies" was chosen; however, only data available are U.S. city average.

CPI Item	Comparable RWF Facility Item	(FOCI) San Francisco-Oakland		Selected RWF Facility CP Costs <sup>b/</sup>	Oper Cost Change 1980-81 (%)	FOCI 1981 Base Year	FOCI 198
		CPI Annual Average <sup>a/</sup>	Annual Avg Change 1981-82 (%)				
<b>FOOD &amp; BEVERAGE</b>							
Food							
Food at home	Food Service						
Food away from home	None	270.6		4.25 <sup>c/</sup>		100	
Alcoholic Beverages	None						
<b>HOUSING</b>							
Shelter							
Separately computed except for components below							
Rent, residential							
Other rental costs							
Tenant's insurance	Insurance	134.0 <sup>d/</sup>		10,708		100	
Home Ownership							
Maintenance & repairs	Facility Maintenance	314.4 <sup>e/</sup>		15,485		100	
Fuel & Other Utilities	Utilities	311.2		40,161		100	
Other Util & Pub Serv						100	
Telephone service	Communications	147.7 <sup>f/</sup>				100	
Household Furn & Oper						100	
Household supplies	Office Supplies, Household Supplies	269.7 <sup>g/</sup>		39,223		100	
<b>APPAREL &amp; USKEEP</b>							
None							
<b>TRANSPORTATION</b>							
Travel							
Private transportation		279.9		15,795		100	
Public transportation							
<b>MEDICAL CARE</b>							
N/A							
<b>ENTERTAINMENT</b>							
N/A							
<b>OTHER GOODS &amp; SERVICES</b>							
Personal Care							
Personal Care	Program Supplies	230.9		8,126		100	

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- <sup>a/</sup> Anytime detailed data required for relevant comparison were not available for this area, data for U.S. cities were used.
- <sup>b/</sup> These represent each of the operating cost items that are not dealt with separately in the RWF facility reimbursement rate study.
- <sup>c/</sup> Per capita, per diem for a 33-40 bed facility based on separate Food Service Cost study by the Rate Development Unit, 1982.
- <sup>d/</sup> CPI item "Tenant's Insurance" was most comparable; however, the only data available are U.S. city average.
- <sup>e/</sup> CPI item "Maintenance & Repairs" was most comparable; however, the only data available are U.S. city average.
- <sup>f/</sup> CPI item "Telephone Service" was most comparable; however, the only data available are U.S. city average.
- <sup>g/</sup> Because of need to exclude furnishings, the CPI item "Housekeeping Supplies" was chosen; however, only data available are U.S. city average.

RWF Facility Operating Cost Index  
(FCI)  
San Diego

Table 35

CPI Item	Comparable RWF Facility Item	CPI Annual Average <sup>a/</sup>	Annual Avg Change 1981-82 (%)	Selected RWF Facility OP Costs <sup>b/</sup>	Oper Cost Change 1980-81 (%)	FCI 1981 Base Year	FCI 198
<b>FOOD &amp; BEVERAGE</b>							
<b>Food</b>							
Food at home	Food Service	259.7		3.99 <sup>c/</sup>		100	
Food away from home	None						
Alcoholic Beverages	None						
<b>HOUSING</b>							
Separately computed except for components below							
<b>Shelter</b>							
Rent, residential							
Other rental costs							
Tenant's insurance	Insurance	134.0 <sup>d/</sup>		10,708		100	
<b>Home Ownership</b>							
Maintenance & repairs	Facility Maintenance	314.4 <sup>e/</sup>		15,485		100	
Fuel & Other Utilities	Utilities	264.5		40,161		100	
Other Util & Pub Serv							
Telephone service	Communications	147.7 <sup>f/</sup>				100	
Household Furn & Oper							
Household supplies	Office Supplies; Household Supplies	269.7 <sup>g/</sup>		39,223		100	
<b>APPAREL &amp; UKEEP</b>							
	None						
<b>TRANSPORTATION</b>							
Private transportation	Travel	274.3		15,795		100	
Public transportation							
<b>MEDICAL CARE</b>							
	N/A						
<b>ENTERTAINMENT</b>							
	N/A						
<b>OTHER GOODS &amp; SERVICES</b>							
Personal Care	Program Supplies	231.6		8,126		100	

- a/ Anytime detailed data required for relevant comparison were not available for this area, data for U.S. cities were used.  
b/ These represent each of the operating cost items that are not dealt with separately in the RWF facility reimbursement rate study.  
c/ Per capita, per diem for a 33-40 bed facility based on separate Food Service Cost study by the Rate Development Unit, 1982.  
d/ CPI item "Tenant's Insurance" was most comparable; however, the only data available are U.S. city average.  
e/ CPI item "Maintenance & Repairs" was most comparable; however, the only data available are U.S. city average.  
f/ CPI item "Telephone Service" was most comparable; however, the only data available are U.S. city average.  
g/ Because of need to exclude furnishings, the CPI item "Housekeeping Supplies" was chosen; however, only data available are U.S. city

		(FOCI) Statewide					
CPI Item	Comparable RWF Facility Item	CPI Annual Average <sup>a/</sup>	Annual Avg Change 1981-82 (%)	Selected RWF Facility OP Costs <sup>b/</sup>	Oper Cost Change 1980-81 (%)	FOCI 1981 Base Year	FOCI 198
<b>FOOD &amp; BEVERAGE</b>							
Food							
Food at home	Food Service	269.0		4.12 <sup>c/</sup>		100	
Food away from home	None						
Alcoholic Beverages	None						
<b>HOUSING</b>							
Separately computed except for components below							
Shelter							
Rent, residential							
Other rental costs							
Tenant's insurance	Insurance	134.0 <sup>d/</sup>		10,708		100	
Home Ownership							
Maintenance & repairs	Facility Maintenance	314.4 <sup>e/</sup>		15,485		100	
Fuel & Other Utilities	Utilities	272.1		40,161		100	
Other Util & Pub Serv							
Telephone service	Communications	147.7 <sup>f/</sup>				100	
Household Furn & Oper							
Household supplies	Office Supplies, Household Supplies	269.7 <sup>g/</sup>		39,223		100	
<b>APPAREL &amp; UPGREP</b>							
	None						
<b>TRANSPORTATION</b>							
Private transportation	Travel	280.9		15,795		100	
Public transportation							
<b>MEDICAL CARE</b>							
	N/A						
<b>ENTERTAINMENT</b>							
	N/A						
<b>OTHER GOODS &amp; SERVICES</b>							
Personal Care	Program Supplies	224.6		8,126		100	

<sup>a/</sup> Anytime detailed data required for relevant comparison were not available for this area, data for U.S. cities were used.  
<sup>b/</sup> These represent each of the operating cost items that are not dealt with separately in the RWF facility reimbursement rate study.  
<sup>c/</sup> Per capita, per diem for a 33-40 bed facility based on separate Food Service Cost study by the Rate Development Unit, 1982.  
<sup>d/</sup> CPI item "Tenant's Insurance" was most comparable; however, the only data available are U.S. city average.  
<sup>e/</sup> CPI item "Maintenance & Repairs" was most comparable; however, the only data available are U.S. city average.  
<sup>f/</sup> CPI item "Telephone Service" was most comparable; however, the only data available are U.S. city average.  
<sup>g/</sup> Because of need to exclude furnishings, the CPI item "Housekeeping Supplies" was chosen; however, only data available are U.S. city average.



#### ISSUE

How should facility lease or use cost for Re-Entry Work Furlough programs be treated under the proposed rate structure?

#### DISCUSSION

Re-Entry Work Furlough facilities are either owned by the vendor or leased by the vendor. The current budget policy of Re-Entry is to fully reimburse cost. Lease cost reflects the real estate supply/demand function as well as investor perception of adequate return on investment.

Facilities currently used fall into four physical layout types:

- convalescent hospitals
- old urban hotels
- old large houses
- low rent small apartment complexes

Facilities vary as to location, and thus are subject to regional differences in real property value. Additionally, rent and established market value do not have a linear relationship to bed capacity due to variation in efficient space utilization and lease origination terms.

The result of current budgeting for facility lease/use is that these costs for the 14 private re-entry facilities examined do not exhibit a standard pattern.

It is advisable to incorporate lease cost into a standardized rate structure, either by inclusion in the per diem rate or as a cost control appendage to the per diem rate. Lack of standardization, as is the current situation, would impair the aggregate rate structure by allowing an uncontrolled cost element to exist.

#### Space Requirements

Besides a standardized way of providing facility lease or use cost reimbursement, CDC needs to standardize the amount of space required for inmates in an RWF facility. The study team turned to the American Correctional Association (ACA) and to the U.S. Department of Housing and Urban Development (HUD) for recommendations.

The ACA has a standard for living space per inmate within the usual correctional institution. It is 60 square feet of living space per inmate. HUD has a standard dwelling size of 415 square feet of living space per housing unit. Utilizing the ACA Standards, four inmates can be effectively housed in a HUD dwelling of 415 square feet. By combining the standards of the ACA and HUD, it is recommended that most efficient allocation of RWF facility space be 415 square feet for four inmates and every multiple of four inmates. (See Table 37.) Given the differences in physical layout, program considerations may require significantly more space per resident for any one facility within the general guidelines of 103 to 250 square feet per resident.

Table 37

Comparative Space Utilization  
HUD Dwelling and Re-Entry Facility

<u>HUD</u>		<u>Re-Entry 4 Inmates</u>	
<u>Utilization</u>	<u>Square Feet</u>	<u>Utilization</u>	<u>Square Feet</u>
Living Area	285	Living Area	240 (60 x 4)
Bath	45	Recreation Area	45
Kitchen	60	Bath	45
Closets and Hall	25	Administration Area	25*
		Kitchen, Dining, Strg	60*
<b>TOTAL</b>	<u>415</u>		<u>415</u>

\*Note: Multiplying the kitchen allotment by facility capacity results in an over-allocation that can be used for dining and storage, leaving a proportional allotment for administrative use.

Percentage Utilization for Re-Entry

<u>Utilization</u>	<u>Percentage of Total Square Footage</u>
Living Area	57.8%
Reception Area	10.8
Bath	10.8
Administrative Area	6.0
Kitchen, Dining & Storage	<u>14.5</u>
<b>TOTAL</b>	<b>100.0%</b>

Cost Limitations

Once the issue of space per inmate is resolved, attention can be directed to methods of facility space cost reimbursement.

The Department of Social Services has a cost control formula applicable to acquired facilities; rent is to be no greater than two percent of acquisition costs based on Federal standards to compensate for facility use costs or depreciation costs. If such a method is applied to the lease cost of CDC vendor-owned facilities, the resulting allowable cost is expected to be too low to accommodate the vendor's perception of a fair market return on his investment. DSS allows full reimbursement for facilities leased by the vendor.

Proposed methods of incorporating rent costs into CDC Re-Entry Work Furlough contracts must reflect a real world orientation. Re-Entry Work Furlough program expansion is subject to real estate market supply and demand, as well as investor perceptions of a fair rate of return, whether the facility is owned or leased by the vendor. Other considerations include the expediency of finding suitable sites and limitations arising from adverse community response to Re-Entry Work Furlough facilities.

In anticipation of a standardization of allowable lease costs, currently budgeted facilities may have to be "grandfathered" into the structure. It is not feasible to renegotiate all contracts and attempt to significantly lower lease expense allowance. Future budget proposal negotiations should be able to utilize the cost control standards.

ALTERNATIVE 1

Establish a flat per diem lease cost by utilizing the historical mean, currently \$3,282.45 per month for 14 private Re-Entry Work Furlough facilities under contract for the period from July 1, 1981 through December 31, 1981. These 14 facilities represented 392 total beds, an average of 28 beds per facility.

ADVANTAGES

1. A flat rate can be included in the per diem rate of the standardized rate structure.
2. Reflects historical lease costs.

DISADVANTAGES

1. Historical rents range widely above and below the mean. In this situation using the mean as a standard is not statistically justifiable.
2. Utilization of a flat rate does not reflect variations in facility space utilization.

3. There would be difficulties in imposing a flat rate on facilities, as they are subject to market-directed lease costs.
4. Current facilities above the mean would have to be "grandfathered".
5. Continues historical budgeting inconsistencies.
6. The rate study team does not have data from all RWF facilities in operation on June 30, 1982 to ensure that the above recommended facility space requirements would be met for "grandfathered" facilities.

#### ALTERNATIVE 2

Establish a cost control appendage to the rate structure by utilizing the system's existing rent to fair market value relationship (Gross Income Multiplier) as a ceiling by calculating the gross income multiplier of 14 private re-entry facilities, using the current budgeted lease/use cost and estimated market value. To implement a cost control appendage, apply the system's average gross income multiplier of 4.97 to estimated market value to determine the maximum allowable lease/use cost. (See Table 38, Column 5.)

#### ADVANTAGES

1. Establishes a schedule to standardize lease/use costs as a cost control appendage to the rate structure.
2. Satisfies lessor/owner requirements for return on investment.
3. Incorporates current market value.
4. Reflects historical lease/use costs.

#### DISADVANTAGES

1. Historical lease/use costs exhibit a very large range above and below the mean. In this situation, using the mean as a standard is not statistically justifiable.
2. Does not utilize acceptable standards for average market return.
3. This system's average gross income multiplier is significantly different than the State median, providing an unusually high rate of return to facility owners.

Table 38

Facility and County	Bed Size	Approximate Market Value — 10% Yearly Appreciation Rate of Assessed Value*	Comparison of Current Budgeted Rents and Alternatives				
			Current Budgeted Monthly Rent	Current System's Gross Income Multiplier	ALTERNATIVE 2 Current System's Average Gross Income Multiplier of 4.97	ALTERNATIVE 3 State Median Gross Income Multiplier of 5.93	ALTERNATIVE 4 HD Fair Market Rent x Multiples of 4
Friends Outside Monterey County	13	\$ 59,852	\$ 832	5.99	\$ 1,004	\$ 841	\$ 800
Marvin Gardens L.A. County	32	260,213	5,000	4.34	4,363	3,657	2,152
Hoffman House L.A. County	10	65,609	55	N/A	1,100	922	673
SPAN, Pasadena L.A. County	35	299,145	3,540	7.04	5,016	4,204	2,354
VCA-L.A. L.A. County	37	257,275	10,119	2.12	4,314	3,615	2,488
Model Ex San Diego County	25	75,492	625	10.07	1,266	1,061	1,669
VCA-San Diego San Diego County	40	199,716	4,770	3.46	3,349	2,807	2,670
Turning Point Kern County	12	34,558	550	5.24	579	486	654
VCA-East Oakland Alameda County	28	185,721	3,542 (included utilities and maintenance)	4.37	3,114	2,610	1,995
VCA-West Oakland	44	195,664	7,720	2.11	3,281	2,750	3,135

\* This 10% appreciation rate represents a low 8-year average taking into account functional obsolescence of facility but does not include assessed value of improvements. The HD rental trend factor for new dwellings show an average percentage change of 10.6% for the period 1973-81. In the absence of current fair market values, the figures in this column were used to derive the estimated gross income multipliers and resultant estimated monthly rent figures in this table.

### ALTERNATIVE 3

Establish a cost control appendage to the rate structure. The ceiling is derived by applying the statewide median gross income multiplier to the facility market value. The gross income multiplier is the relationship between market value and rent. The statewide SMSA median low income contract rent is \$253.00.<sup>a/</sup> The State median market value of residential low income property is \$18,000<sup>b/</sup> per unit. Therefore, the State median gross income multiplier is 5.93 or \$18,000 ÷ (253 x 12 months). Fair market value divided by 5.93 equals the yearly ceiling lease/use cost for any RWF facility (see Table 38).

#### ADVANTAGES

1. Establishes a schedule to standardize lease costs as a cost control appendage to the rate structure.
2. Satisfies lessor requirements for a fair return on investment.
3. Incorporates current market value.
4. Incorporates HUD fair market rents through the parallel relationship of HUD fair market rents and SMSA median contract rent.

#### DISADVANTAGES

1. Existing contracts must be "grandfathered" into the proposed schedule or be renegotiated.
2. May set rent ceiling too low to satisfy vendor lease acquisition needs. (See Table 38 for comparison of alternatives to current budgeted rents.)
3. The present RWF facility average gross income multiplier is significantly different than the State median.

### ALTERNATIVE 4

Establish a cost control appendage to the rate structure by utilizing HUD, Section 8 standards and American Correctional Association (ACA) space standards as a ceiling based on the following:

<sup>a/</sup> Department of Finance, State Census Data Center, 1980 Census

<sup>b/</sup> State Board of Equalization, Statistics

1. HUD establishes a fair market rent for SMSA counties. Utilize HUD rent for a dwelling of 415 square feet of space.
2. ACA standards indicate 60 square feet of living space per person (60x4 = 240 square feet).
3. 415 square feet of space can be considered adequate for four inmates.
4. Rent for a facility is then an expansion of HUD fair market rent for a 415 square foot space. Calculate by dividing bed capacity by four and multiply the resulting figure by the HUD rent. According to a HUD representative, using the multiple of four as a factor for larger facilities is an accepted practice. (See Table 39.)

#### ADVANTAGES

1. Establishes a schedule to standardize lease costs as a cost control appendage to the rate structure.
2. Utilizes existing acceptable standards (HUD and ACA) as a basis.
3. Combines CDC demand with HUD, Section 8, housing standards and minimizes the effect of CDC-stimulated demand.
4. Relates rent to bed capacity of facility.
5. Allows a negotiable margin below the ceiling.

#### DISADVANTAGES

1. Existing contracts must be "grandfathered" into the proposed standardization schedule.
2. May set the rent ceiling too low to satisfy vendor lease acquisition needs. (See Table 38 for comparison of alternative to current budgeted rents.)

#### RECOMMENDATION

Implement Alternatives 3 and 4 using multiples of HUD fair market rent as the desirable budgeted lease/use cost and the gross income multiplier of 5.93 as the ceiling for each facility.

A combination of Alternatives 3 and 4 meets two major criteria for a standardization schedule. Use of the State median gross income multiplier as a ceiling ensures that the lessor's desire for a fair market return is satisfied. This also allows the CDC to compete in the marketplace for acquisition of suitable sites for the expanding RWF program. Use of HUD, Section 8, Fair Market Rent sets a cost control level.

Table 39

ALTERNATIVE 4  
 HUD FAIR MARKET RENTS  
 BY CALIFORNIA SMSA'S<sup>a/</sup>

COUNTY	415 Sq. Ft. Dwelling	Total Sq. Ft. Allowed For 36-Bed Facility
Alameda	285	2,565
Kern	218	1,962
Los Angeles	269	2,421
Monterey	246	2,214
Orange	287	2,583
San Bernardino	255	2,295
San Diego	267	2,403
Santa Barbara	263	2,367
Santa Clara	299	2,691

<sup>a/</sup> Standard Metropolitan Statistical Areas. Source: U.S. Federal Register, Volume 46, No. 52, March 18, 1981.

While the recommended combination of Alternatives 3 and 4 produces an appendage to the rate structure and not an inclusive component within it, it is not practicable to ignore real world considerations by establishing a flat per diem rate.

Various State and Federal personnel, as well as real estate investment analysts from California State University, Sacramento, agree and advise that inmates should not be housed in accommodations more costly than HUD, Section 8, housing. Incorporation of HUD standards (that parallel median contract rent according to the California State Census Data Center) in a lease/use cost standardization method, together with consideration of ACA standard space allocations, satisfies the requirement that the living space be adequate to meet the reasonable needs of the intended occupant.

Since the HUD fair market rent for a dwelling of 415 square feet of space incorporates ACA requirements and closely parallels the SMSA median rent (see Table 39), a combination of Alternatives 3 and 4 becomes a justifiable and acceptable method. By utilizing multiples of the HUD fair market rent, the computed lease/use cost has a direct relationship to facility bed capacity.

Application of Alternative 4 (HUD rent) as a target cost and Alternative 3 (5.93 gross income multiplier) as a ceiling allows a negotiable margin. Facilities that are currently budgeted and exceed the ceiling can either be "grandfathered" into the schedule or renegotiated upon contract renewal.

#### ISSUE

What is the best method of incorporating into the rate structure a fair and equitable cost component for administrative overhead?

#### DISCUSSION

For many vendors, work furlough represents only one of several programs which they operate. Volunteers of America-Los Angeles, for example, currently operates more than 16 social service programs in addition to their work furlough programs.

Vendors who operate numerous programs have a central service unit (central office, division office, regional office, etc.) that provides administrative services to each of the various programs. The direct costs incurred by the work furlough facilities are readily identified. The applicable administrative overhead costs, however, are not easily identified.

Under current CDC policy, vendor prepared cost allocation plans are the means by which administrative overhead costs are identified in a logical and systematic manner for reimbursement. An administrative overhead rate is computed based on a cost allocation plan. The rate varies from vendor to vendor and ranges from approximately 10 percent to 19 percent of direct costs.

#### ALTERNATIVE 1

Include administrative overhead as a percentage of total direct costs.

Due to an insufficient amount of audited data, use the 1981-82 approved budgets from a representative sample of vendors. In the sample, the "average percent" of administrative overhead costs to direct costs was calculated to be 16.8 percent. This percentage will be applied to the total of the cost components representing direct costs for each of the six model facilities. (See Tables 40 and 41.)

#### ADVANTAGES

1. A flat percentage can be easily incorporated into the per diem rate structure.
2. A flat percentage is impartial and applies to all vendors regardless of program size.
3. Eliminating facility lease/use costs in computing an administrative overhead rate reduces the inequity inherent in the present system.



TABLE 40

Alternative 1  
Computation of Administrative Cost Percentage

<u>Programs</u>	<u>Facility</u>	<u>Direct*</u> <u>Costs</u>	<u>Admin.</u> <u>Costs</u>	<u>Percentage</u>
VOA - Los Angeles	La Cienega	\$ 301,276	\$ 63,402	21.04%
VOA - Oakland	Oakland (East)	258,766	45,190	17.46
	Oakland (West)	362,544	68,279	18.83
SPAN, Inc.	Pasadena	330,298	46,597	14.11
	Upland	281,062	37,008	13.17
VOA - San Diego	San Diego	343,740	50,481	14.69
E.C.I.	Marvin Gardens	271,938	49,791	18.31
	Santa Barbara	130,278	23,232	17.83
Turning Point	Bakersfield	<u>125,503</u>	<u>19,815</u>	<u>15.79</u>
		\$2,405,405	\$403,795	16.80%

\* Excluding facility lease/use costs since they will not be included in the rate structure.

TABLE 41

Illustration of Proposed Reimbursement for Administrative Costs  
Per Alternative 1

<u>Cost Component</u>	<u>Los Angeles/Long Beach</u>					
	<u>1-10</u> <u>Beds</u>	<u>11-15</u> <u>Beds</u>	<u>16-25</u> <u>Beds</u>	<u>26-32</u> <u>Beds</u>	<u>33-40</u> <u>Beds</u>	<u>41-50</u> <u>Beds</u>
Salaries & Benefits	\$20.07	\$17.63	\$14.86	\$15.38	\$14.89	\$12.25
Food <sup>a/</sup>	5.74	4.73	5.04	4.54	4.18	4.60
Equipment	.61	.47	.34	.31	.27	.28
Transportation	.54	.41	.29	.26	.23	.21
Operating Costs	<u>2.52</u>	<u>2.52</u>	<u>2.52</u>	<u>2.52</u>	<u>2.52</u>	<u>2.52</u>
Total Direct Costs	\$29.48	\$25.76	\$23.05	\$23.01	\$22.09	\$19.86
Admin. Cost @16.8%	<u>4.95</u>	<u>4.33</u>	<u>3.87</u>	<u>3.87</u>	<u>3.71</u>	<u>3.34</u>
Total Cost per Inmate Day	\$34.43	\$30.09	\$26.92	\$26.88	\$25.80	\$23.20

<sup>a/</sup> Inside Feeding; the component cost for a facility with outside food service is \$3.64 per day.

DISADVANTAGES

1. Inequities inherent in the present system are perpetuated.
2. In reality, there is no real correlation between total direct costs and administrative overhead. Increases in direct costs such as food and utilities have no effect on administrative overhead costs.
3. The 1981-82 Budget figures represent unaudited data; therefore, the administrative overhead percentage is computed using figures which may not accurately reflect actual cost.
4. Appropriates an amount for administrative overhead but does not identify how the money should be spent.
5. Gives no direct consideration to the number of personnel needed to provide support services nor appropriate salary ranges of administrative personnel.

ALTERNATIVE 2

Establish a per diem administrative overhead rate based on historical costs.

Use the data from the 1981-82 approved budgets from a representative sample of vendors and compute the average administrative cost per inmate day. The cost per inmate day would be \$4.14 based on data that vary as much as 43 percent from one facility to another. (See Table 42.)

ADVANTAGE

The per diem rate is easily incorporated into the overall rate structure.

DISADVANTAGES

1. The 1981-82 Budget figures represent unaudited data; therefore, the per diem rate is computed using figures which may not accurately reflect actual costs.
2. Appropriates an amount for administrative overhead but does not identify how the money should be spent.
3. Gives no direct consideration to the number of personnel needed to provide support services nor appropriate salary ranges of administrative personnel.
4. Does not recognize the fact that administrative costs on a per diem basis increase as the number of inmates decreases and vice versa.

Alternative 2  
Computation of Administrative Cost Per Inmate Day  
Based on Historical Costs

<u>Program</u>	<u>Facility</u>	<u>No. of Inmates</u>	<u>Admin. Costs</u>	<u>Admin. Costs Per Inmate</u>
Turning Point	Bakersfield	11	19,815	4.94
Eclectic Communications, Inc.	Santa Barbara	15	23,232	4.24
Span, Inc	Upland	25	37,008	4.05
VOA - Oakland	Oakland (East)	28	45,190	4.42
Eclectic Communications, Inc.	Marvin Gardens	32	49,791	4.25
Span, Inc.	Pasadena	35	46,597	3.65
VOA - Los Angeles	La Cienega	37	63,402	4.69
VOA - San Diego	San Diego	40	50,481	3.46
VOA - Oakland	Oakland (West)	44	68,279	4.25
		267	403,795	4.14 <sup>1/</sup>

<sup>1/</sup> Under this alternative, all programs would receive \$4.14 per inmate per day as reimbursement for administrative overhead costs.

### ALTERNATIVE 3

Use the model facility concept to establish an administrative overhead rate.

Identify the support services necessary to administer the CDC Re-Entry Work Furlough program and determine the cost of providing such services in terms of salaries, benefits and other administrative expenses.

To establish salary ranges, alternative sources include:

- State of California Pay Scales
- Bureau of Labor Statistics - Wage Survey
- Current salaries for halfway house employees
- Salaries of employees in comparable social service programs

The use of State of California Pay Scales is the recommended alternative since salary information is readily available for all classifications on a continuous basis. Salary ranges of employees in comparable social service programs are not so readily available and the Bureau of Labor Statistics' wage surveys do not include professional classifications such as executive directors and administrative assistants. (See Appendices 15-A through 15-G for administrative functions, examples of current administrative staffing patterns, and salary data on administrative positions.)

To determine the cost factor for employee benefits, compare amounts paid by the private RWF facilities currently under contract with those paid by residential care facilities and related fields and calculate the mean which is 20.02 percent. (See Appendix 15-H.)

Administrative costs other than staff include such items as insurance, travel and consultant expenses. To determine the cost factor for costs other than staff, use historical data to compute the percentage that "other costs" represents of total salaries and benefits which is 31.82 percent. Administrative costs other than staff can then be included in the rate as a percentage of total salaries and benefits. (See Appendix 15-I.)

Table 43 displays the recommended salary ranges and position equivalents for administrative staff. The salary ranges are based on State of California Pay Scales and, although the position equivalents are subjective, it is felt that they closely approximate the norm.

Administrative overhead cost, using the model facility concept, results in the component costs within the rate structure as shown in Table 44.

### ADVANTAGES

1. Is not tied to total direct costs.
2. Is not based on total unaudited direct cost data.

TABLE 43

**Alternative 3**  
**Recommended Salaries and Position Equivalents**  
**for Administrative Staff**

Functions	State of Calif. Salary Range	Recommended Monthly Salary			
		1-10 & 11-15 Beds	16-25 Beds	26-32 & 33-40 Beds	41-50 Beds
Executive Director Position Equivalent	\$2,621-3,481	\$2,621 0.15	\$2,900 0.15	\$3,300 0.15	\$3,481 0.15
Assistant Director Position Equivalent	2,621-3,167	—	—	2,750 <sup>a/</sup> 0.10	3,000 0.20
Administrative Assistant Position Equivalent	1,724-2,501	1,725 0.15	1,875 0.20	2,000 0.20	—
Accountant Position Equivalent	1,025-2,501	—	—	1,500 0.30	1,725 0.35
Secretary Position Equivalent	785-1,559	—	—	1,200 0.35	1,310 0.40
Secretary/Bookkeeper Position Equivalent	1,145-1,463	1,325 0.35	1,500 0.50	—	—

<sup>a/</sup> For 33-40 bed facility only

Maximum Allowable Administrative Costs  
Per Month Using Alternative 3

TABLE 44

Category	1-10 Beds	11-15 Beds	16-25 Beds	26-32 Beds	33-40 Beds	41-50 Beds
<b>I. Salaries</b>						
Executive Director	393	393	435	495	495	522
Assistant Director	—	—	—	—	275	600
Admin. Asst-Director of Programs	259	259	375	400	400	—
Accountant	—	—	—	450	450	604
Secretary	—	—	—	420	420	524
Secretary/Bookkeeper	464	464	750	—	—	—
<b>Total Salaries</b>	<u>1,116</u>	<u>1,116</u>	<u>1,560</u>	<u>1,765</u>	<u>2,040</u>	<u>2,250</u>
<b>II. Benefits</b>						
Employee Benefits at 20.02% of Salaries	223	223	312	353	353	450
<b>Total Salaries &amp; Benefits</b>	<u>1,339</u>	<u>1,339</u>	<u>1,872</u>	<u>2,118</u>	<u>2,393</u>	<u>2,700</u>
<b>III. Other Costs</b>						
Operating Expenses at 31.82% of Salaries & Benefits	426	426	596	674	761	859
<b>Total Monthly Admin. Costs</b>	<u>1,765</u>	<u>1,765</u>	<u>2,468</u>	<u>2,792</u>	<u>3,154</u>	<u>3,559</u>
<b>Total Component Cost at 90% Occupancy</b>	\$6.45	\$4.30	\$3.61	\$3.19	\$2.88	\$2.60

3. Identifies administrative functions necessary to administer CDC Re-Entry Work: Furlough contracts.
4. Utilizes the model facility concept to determine the cost of providing administrative services in terms of salaries, employee benefits and operating expenses. This is consistent with the methodology used to determine direct costs in the RWF facilities.
5. The inequities inherent in the current system are eliminated.
6. Vendors are provided with some indication of how the Department expects the money to be spent in terms of salaries, benefits and operating expenses.

#### DISADVANTAGES

1. Without the benefit of a work sampling study or administrative staff time reports, the position equivalents are subjective at this point.
2. There may be differences of opinion between CDC personnel and the vendors regarding allowable salary ranges and the level of employee benefits.
3. This methodology is considerably more complicated than the other alternatives and involves a detailed analysis of the nature of administrative costs (fixed vs. variable).
4. It is much more difficult to utilize the model facility concept in determining the cost of administrative support services. The RWF facilities can be standardized fairly easily since there is not much variation from one facility to another. On the other hand, Re-Entry Work Furlough represents only one of several programs operated by some of the corporations. Since each of the programs received support services from the administrative unit, the size and structure of the administrative unit can vary considerably from corporation to corporation due to the number, size and type of programs operated.
5. The model facility concept is less applicable to administrative overhead because the Department has less control over administrative costs which are indirectly associated with CDC contracts.

#### ALTERNATIVE 4

Include administrative overhead as a percentage of the direct cost of salaries and benefits.

Use the 1981-82 approved budgets from a representative sample of vendors and compute the administrative cost percentage for each vendor in the sample. Determine the annual cost of salaries and benefits for each of the six model facilities based on the established per diem rates. Apply the average administrative cost percentage of 22.77 percent to the cost of

salaries and benefits to each contracted facility in order to determine the estimated annual cost of their administrative overhead. Convert the cost of administrative overhead to a per diem component cost. (See Appendices 16A through 16C for computations.)

#### ADVANTAGES

1. Is easily incorporated into the rate structure.
2. Is impartial and applies to all vendors regardless of program size.
3. Eliminates some of the inequities inherent in the present system by divorcing administrative costs from direct operating expenses such as rent, utilities and food costs.
4. Many State departments including the Department of Alcohol and Drug Programs treat administrative overhead as a function of total direct cost of salaries and wages.
5. The United States Office of Management and Budget endorses the policy of allocating administrative overhead costs as a percentage of total direct costs or total cost of salaries and wages.

#### DISADVANTAGES

1. Appropriates an amount for administrative overhead but does not identify how the money should be spent.
2. Gives no direct consideration to the number of personnel needed to provide support services or appropriate salary ranges of administrative personnel.
3. Assumes that the per diem amount established for salaries and benefits is accurate.
4. The 1981-82 budget figures from the sample vendors represent unaudited data; therefore, the administrative overhead percentage is computed using figures which may not accurately reflect actual cost.

#### ALTERNATIVE 5

Use correlation and regression analysis to establish an administrative overhead rate.

Use the correlation and regression analysis to determine if there is a relationship between administrative costs and the cost of salaries and benefits for RWF staff and to measure the degree of the relationship. If a significant relationship exists, use regression analysis to estimate applicable administrative costs based on the direct cost of salaries and

benefits as established for the model facilities. (See Appendices 17A through 17C for a description of correlation and regression analysis and Appendix 17D for the computation of annual administrative overhead costs, then per diem component costs by facility bed capacity.)

#### ADVANTAGES

1. Is easily incorporated into the rate structure.
2. By using either the regression line or the regression line equation, administrative costs can be easily and accurately estimated for any amount of total salaries and benefits cost.
3. Is based on a methodology proven to be statistically accurate.
4. Many State departments including the Department of Alcohol and Drug Programs treat administrative overhead reimbursement as a function of total direct cost of salaries and wages.
5. The United States Office of Management and Budget endorses the policy of allocating administrative overhead costs as a percentage of total direct costs or total direct cost of salaries and wages.
6. Eliminates some of the inequities inherent in the present system by divorcing administrative costs from direct operating expenses such as rent, utilities and food costs.

#### DISADVANTAGES

1. Appropriates an amount for administrative overhead but does not identify how the money should be spent.
2. Gives no direct consideration to the number of personnel needed to provide support services or appropriate salary ranges of administrative personnel.
3. Assumes that the per diem amount established for salaries and benefits is accurate.

#### RECOMMENDATION

Use Alternative 5, correlation and regression analysis, to establish the administrative overhead rate. The administrative overhead rate would apply to all facilities including those which do not have centralized services. The administrative functions, some of which include contract negotiations, policy formulation, program evaluation, personnel administration, accounting and fiscal management, are activities vital to the operation of the program. All of these activities must be performed whether or not the program has centralized services. These administrative costs are not included in the proposed salary structure for direct RWF facility staff.

FISCAL IMPACT

Although it provides the most conservative estimate of administrative costs, Alternative 5 is the most statistically accurate. Like Alternatives 1, 2 and 4, this method used unaudited historical data; however, this situation would be eliminated after the first year by which time the Audit/Rate Development Section will have completed several audits of RWF programs.

The resulting component costs for Alternatives 4 and 5 closely approximate each other, especially in the 26-32, 33-40 and 41-50 bed size categories as illustrated in Table 45 which compares all the alternatives. The two methods used to determine the component costs, however, are quite different. Interpreting the two methods, Alternative 4 implies that regardless of the level of salaries and benefits, applicable administrative costs will always approximate 22.77 percent of that amount. Alternative 5 on the other hand not only verifies that 22.77 percent is a good estimate of the average administrative cost percentage but also provides a better statistical description of the relationship between administrative costs and the cost of salaries and benefits. The results of the regression analysis used in Alternative 5 indicate that rather than a constant percentage as Alternative 4 suggests, the administrative cost percentage actually increases as the cost of salaries and benefits increases. The increase is substantial at first, then gradually slows and levels off at approximately 24 percent.

The principal reason for the increase in the administrative cost percentage is that for the larger programs such as VOA, Los Angeles and SPAN, Inc. the administrative office is located separate from the facility and as a result, the administrative costs of the program include not only the personnel costs of the administrative staff but also the operating costs associated with the administrative office.

The increase in the administrative cost percentage is illustrated by the graph and figures shown on Table 46. They show the closeness of the two alternatives. Alternative 4 is represented by the dashed line and Alternative 5 is represented by the solid line. Administrative costs computed by these two alternative methods closely approximate one another within the salary and benefit cost range of \$80,000 through \$240,000 annually where eight of the nine facilities in the administrative overhead sample fall.

Alternative 5 has a distinct advantage over Alternative 4 in that it recognizes the increase and decrease in the administrative cost percentage in relation to the level of salaries and benefits and precludes the possible over-reimbursement of smaller programs and under-reimbursement of larger programs which could be a possible effect on the straight percentage suggested by Alternative 4.

TABLE 45

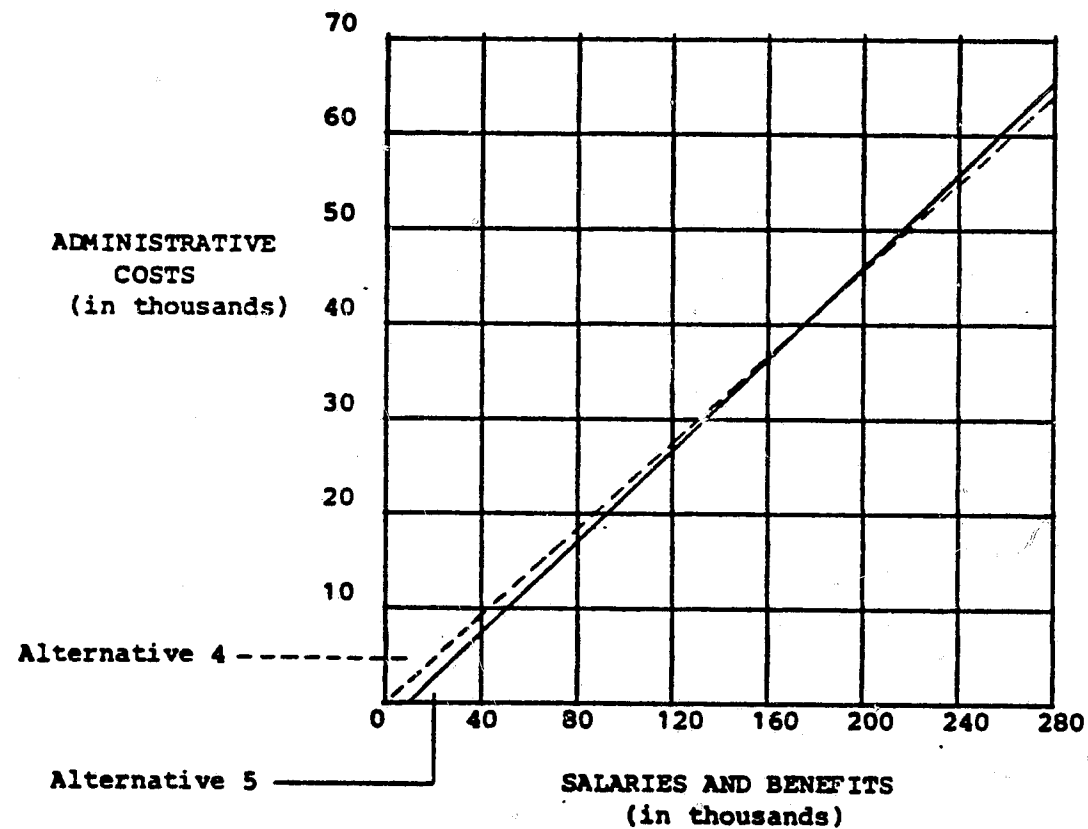
Comparison of Administrative Overhead Rates  
Expressed as Per Diem Component Costs

Bed Capacity	Alternative				
	#1	#2	#3	#4	#5
1-10	\$5.37	\$4.14	\$6.45	\$4.57	\$4.12
11-15	4.89	4.14	4.30	4.01	3.77
16-25	3.87	4.14	3.61	3.38	3.29
26-32	3.87	4.14	3.19	3.50	3.48
33-40	3.71	4.14	2.88	3.39	3.41
41-50	3.34	4.14	2.60	2.79	2.81



**Administrative Overhead  
Relationship to Salaries and Benefits  
Comparison of Alternative 4 (Constant Percent)  
and 5 (Correlation and Regression Analysis)**

Table 46



Salaries & Benefits Amount	Administrative Costs		Administrative Costs	
	Alternative 4 Amount	%	Alternative 5 Amount	%
\$ 20,000	\$ 4,554	22.77%	\$ 2,492	12.46%
40,000	9,108		7,304	18.26
60,000	13,662		12,116	20.19
80,000	18,216		16,928	21.16
100,000	22,770		21,740	21.74
120,000	27,324		26,552	22.13
140,000	31,878		31,364	22.40
160,000	36,432		36,176	22.61
180,000	40,986		40,988	22.77
200,000	45,540		45,800	22.90
220,000	50,094		50,612	23.00
240,000	54,648		55,424	23.09
260,000	59,202		60,236	23.17
280,000	63,756		65,048	23.23
-	-		-	-
500,000	113,850		117,979	23.60
-	-		-	-
\$1,000,000	\$227,700		\$238,280	23.83%

Excessive rent costs push up the contractor's administrative overhead reimbursement. It is apparent that the sampled contractors were receiving an excessive amount of reimbursement for administrative overhead. The audit findings of some of the programs support this.

The cost and staff allocation schedules shown in Appendices 17E through 17P show that the administrative overhead rate established under Alternative 5 provides an adequate level of reimbursement. As was the case with Alternative 3, the position equivalents are somewhat subjective due to the lack of a work sampling study and administrative staff time reports.

The Administrative Secretary was allowed a higher base salary than the Secretary/Administrative Assistant who works directly in the facility due to the increased level of responsibilities associated with the administrative function.

The level of benefits for the administrative staff is higher than that of the facility staff (20.02% vs. 16.08%) due to the fact that: 1) there is a significantly higher turnover rate for facility staff; and 2) the benefit packages for the administrative staff including the Executive Director and Assistant Director usually include additional items such as retirement plans which are not available to all employees.

Alternative 5, correlation and regression analysis, the recommended method, produces the following component costs within the per diem reimbursement rates:

Facility Bed Capacity	Administrative Overhead Per Diem
1-10	\$4.12
11-15	3.77
16-25	3.29
26-32	3.48
33-40	3.41
41-50	2.81

ISSUE

How should medical expenses be paid for residents of the Re-Entry Work Furlough facilities?

DISCUSSION

During the six-month period from July 1, 1981 through December 31, 1981, the residents of the 14 private RWF facilities incurred medical expenses totaling \$1,477.55.

Medical services ranged from emergency hospital room treatment to a stress physical examination in a clinic. These costs were for local medical services authorized by the facility manager or re-entry specialist as outlined in the Classification Manual. All medical costs were directly paid by the Department to the medical facility where the service was rendered.

If prolonged treatment which may include hospitalization is required, the policy of the Parole and Community Services Division is to contact a designated chief medical officer in a CDC institution hospital to determine the most appropriate and cost-effective place of treatment.

RECOMMENDATION

Treatment for medical needs should be authorized by the facility manager and by the Regional Re-Entry staff. Reasonable medical, surgical and dental care for RWF facility participants will be provided by community medical care providers. Regional Re-Entry Administrators will provide information regarding such community care providers and consult with the CDC chief medical officers in cases where unusually expensive and/or extended treatment appears necessary.

Medical, surgical and dental costs paid by the CDC should not exceed the Schedule of Maximum Allowances published by the Department of Health Services for Medi-Cal Program outpatient care even though in no circumstances are residents of an RWF facility eligible for Medi-Cal.

Employed RWF facility residents are to be encouraged to use their employer-provided plan or their own resources to cover the cost of such medical and dental care.

SUMMARY

All RWF facility residents' emergency medical treatment will be paid directly by the Department and it will not be included in the proposed per diem rates.

ISSUE

How should profit for proprietary facilities be treated in the proposed rate structure?

DISCUSSION

A proprietary facility is defined as a "for profit" facility as opposed to one that has filed with the State of California for nonprofit status.

Under the current CDC policy, proprietary facilities are paid a proprietary fee which usually amounts to about ten percent of total budgeted costs. This method of computing a proprietary fee has certain built-in inequities. Establishing profit as a percentage of budgeted costs means that those facilities with higher budgeted costs such as rent, food, utilities, etc. receive a greater amount of profit.

At the same time, those facilities with efficient operations which are able to provide quality service at a reduced cost receive a lesser amount of profit. In addition to containing an element of unfairness, this method tends to encourage proprietary facilities to maintain costs at a level which assures maximum profit without exceeding their budget.

Under the current policy, it is possible for proprietary facilities to realize an extremely high rate of return on their investment. To illustrate this, suppose the following:

Proprietary Facility:	Bed Capacity	=	38
	Annual Budgeted Costs	=	\$450,000
	Annual Profit at 10%	=	45,000
	Total Annual Budget	=	495,000
	Cost Per Inmate	=	35.69/day

If the owners have \$100,000 of net worth in this facility, the rate of return on their investment (before taxes) would amount to 45 percent (\$45,000 profit : \$100,000 net worth). Even if the owners had \$150,000 of net worth, which is unlikely, the rate of return would still be high at 30 percent. As a comparison, the Department of Health Services currently computes a return on net worth as a part of the Medi-Cal Program rates for Skilled Nursing Facilities (SNFs) and Intermediate Care Facilities (ICFs). The rate of return, which is determined by the Federal government's Health Care Financing Administration for all states' Medicaid Programs including California's Medi-Cal Program, is approximately 22 percent at the present time. The Department of Developmental Services uses this same rate of return to compute the proprietary fee for Residential Care Facilities.

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<sup>1/</sup> Section 1202.4, Health Insurance Manual-15, (Washington D.C.: Department of Health and Human Services, revised 2/78).

ALTERNATIVES

There are two alternatives for establishing a proprietary fee for RWF facilities based on a return on investment (ROI). Both alternatives involve estimating the average equity capital of the owners since this information is not currently available. The present system of data collection only includes revenue (contractor's fee and inmate contributions) and expenses but does not include assets and liabilities.

ALTERNATIVE 1

Establish an ROI proprietary fee based on a rate of return of 150 percent of the prime lending rate.

Table 47 shows the calculations used to estimate average investment of the owners.

For this first year of the reimbursement rate, 1982-83, the average of the prime interest rate for the period October 1, 1981 through February 1, 1982 was used which was 16.5 percent. The recommended 150 percent of this average prime interest rate is 24.75 percent and is used in Table 48. For subsequent fiscal years, 150 percent times the average prime interest rate for the 12-month period January 1 through December 31, 1982 would be used. See Table 48 for the computation of the return on investment and the per diem rate for 1982-83.

ADVANTAGES

1. The amount of profit can be easily calculated.
2. The rate of return applies uniformly to all vendors regardless of facility size.
3. By not tying profit to budgeted costs, the inequities inherent in the current method are eliminated.
4. The per diem rate for profit, as opposed to a fixed amount, provides an incentive for vendors to fill vacant beds. The more participants the vendor houses, the more profit s/he receives.
5. The rate of return is high enough to attract available investment capital. The owners are guaranteed a rate of return approximating 25 percent with limited risk.
6. Eliminates the negotiation process for determining profit.
7. Provides an incentive for the vendors to invest more of their own capital.

DISADVANTAGE

The average amount of investment has to be estimated due to the lack of balance sheet data.

Table 47

<u>Estimated Investment</u>		<u>Estimated Investment</u>	
<u>1-10 Beds</u>		<u>26-32 Beds</u>	
Rent - first three months at \$731 per month	\$ 2,193	Rent - first three months at \$2,338 per month	\$ 7,014
Attorney Fees - 7 hours at \$75/hr.	525	Attorney Fees - 7 hours at \$75/hr.	525
Permits, license fees, etc.	1,000	Permits, license fees, etc.	1,000
Administrative Costs - 3 months at \$2,823 per month	3,828	Administrative Costs - 3 months at \$2,736 per month	8,208
Cash Flow Needs - 3 months reserve, 9.5 beds at \$30.15 per inmate	25,136	Cash Flow Needs, - 3 months reserve, 30.4 beds at \$20.55 per inmate	57,006
<b>Estimated Investment</b>	<b><u>\$33,682</u></b>	<b>Estimated Investment</b>	<b><u>\$ 73,753</u></b>
 <u>11-15 Beds</u>		 <u>33-40 Beds</u>	
Rent - first three months at \$1,096 per month	\$ 3,288	Rent - first three months at \$2,922 per month	\$ 8,766
Attorney Fees - 7 hours at \$75/hr.	525	Attorney Fees - 7 hours at \$75/hr.	525
Permits, license fees, etc.	1,000	Permits, license fees, etc.	1,000
Administrative Costs - 3 months at \$1,823 per month	5,469	Administrative Costs - 3 months at \$3,375 per month	10,125
Cash Flow Needs - 3 months reserve, 14.25 beds at \$27.28 per inmate	35,472	Cash Flow Needs - 3 months reserve, 38.0 bed at \$18.81 per inmate	65,224
<b>Estimated Investment</b>	<b><u>\$45,754</u></b>	<b>Estimated Investment</b>	<b><u>\$ 85,640</u></b>
 <u>16-25 Beds</u>		 <u>41-50 Beds</u>	
Rent - first three months at \$1,826 per month	\$ 5,478	Rent - first three months at \$3,653 per month	\$ 10,959
Attorney Fees - 7 hours at \$75 hr.	525	Attorney Fees - 7 hours at \$75/hr.	525
Permits, license fees, etc.	1,000	Permits, license fees, etc.	1,000
Administrative Costs - 3 months at \$2,172 per month	6,516	Administrative Costs - 3 months at \$3,767 per month	11,028
Cash Flow Needs - 3 months reserve, 23.75 beds at \$21.50 per inmate	46,594	Cash Flow Needs - 3 months reserve, 30.4 beds at \$20.55 per inmate	76,805
<b>Estimated Investment</b>	<b><u>\$60,113</u></b>	<b>Estimated Investment</b>	<b><u>\$100,317</u></b>

Table 48

Calculation of Return on Investment  
and Per Diem Rate Component  
Using Alternative 1

	1-10 Beds	11-15 Beds	16-25 Beds	26-32 Beds	33-40 Beds	41-50 Beds
Estimated Investment (Table 47)	\$33,682	\$45,754	\$60,113	\$73,753	\$85,640	\$100,317
Rate of Return <sup>1/</sup>	24.75%	24.75%	24.75%	24.75%	24.75%	24.75%
Annual Return on Investment	\$ 8,336	\$11,324	\$14,878	\$18,254	\$21,196	\$ 24,828
Per Diem Rate <sup>2/</sup>	\$ 2.54	\$ 2.30	\$ 1.81	\$ 1.74	\$ 1.61	\$ 1.51

<sup>1/</sup> 150 percent of the average prime rate of interest on corporate loans at large U.S. money center commercial banks for the period from October 1, 1981 through February 1, 1982.

<sup>2/</sup> At 90% occupancy.

#### ALTERNATIVE 2

Adopt the Medi-Cal Program's rate of return on equity for Skilled Nursing Facilities and Intermediate Care Facilities.

Use the estimated amounts of investment as computed for Alternative 1. Apply the Medi-Cal Program's rate of return on equity which is 22.88 percent as of December 31, 1981. See Table 49 for computation of the return on investment and the per diem rate component cost using Alternative 2.

#### ADVANTAGES

1. The amount of profit can be easily calculated.
2. The rate of return applies uniformly to all vendors regardless of facility size.
3. By not tying profit to budgeted costs, the inequities inherent in the present method are eliminated.
4. The per diem rate for profit, as opposed to a fixed amount, provides an incentive for vendors to fill vacant beds.
5. Eliminates the negotiation process for determining profit.
6. Provides an incentive for the vendors to invest more of their own capital.

#### DISADVANTAGES

1. The average amount of investment has to be estimated due to the lack of balance sheet data.
2. The Medi-Cal rate represents the percentage equal to one and one-half times the average of the rates of interest on special issues of public debt obligations issued to the Federal Hospital Insurance Trust Fund for each of the months during the provider's reporting period. It would appear to be illogical to link ROI for work furlough facilities with the rate used for skilled nursing and intermediate care facilities due to the fact that the medical and correctional fields are not homogeneous.

#### ALTERNATIVE 3

Establish a proprietary fee at ten percent of the estimated cost of the contract.

The per diem rate for profit is calculated at ten percent of the total of the cost components established for the model facilities. This method differs from the present method in that profit is treated as variable rather than fixed. The level of profit varies in accordance with the level of occupancy. See Table 50 for computation of the return on investment and the per diem rate component cost.

Table 49

Calculation of Return on Investment and  
Per Diem Rate Component Cost  
Using Alternative 2

	1-10 Beds	11-15 Beds	16-25 Beds	26-32 Beds	33-40 Beds	41-50 Beds
Estimated Investment (Table 47)	\$33,682	\$45,754	\$60,113	\$73,753	\$85,640	\$100,317
Rate of Return <sup>1/</sup>	22.88%	22.88%	22.88%	22.88%	22.88%	22.88%
Annual Return on Investment	\$ 7,706	\$10,469	\$13,754	\$16,875	\$19,594	\$ 22,953
Per Diem Rate Component Cost <sup>2/</sup>	\$ 2.35	\$ 2.12	\$ 1.67	\$ 1.61	\$ 1.49	\$ 1.40

150

<sup>1/</sup> Represents the percentage equal to 150 percent times the average of the rates of interest on special issues of public debt obligations issued to the Federal Hospital Trust Fund for the previous 12-month period.

<sup>2/</sup> At 90% occupancy.

**CONTINUED**

**2 OF 5**



Table 50

Calculation of Return on Investment and  
Per Diem Rate Component

Using Alternative 3

Rate Components	1-10 Beds	11-15 Beds	16-25 Beds	26-32 Beds	33-40 Beds	41-50 Beds
Salaries & Benefits	\$20.07	\$17.63	\$14.86	\$15.38	\$14.89	\$12.25
Rent	2.53	2.53	2.53	2.53	2.53	2.53
Food	5.74	4.73	5.04	4.54	4.18	4.60
Transportation	.54	.41	.29	.26	.23	.21
Equipment	.61	.47	.34	.31	.27	.28
Operating Expenses	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	4.12	3.77	3.29	3.48	3.41	2.81
Estimated Cost <sup>1/</sup>	\$36.13	\$32.06	\$28.87	\$29.02	\$28.03	\$25.20
Proprietary Fee	10%	10%	10%	10%	10%	10%
Component Rate	\$ 3.61	\$ 3.21	\$ 2.89	\$ 2.90	\$ 2.80	\$ 2.52
Annual Profit <sup>1/</sup>	\$11,859	\$15,817	\$23,734	\$30,485	\$36,792	\$41,391

<sup>1/</sup> At 90% occupancy.

ADVANTAGES

1. Avoids having to estimate the average amount invested by the owners.
2. The ten percent profit factor applies uniformly to all vendors.
3. Eliminates the negotiation process for determining profit.
4. The per diem rate for profit provides an incentive for the vendor to fill vacant beds.
5. Most of the inequities inherent in the present method are eliminated since the per diem rate is based on the standard cost components for the model facilities. The cost components are uniform for each facility within the same facility size category.

DISADVANTAGES

1. Under this method, there is little incentive for the vendors to invest any more than the minimum amount necessary to cover the initial start up costs. The greater the amount of vendor invested capital, the greater the degree of concern they will have for the successful and efficient operation of the program.
2. There is a potential for vendors, with a very minimal investment, to realize a rate of return in excess of 50 percent. In essence, the vendors are earning a profit on the Department's investment rather than their own investment.

RECOMMENDATION

Establish a proprietary fee based on a rate of return on investment of 150 percent of the prime lending rate, Alternative 1.

The additional 50 percent establishes a rate of return which is high enough not only to attract initial investment capital, but also creates an incentive for vendors to invest more of their own capital when necessary to maintain or improve operations. Generally, small businesses can obtain financing at anywhere from 20 percent to 30 percent above the prime rate. Therefore, setting the rate of return at 50 percent above the prime rate also serves to compensate vendors for the time, effort, cost and risk involved in obtaining the funding necessary to start up an RWF facility.

A return on investment is the preferred method for determining profit due to the fact that the amount of profit is directly tied to owner investment. The greater the amount of the owner's investment, the more concern they will have for the success of the program.

Although this method involves estimating average owner investment, this problem would be resolved after the first year. By that time, the Audit Unit will have completed several audits of RWF facilities and collected information regarding owners' equity and capital investments. Future reimbursement rates will be based on actual rather than estimated owners' equity.

The recommended proprietary fees for private Re-Entry Work Furlough facility operators are as follows:

RECOMMENDED  
PROPRIETARY FEE SCHEDULE

<u>Bed Capacity</u>	<u>Component Rate</u>
1-10	\$2.54
11-15	2.30
16-25	1.81
26-32	1.74
33-40	1.61
41-50	1.51

#### ISSUE

How should the new Re-Entry Work Furlough facility be reimbursed during the start up period when there are an insufficient number of Department of Corrections residents to sustain operations under a component rate structure?

#### DISCUSSION

Under the present system, CDC reimburses all approved actual costs incurred by a private Re-Entry Work Furlough facility. However, under the recommended component rate structure, there will be a brief period when a new facility will not have enough residents to meet actual costs. Therefore, consideration must be given to that period of time immediately after contract approval and prior to breakeven occupancy.

#### RECOMMENDATION

The CDC will reimburse a new facility its actual costs for a period of three months or until 90 percent occupancy is reached, whichever occurs first. This will allow the new facility vendor adequate funds to meet the financial obligations with low occupancy.

Tables 51 through 56 indicate the recommended maximum three-month incremental budgets for the proposed start up period for the different bed capacity facilities.

Within the three-month period, CDC will provide the facility with an increasing number of residents to reach 90 percent occupancy in the third month. This will allow for a transition for both the facility and CDC. The facility will be able to gradually increase staff and implement procedural policy training, while CDC will have adequate opportunity to screen and transport residents, as well as monitor the facility's developing program. Also, the full complement of equipment and supplies can be purchased during the initial start up period. At the end of the three-month period or at 90 percent occupancy, whichever comes first, the facility will be reimbursed under the proposed component rate structure.

#### Developing the Start Up Budgets

The start up budget submitted by a proposed contractor can vary from the budget category costs recommended in this section of the rate study so long as the total start up budget costs (excluding equipment, proprietary fee and facility lease/use costs) do not exceed the total recommended start up budget costs. Using the specific recommendations in this study, the following paragraphs describe how a start up budget for a model facility could be developed and a resultant start up budget for each bed capacity category is provided. Note that there are definite requirements for equipment purchase, and a ceiling for proprietary fee and facility lease/use costs.

The staffing pattern for the model start up budget was derived from the recommended staffing pattern for the model facility. For example, a facility having a capacity of 50 beds would receive residents in increments of 15 until 90 percent occupancy of 45 is reached. Therefore, it is only necessary to hire staff for the first month at the 15-bed facility level. In the second month, with residents increasing from 15 to 30, the staffing patterns can be increased following the suggested staffing for facilities in the 26-32 bed range and so on. However, CDC recognizes the need for concentrated management attention during this start up period. Therefore, the facility may hire a full-time facility manager in the first month at full salary for the 50-bed facility. Monitors also can be compensated in the first month at the 50-bed facility salary instead of at the 15-bed facility level. (See Tables 53 through 56.)

Equipment costs will be budgeted in accordance with the standardized equipment list taking into consideration vendor-owned equipment and facility layout. The contractor will be required to obtain prior written approval before any equipment is purchased. The contractor will continue to solicit at least three competitive bids for the purchase of equipment necessary to operate the facility. The competitive bids will be forwarded to the State Department of Corrections, Administrative Services Division, Business Services Section, via the Regional Parole Administrator, for approval. The lowest bid cannot exceed State procurement prices for similar equipment items on the list provided. The equipment purchased will remain State property and will be decaled accordingly. Equipment inventory will be taken at the end of the contract period and the contractor will be accountable for all equipment purchased. The contractor will be allotted a gross sum based on the bids and necessity based on facility size. For example, a contractor will be allowed to purchase no more than 35 beds for a 35-bed facility. (See equipment lists which follows the start up budgets at the end of this section.)

Operating costs used for model start up budgets were from historical data adjusted for inflation to reflect current economic levels. Operating costs have been identified as having the characteristics of fixed costs for this short-run period as defined under the step variable cost discussion in the section "Operating Costs". Therefore, actual operating costs will be reimbursed as if the facility were 90 percent occupied to cover initial outlays for communications, utility, insurance and supply costs. As mentioned earlier, at the end of the three-month start up period or attainment of 90 percent occupancy, the vendor will begin to be reimbursed under the rate structure.

Food costs for the model start up budget were calculated at the component rate level. The raw food costs are \$2.73 per resident per day. The food preparation cost or cook's salary is indicated in the accompanying start up budgets by month of operation, facility size and occupancy.

On the other hand, if the facility does not provide in-house meals, the raw food cost and cook's salary should be eliminated. For the facilities in which the residents must buy and prepare their own food, \$3.64 should be budgeted per resident per day. This is the rate allowed by the USDA Human Nutrition Information Service as published in Family Food Budgeting...For Good Meals and Good Nutrition and recommended as the outside food service cost component rate.

The program transportation start up costs for the six size range facilities are:

Facility Bed Capacity	Start Up Period Bed Days	Per Diem Component Rate	Total 3-Mo Reimbursement	Total Miles Allocated at 21¢/mile
1-10	548	\$ .54	\$296	1,410
11-15	882	.41	362	1,724
16-25	1,369	.29	397	1,890
26-32	1,795	.26	467	2,224
33-40	2,190	.23	504	2,400
41-50	2,738	.21	575	2,738

The dollar amounts were determined by multiplying the number of participant days during the start up period by the component rate and may be utilized as necessary during this period. This recognizes the possibility that more travel may be necessary at the beginning of the contract period for such needs as resident employment contacts, community resource development and staff training. However, these costs should be regarded as the three-month ceiling and should not be exceeded.

As described in the rate study, the component rate for administrative overhead is a percentage of total salaries and benefits. Therefore, the amount allowed during the start up period will be the administrative overhead component rate divided by the salaries and benefits component rate. This percentage will then be multiplied by total personnel costs to determine the allowable start up period administrative overhead costs. For example, the allowable start up administrative overhead cost for a 40-bed Los Angeles facility would be determined as follows:

\$ 3.41 administrative overhead component rate  
+ 14.89 staffing component rate  
\$ .2290 or 22.90 percent

\$39,108 total start up personnel costs  
x .2290  
\$ 8,956 start up administrative overhead costs

Facility lease or use costs will be reimbursed at cost subject only to the ceiling described in the Facility Lease/Use Cost section. This lease cost reimbursement will be an appendage to the rest of the start up budget.

The allowable monthly proprietary fee during the start up period is found by multiplying the maximum number of participant days times the recommended per diem component rate. For each facility's start up budget, the maximum number of participant days is determined by multiplying the facility's total bed capacity times 90 percent for the three month period.

The per diem component rates for proprietary fee are:

Facility Bed Capacity	Per Diem Component Rate
1-10	\$2.54
11-15	2.30
16-25	1.81
26-32	1.74
33-40	1.61
41-50	1.51

The model start up budgets in Tables 51-56 below are for facilities in the Los Angeles-Long Beach area. For facilities in other geographic areas, multiply a) salaries and wages of positions except cook times the appropriate index immediately below, b) salary or wage for cook times the cook's salary index immediately below, and c) the sum of a) and b) times .1608 for fringe benefits.

	Index Sal & Wages Except Cook	Index Sal & Wages Cook
Anaheim-Santa Ana-Garden Grove	1.026	.982
San Diego (for Manager use 1.000)	.872	.920
Sacramento	1.054	1.030
San Francisco-Oakland	1.080	1.113
San Jose	1.047	1.030
Fresno	.936	.900

Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 1-10 Bed Facilities

Table 51

	Full Time Equivalent Positions	Monthly Salary	Monthly Costs	Total Budget Start Up Costs
<b>PERSONNEL COSTS</b>				
<u>Staffing for 1-3 Residents</u>				
Manager	.5	\$ 1,622	\$ 811	
Monitor	4.5	871	3,920	
Cook	.818	867	709	
Fringe Benefits at 16.08%			875	
				\$ 6,315
<u>Staffing for 4-6 Residents</u>				
Manager	.5	\$ 1,622	\$ 811	
Monitor	4.5	871	3,920	
Cook	.818	867	709	
Fringe Benefits at 16.08%			875	
				\$ 6,315
<u>Staffing for 7-9 Residents</u>				
Manager	.5	\$ 1,622	\$ 811	
Monitor	4.5	871	3,920	
Cook	.818	867	709	
Fringe Benefits at 16.08%			875	
				\$ 6,315
Total Personnel Costs				\$ 18,945
<u>OPERATING COSTS</u> (\$2.52 x 91.25 Bed Days x 9 Residents)				2,070
<u>EQUIPMENT ALLOWANCE</u> (See Tables 51.1, 51.3)				16,710
<u>FOOD COSTS</u>				
Inside Food Service (\$2.73 x 548 Participant Days)				1,496
Outside Food Service (\$3.64 x 548 Participant Days)				1,995
<u>PROGRAM TRANSPORTATION</u>				296
<u>ADMINISTRATIVE OVERHEAD</u>				
Inside Food Service (20.53% x \$18,945)				3,889
Outside Food Service (20.53% x \$16,476)				3,383
Total Budget Start Up Costs, with Inside Service				\$ 43,406
Total Budget Start Up Costs, with Outside Service				\$ 40,930

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.

Equipment List for Re-Entry Work Furlough Programs, 1-10 Bed Capacity

Table 51.1

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	1	280	20 years	280	14.00	1.17
	2. Chair, swivel, arm	1	95	10 years	95	9.50	.79
	3. Chair, side	2	55	15 years	110	7.33	.61
	4. Credenza/bookcase	1	70	20 years	70	3.50	.29
	5. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 19" color	1	350	5 years	350	70.00	5.83
	2. Sofa, 7 feet	1	375	5 years	375	75.00	6.25
	3. Coffee table	1	80	20 years	80	4.00	.33
	4. End table	2	70	20 years	140	7.00	.58
	5. Lamp table	2	45	10 years	90	9.00	.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box springs & mattress)	10	130	10 years	1,300	130.00	10.83
	2. Night stand	10	90	10 years	900	90.00	7.50
	3. Lamp, small table	10	30	10 years	300	30.00	2.50
	4. Four-drawer dresser	5	110	10 years	550	55.00	4.58
	5. Chair, metal frame	10	35	20 years	350	17.50	1.46
	6. Wardrobe locker	10	175	20 years	1,750	87.50	7.29

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mxr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	2	95	20 years	190	9.50	.79
2. Chair, dining	8	35	20 years	280	14.00	1.17

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	1	60	7 years	60	8.57	.71
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$165.91	Monthly depreciated value	\$16,710	\$1,990.93	\$165.91
+ 9	Number of residents at 90% occupancy			
\$ 18.43	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .61	Per resident per day			

Table 51.2

Additional Equipment List  
For Mother/Child Re-Entry Work Furlough Programs  
10 Beds Capacity

Item	Quantity	Unit Price	Estimated Useful Life	Cost	Yearly Dep. Value	Monthly Dep. Value
Large crib for child up to 6 years	10	\$ 90.00	5 yrs	\$ 900.00	\$180.00	\$ 15.00
Playpen	5	60.00	5 yrs	300.00	60.00	5.00
Stroller	5	65.00	3 yrs	325.00	108.33	9.03
<b>Total</b>				<b>\$1,525.00</b>	<b>\$348.33</b>	<b>\$29.03</b>

\$29.03 Monthly depreciated value  
+ 9 Number of residents at 90% occupancy  
+ 20.417 Days per month  
\$ .11 Per resident per day

Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 11-15 Bed Facilities

Table 52

	Full Time Equivalent Positions	Monthly Salary	Monthly Costs	Total Budget Start Up Costs
<b>PERSONNEL COSTS</b>				
<u>Staffing for 1-5 Residents</u>				
Manager	.75	\$ 1,622	\$ 1,216	
Monitor	4.5	871	3,920	
Cook	.818	867	709	
Fringe Benefits at 16.08%			940	
				\$ 6,785
<u>Staffing for 6-10 Residents</u>				
Manager	.75	\$ 1,622	\$ 1,216	
Monitor	4.5	871	3,920	
Cook	.818	867	709	
Fringe Benefits at 16.08%			940	
				\$ 6,785
<u>Staffing for 11-14 Residents</u>				
Manager	.75	\$ 1,622	\$ 1,216	
Monitor	5.50	871	4,791	
Sec./Admin. Asst.	.25	894	224	
Cook	.818	867	709	
Fringe Benefits at 16.08%			1,116	
				\$ 8,056
<b>Total Personnel Costs</b>				<b>\$ 21,626</b>
<b>OPERATING COSTS</b> (\$2.52 x 91.25 Bed Days x 13.5 Residents)				<b>3,104</b>
<b>EQUIPMENT ALLOWANCE</b> (See Table 52.1)				<b>20,715</b>
<u>FOOD COSTS</u>				
Inside Food Service (\$2.73 x 882 Participant Days)				2,408
Outside Food Service (\$3.64 x 882 Participant Days)				3,210
<b>PROGRAM TRANSPORTATION</b>				<b>362</b>
<u>ADMINISTRATIVE OVERHEAD</u> (21.38% x \$21,661)				
Inside Food Service (21.38% x \$21,626)				4,624
Outside Food Service (21.38% x \$19,157)				4,096
<b>Total Budget Start Up Costs, with Inside Service</b>				<b>\$ 52,839</b>
<b>Total Budget Start Up Costs, with Outside Service</b>				<b>\$ 50,644</b>

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.



Equipment List for Re-Entry Work Furlough Programs, 11-15 Bed Capacity

Table 52.1

Item	Description	Quantity	Unit Price	Fst. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	2	280	20 years	560	28.00	2.33
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel arm	2	95	10 years	190	19.00	1.58
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	4	55	15 years	220	14.67	1.22
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 19" color	1	350	5 years	350	70.00	5.83
	2. Sofa, 7 feet	2	375	5 years	750	150.00	12.50
	3. Coffee table	2	80	20 years	160	8.00	.67
	4. End table	2	70	20 years	140	7.00	.58
	5. Lamp table	2	45	10 years	90	9.00	.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	15	130	10 years	1,950	195.00	16.25
	2. Night stand	15	90	10 years	1,350	135.00	11.25
	3. Lamp, small table	15	30	10 years	450	45.00	3.75
	4. Four-drawer dresser	8	110	10 years	880	88.00	7.33
	5. Chair, metal frame	15	35	20 years	525	26.25	2.19
	6. Wardrobe locker	15	175	20 years	2,625	131.25	10.94

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	2	95	20 years	190	9.50	.79
2. Chair, dining	8	35	20 years	280	14.00	1.17

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	1	60	7 years	60	8.57	.71
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$194.69	Monthly depreciated value	\$20,715	\$2,336.27	\$194.69
+13.5	Number of residents at 90% occupancy			
\$ 14.42	Monthly equipment reimbursement component			
+30,417	Days per month			
\$ .47	Per resident per day			

Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 16-25 Bed Facilities

Table 53

	Full Time Equivalent Positions	Monthly Salary	Monthly Costs	Total Budget Start Up Costs
<u>PERSONNEL COSTS</u>				
<u>Staffing for 1-7 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Monitor	4.5	980	4,410	
Cook	.818	867	709	
Fringe Benefits at 16.08%			<u>1,113</u>	\$ 8,034
<u>Staffing for 8-15 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Monitor	5.50	980	5,390	
Sec./Admin. Asst.	.25	894	224	
Cook	.818	867	709	
Fringe Benefits at 16.08%			<u>1,306</u>	\$ 9,431
<u>Staffing for 16-23 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	.75	1,276	957	
Lead monitor	1.0	1,143	1,143	
Monitor	4.5	980	4,410	
Sec./Admin. Asst.	.5	894	447	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>1,627</u>	\$ 11,748
Total Personnel Costs				\$ 29,213
<u>OPERATING COSTS</u> (\$2.52 x 91.25 Bed Days x 22.5 Residents)				5,174
<u>EQUIPMENT ALLOWANCE</u> (See Table 53.1)				26,400
<u>FOOD COSTS</u>				
Inside Food Service (\$2.73 x 1,369 Participant Days)				3,737
Outside Food Service (\$3.64 x 1,369 Participant Days)				4,983
<u>PROGRAM TRANSPORTATION</u>				397
<u>ADMINISTRATIVE OVERHEAD</u>				
Inside Food Service (22.14% x \$29,213)				6,468
Outside Food Service (22.14% x \$25,986)				5,753
Total Budget Start Up Costs, with Inside Service				<u>\$ 71,389</u>
Total Budget Start Up Costs, with Outside Service				<u>\$ 68,693</u>

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.

Equipment List for Re-Entry Work Furlough Programs, 16-25 Bed Capacity

Table 53.1

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	3	280	20 years	840	42.00	3.50
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	3	95	10 years	285	28.50	2.38
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	5	55	15 years	275	18.33	1.53
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	2	375	5 years	750	150.00	12.50
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	25	130	10 years	3,250	325.00	27.08
	2. Night stand	25	90	10 years	2,250	225.00	18.75
	3. Lamp, small table	25	30	10 years	750	75.00	6.25
	4. Four-drawer dresser	13	110	10 years	1,430	143.00	11.92
	5. Chair, metal frame	25	35	20 years	875	43.75	3.65
	6. Wardrobe locker	25	175	20 years	4,375	218.75	18.23

IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.60
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	3	95	20 years	285	14.25	1.19
2. Chair, dining	12	35	20 years	420	21.00	1.75

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	2	60	7 years	120	17.14	1.43
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$234.18	Monthly depreciated value	\$26,400	\$2,809.75	\$234.18
+22.5	Number of residents at 90% occupancy			
<u>\$ 10.41</u>	Monthly equipment reimbursement component			
+30.417	Days per month			
<u>\$ .34</u>	Per resident per day			

Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 26-32 Bed Facilities

Table 54

	Full Time Equivalent Positions	Monthly Salary	Monthly Costs	Total Budget Start Up Costs
<b>PERSONNEL COSTS</b>				
<u>Staffing for 1-10 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Monitor	4.5	980	4,410	
Cook	.818	867	709	
Fringe Benefits at 16.08%			<u>1,113</u>	
				\$ 8,034
<u>Staffing for 11-20 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	.75	1,276	957	
Lead monitor	1.0	1,143	1,143	
Monitor	4.5	980	4,410	
Sec./Admin. Asst.	.5	894	447	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>1,627</u>	
				\$ 11,748
<u>Staffing for 21-29 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	1.0	1,276	1,276	
Program Developer	.5	1,276	638	
Supvng Monitor	1.0	1,371	1,371	
Lead monitor	1.0	1,143	1,143	
Monitor	4.8	980	4,704	
Sec./Admin. Asst.	.75	894	670	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>2,085</u>	
				\$ 15,051
<b>Total Personnel Costs</b>				<b>\$ 34,833</b>
<b>OPERATING COSTS</b> (\$2.52 x 91.25 Bed Days x 28.8 Residents)				6,623
<b>EQUIPMENT ALLOWANCE</b> (See Table 54.1)				31,285
<b>FOOD COSTS</b>				
Inside Food Service (\$2.73 x 1,795 Participant Days)				4,900
Outside Food Service (\$3.64 x 1,795 Participant Days)				6,534
<b>PROGRAM TRANSPORTATION</b>				467
<b>ADMINISTRATIVE OVERHEAD</b>				
Inside Food Service (22.63% x \$34,833)				7,883
Outside Food Service (22.63% x \$30,878)				6,988
<b>Total Budget Start Up Costs, with Inside Service</b>				<b>\$ 85,991</b>
<b>Total Budget Start Up Costs, with Outside Service</b>				<b>\$ 82,775</b>

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.

Equipment List for Re-Entry Work Furlough Programs, 26-32 Bed Capacity

Table 54.1

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	6	55	15 years	330	22.00	1.83
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	3	375	5 years	1,125	225.00	18.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box spngs & mattress)	32	130	10 years	4,160	416.00	34.67
	2. Night stand	32	90	10 years	2,880	288.00	24.00
	3. Lamp, small table	32	30	10 years	960	96.00	8.00
	4. Four-drawer dresser	16	110	10 years	1,760	176.00	14.67
	5. Chair, metal frame	32	35	20 years	1,120	56.00	4.67
	6. Wardrobe locker	32	175	20 years	5,600	280.00	23.33

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	5	95	20 years	475	23.75	1.98
2. Chair, dining	20	35	20 years	700	35.00	2.92

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac Clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	3	60	7 years	180	25.71	2.14
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$268.82	Monthly depreciated value	\$31,285	\$3,225.49	\$268.82
+28.8	Number of residents at 90% occupancy			
\$ 9.33	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .31	Per resident per day			



Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 33-40 Bed Facilities

Table 55

	Full Time Equivalent Positions	Monthly Salary	Monthly Costs	Total Budget Start Up Costs
<b><u>PERSONNEL COSTS</u></b>				
<b><u>Staffing for 1-12 Residents</u></b>				
Manager	1.0	\$ 1,802	\$ 1,802	
Monitor	5.50	980	5,390	
Sec./Admin. Asst	.25	894	224	
Cook	.818	867	709	
Fringe Benefits at 16.08%			<u>1,306</u>	
				\$ 9,431
<b><u>Staffing for 13-24 Residents</u></b>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	.75	1,276	957	
Lead monitor	1.0	1,143	1,143	
Monitor	4.5	980	4,410	
Sec./Admin. Asst.	.5	894	447	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>1,627</u>	
				\$ 11,748
<b><u>Staffing for 25-36 Residents</u></b>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	1.0	1,276	1,276	
Program Developer	.5	1,276	638	
Supvng Monitor	1.0	1,371	1,371	
Lead monitor	2.0	1,143	2,286	
Monitor	5.9	980	5,782	
Sec./Admin. Asst.	1.0	894	894	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>2,478</u>	
				\$ 17,889
<b>Total Personnel Costs</b>				<u>\$ 39,068</u>
<b><u>OPERATING COSTS</u></b> (\$2.52 x 91.25 Bed Days x 36 Residents)				8,278
<b><u>EQUIPMENT ALLOWANCE</u></b> (See Table 55.1)				35,640
<b><u>FOOD COSTS</u></b>				
Inside Food Service (\$2.73 x 2,190 Participant Days)				5,979
Outside Food Service (\$3.64 x 2,190 Participant Days)				7,972
<b><u>PROGRAM TRANSPORTATION</u></b>				
				504
<b><u>ADMINISTRATIVE OVERHEAD</u></b>				
Inside Food Service (22.90% x \$39,068)				8,947
Outside Food Service (22.90% x \$35,083)				8,034
<b>Total Budget Start Up Costs, with Inside Service</b>				<u>\$ 98,416</u>
<b>Total Budget Start Up Costs, with Outside Service</b>				<u>\$ 95,511</u>

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.

Equipment List for Re-Entry Work Furlough Programs, 33-40 Bed Capacity

Table 55.1

Item	Description	Quantity	Unit Price	Fst. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	6	55	15 years	330	22.00	1.83
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	1	550	5 years	550	110.00	9.17
	2. Sofa, 7 feet	3	375	5 years	1,125	225.00	18.75
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box springs & mattress)	40	130	10 years	5,200	520.00	43.33
	2. Night stand	40	90	10 years	3,600	360.00	30.00
	3. Lamp, small table	40	30	10 years	1,200	120.00	10.00
	4. Four-drawer dresser	20	110	10 years	2,200	220.00	18.33
	5. Chair	40	35	20 years	1,400	70.00	5.83
	6. Wardrobe locker	40	175	20 years	7,000	350.00	29.17

IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	1	1,000	10 years	1,000	100.00	8.33
3. Freezer, 25 cu ft	1	600	12 years	600	50.00	4.17
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	1	70	5 years	70	14.00	1.17
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	6	95	20 years	570	28.50	2.38
2. Chair, dining	24	35	20 years	840	42.00	3.50

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer, heavy duty	1	550	5 years	550	110.00	9.17
2. Dryer, heavy duty	1	450	5 years	450	90.00	7.50
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	3	60	7 years	180	25.71	2.14
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$297.12	Monthly depreciated value	\$35,640	\$3,565.24	\$297.12
+36.0	Number of residents at 90% occupancy			
\$ 8.25	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .27	Per resident per day			

Re-Entry Work Furlough Program  
Three Month Start Up Budget  
for 41-50 Bed Facilities

Table 56

<u>PERSONNEL COSTS</u>	<u>Full Time Equivalent Positions</u>	<u>Monthly Salary</u>	<u>Monthly Costs</u>	<u>Total Budget Start Up Costs</u>
<u>Staffing for 1-15 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Monitor	5.50	980	5,390	
Sec./Admin. Asst.	.25	894	224	
Cook	.818	867	709	
Fringe Benefits at 16.08%			<u>1,306</u>	
				\$ 9,431
<u>Staffing for 16-30 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	1.0	1,276	1,276	
Program Developer	.5	1,276	638	
Supvng Monitor	1.0	1,371	1,371	
Lead monitor	1.0	1,143	1,143	
Monitor	4.8	980	4,704	
Sec./Admin. Asst.	.75	894	670	
Supvng Cook	1.0	867	867	
Asst. Cook	.635	780	495	
Fringe Benefits at 16.08%			<u>2,085</u>	
				\$ 15,051
<u>Staffing for 31-45 Residents</u>				
Manager	1.0	\$ 1,802	\$ 1,802	
Job Developer	1.0	1,276	1,276	
Program Developer	.5	1,276	638	
Supvng Monitor	1.0	1,371	1,371	
Lead monitor	2.0	1,143	2,286	
Monitor	6.3	980	6,174	
Sec./Admin. Asst.	1.0	894	894	
Supvng Cook	1.0	867	867	
Asst. Cook	1.725	780	1,346	
Fringe Benefits at 16.08%			<u>2,678</u>	
				\$ 19,332
<b>Total Personnel Costs</b>				<u>\$ 43,814</u>
<u>OPERATING COSTS</u> (\$2.52 x 91.25 Bed Days x 45 Residents)				10,348
<u>EQUIPMENT ALLOWANCE</u> (See Table 56.1)				45,055
<u>FOOD COSTS</u>				
Inside Food Service (\$2.73 x 2,738 Participant Days)				7,475
Outside Food Service (\$3.64 x 2,738 Participant Days)				9,966
<u>PROGRAM TRANSPORTATION</u>				
				575
<u>ADMINISTRATIVE OVERHEAD</u>				
Inside Food Service (22.94% x \$43,814)				10,051
Outside Food Service (22.94% x \$38,841)				8,910
<b>Total Budget Start Up Costs, with Inside Service</b>				<u>\$117,318</u>
<b>Total Budget Start Up Costs, with Outside Service</b>				<u>\$113,695</u>

NOTE: Costs shown are for the 1981-82 Fiscal Year. To determine 1982-83 FY costs, add 5%.

Equipment List for Re-Entry Work Furlough Programs, 41-50 Bed Capacity

Table 56.1

Item	Description	Quantity	Unit Price	Est. Useful Life	Cost	Yearly Depreciated Value	Monthly Depreciated Value
<b>I. Office</b>							
<b>A. Equipment</b>							
	1. Typewriter, elec, std carriage	1	\$ 550	8 years	\$ 550	\$ 68.75	\$ 5.73
	2. Calculator, printing, electronic	1	45	6 years	45	7.50	.63
	3. Copy mach, 12,000 copies max/mo	1	3,000	7 years	3,000	428.57	35.71
<b>B. Furniture</b>							
	1. Desk, std - 30" x 60" metal	4	280	20 years	1,120	56.00	4.67
	2. Desk, secretarial, metal	1	370	20 years	370	18.50	1.54
	3. Chair, swivel, arm	4	95	10 years	380	38.00	3.17
	4. Chair, steno/typist, swivel	1	65	10 years	65	6.50	.54
	5. Chair, side	6	55	15 years	330	22.00	1.83
	6. Credenza/bookcase	1	70	20 years	70	3.50	.29
	7. File cabinet, 4 drawer, letter	1	160	20 years	160	8.00	.67
<b>II. Living/Reception Area</b>							
<b>A. Equipment/Furniture</b>							
	1. TV, 25" color	2	550	5 years	1,100	220.00	18.33
	2. Sofa, 7 feet	5	375	5 years	1,875	375.00	31.25
<b>III. Bedroom</b>							
<b>A. Furniture</b>							
	1. Bed (w/box springs & mattress)	50	130	10 years	6,500	650.00	54.17
	2. Night stand	50	90	10 years	4,500	450.00	37.50
	3. Lamp, small table	50	30	10 years	1,500	150.00	12.50
	4. Four-drawer dresser	25	110	10 years	2,750	275.00	22.92
	5. Chair	50	35	20 years	1,750	87.50	7.29
	6. Wardrobe locker	50	175	20 years	8,750	437.50	36.46

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IV. Kitchen/Dining Area

A. Equipment

1. Stove, four burner, one oven	1	600	10 years	600	60.00	5.00
2. Refrigerator, 23 cu ft	2	1,000	10 years	2,000	200.00	16.67
3. Freezer, 25 cu ft	2	600	12 years	1,200	100.00	8.33
4. Food mkr, hvy dty, 5-7 qt cap	1	400	5 years	400	80.00	6.67
5. Coffee mkr, hvy dty, 36-54 cp cap	2	70	5 years	140	28.00	2.33
6. Toaster, heavy duty, 4 slice	1	70	5 years	70	14.00	1.17
7. Meat slicer, heavy duty	1	530	7 years	530	75.71	6.31

B. Furniture

1. Table	7	95	20 years	665	33.25	2.77
2. Chair, dining	28	35	20 years	980	49.00	4.08

V. Recreation/Laundry/Miscellaneous

A. Equipment

1. Washer/heavy duty	2	550	5 years	1,100	220.00	18.33
2. Dryer/heavy duty	2	450	5 years	900	180.00	15.00
3. Vac clr, hvy dty, 12 gal cap	1	340	5 years	340	68.00	5.67
4. Floor machine, hvy dty, 17"	1	525	5 years	525	105.00	8.75
5. Iron and board	4	60	7 years	240	34.29	2.86
6. Weight bench and weights	1	400	10 years	400	40.00	3.33
7. Ping-Pong table	1	150	5 years	150	30.00	2.50

TOTAL

\$384.97	Monthly depreciated value	\$45,055	\$4,619.57	\$384.97
+45.0	Number of residents at 90% occupancy			
\$ 8.55	Monthly equipment reimbursement component			
+30.417	Days per month			
\$ .28	Per resident per day			

#### ISSUE

What work assignments should be delegated to residents in a private Re-Entry Work Furlough facility to maintain a clean and respectable environment?

#### DISCUSSION

Under Title 15, California Administrative Code, Section 3040, inmates are subject to working within the work furlough facility. Current policy dictates that every inmate/resident has the obligation to perform a task toward maintaining his participation in a work furlough program. It is also the Department's policy, as outlined in the Work Incentive Program, that every inmate work eight hours a day, five days a week.

Presently, work furlough facilities require residents to perform the house-keeping functions of cleaning and maintaining their immediate living area. This usually includes making the bed, putting away clothes, keeping closets neat, and sweeping or mopping floors. In most cases, residents who are employed are not required to do much more.

Residents who are unemployed generally are given the responsibility to perform the other household tasks such as mowing lawns, sweeping sidewalks, washing dishes and cleaning common areas. Some facilities allow the resident to choose his own task via a sign up list. In other facilities, staff make random assignments on daily or weekly schedules. One facility in particular has virtually all residents employed and still requires everyone to assist with the overall maintenance and upkeep of the facility.

In most of the facilities, staff members monitor the work done by residents as well as the quality of work. In a few facilities, a resident's leave pass is withheld when the quality of work is substandard until the standard is met.

During the sample period from July 1, 1981 through December 31, 1981 actual expenses for facility employed maintenance persons amounted to \$2,892 per month. Most maintenance duties are minor in nature and usually limited to the realm of a handyman. The larger and/or more demanding tasks are usually subcontracted such as roof repair, major plumbing or electrical repairs and alterations.

Presently, six of the 14 work furlough facilities subcontract for linen and janitorial services. The average monthly cost of this service is \$439.78. Most facilities currently have, and all will be allocated, a washer and dryer under the proposed rate structure.

#### RECOMMENDATION

All residents will perform assigned chores to maintain the overall cleanliness and neat appearance of their RWF facility. Total participation should be expected to complete virtually any chore within the residents' capabilities just as would be expected of any average household member in a normal living environment.

Utilizing a resident's expertise, especially if he has maintenance skills such as a carpenter, electrician, etc., will eliminate the monthly expense of \$2,892 for maintenance workers, based on the 14 facility sample used in this study. If major repairs are necessary, the vendor can contract for the particular maintenance service needed which will be included in the operating expense component costs. Also, an unemployed resident could assist in the task as a learning process. Quality control of the work performed would be monitored by facility staff.

If residents performed their own laundering of linen, the same as they presently do for their personal clothing, and perform the janitorial functions, this could result in direct cost savings. However, due to the resident turnover rate and the frequently recurring need for clean linen, household services for linen care will be included in the component rate for operating expenses.

The nonprofit organizations also can use the local county volunteer bureau to gain the assistance of qualified volunteers who must perform a number of hours of service in the community through a court diversion program. By law, the county volunteer bureau cannot provide assistance to profit organizations.

#### ADVANTAGES

1. Residents performing specified tasks will result in cost reductions.
2. Everyone shares in maintaining his living quarters.
3. Facility staff time devoted to housekeeping and maintenance can be reduced when residents perform these tasks.

#### DISADVANTAGES

1. The quality of work performed by residents may be difficult to guarantee.
2. There would be additional recordkeeping to assure that everyone is meeting his obligation.

#### COMMUNITY SERVICES RECOMMENDATION

In Massachusetts, residents in contracted work furlough facilities are required to avail themselves voluntarily to a community organization in addition to their other responsibilities. For example, a resident might assist at the local library reshelving books, counseling youngsters at the YMCA, picking up papers at the park. In California as in Massachusetts, this can lead to positive community participation under the direct supervision and coordination of the local community program.

#### ISSUE

How much should inmates participating in the Re-Entry Work Furlough program contribute to offset program costs?

#### DISCUSSION

Current Department of Corrections policy is to charge work furlough participants a flat rate of \$5.00 per day employed. This represents revenue to the facility and offsets costs CDC would otherwise reimburse. An alternative policy could be to base the inmate's contribution on his hourly wage. Any resulting increase in fees collected would increase the facility's revenue and reduce CDC's cost.

The program fee is the resident inmate's contribution toward the cost of his stay in the Re-Entry Work Furlough facility. At the same time, it prepares him for the financial realities while on parole. It is hoped that the inmate will retain his employment into the parole period and have enough money saved to acquire his own living quarters and then retain them through regular payment of rent.

The Rate Development Unit on-site reviews of a variety of RWF facilities revealed a disparity of inmate program fee policy interpretations. Since no consistent policy was understood or followed, CDC program and fiscal administrators agreed to explore alternatives to the stated policy of a flat \$5.00 per day for working inmates. The alternatives most seriously considered were:

#### ALTERNATIVE 1

Charge a flat 18.7 percent of the gross hourly wage with a \$5.00 per day minimum; \$5.00 represents 18.7 percent of the minimum daily wage of \$26.80 (or 8 hours times the \$3.35 minimum hourly wage). As a ceiling, an inmate's maximum contribution could not exceed the facility's per capita per diem cost.

#### ADVANTAGES

1. Represents a consistent percentage of daily wage for all working inmates.
2. Increases facility revenue as an offset to CDC program costs.

#### DISADVANTAGES

1. Does not recognize the ability of higher wage earners to contribute a greater percentage of their income.
2. Can reduce an inmate's accrued savings.



#### ALTERNATIVE 2

Inmates contribute a flat 25 percent of their gross daily wages not to exceed the facility's contracted per diem rate. A flat 25 percent of the daily wage represents the average percentage paid by non-offenders for the cost of shelter. Contribution of a flat 25 percent allows inmates with sufficient resources to pay a greater share of the cost associated with housing them at the facility.

#### ADVANTAGES

1. Increases facility revenue to offset CDC program costs.
2. Represents an equitable contribution by the inmate, dependent on his ability to pay.

#### DISADVANTAGES

1. Does not recognize the ability of higher wage earners to contribute a greater percentage of their income as recognized by income tax standards.
2. Inmates may consider contributing unequal dollar amounts discriminatory.
3. Reduces the higher earning inmate's ability to accrue savings.

#### ALTERNATIVE 3

Implement a flat program fee of \$4.15 per employable day for all inmates whether or not they are employed. There is a total of 251 employable days a year which represents 365 days less 104 weekend days and ten holidays. A flat rate program fee for all inmates including those who are unemployed would provide equal treatment of all program participants and encourage unemployed inmates to seek employment. This is in line with the Department's Work Incentive Program policy that every able-bodied inmate work a minimum of eight hours per day, five days per week.

#### ADVANTAGES

1. All inmates would contribute an equal share toward their costs of operating the program.
2. Encourages all inmates to become employed.
3. Encourages the vendors to assist inmates to become employed because the vendor must collect his revenue from each inmate, employed or not.
4. Is consistent with current CDC Work Incentive Program policy.

#### DISADVANTAGES

1. Unemployed inmates may have difficulty in meeting their obligation.
2. Vendors could sustain a loss from failure to collect from inmates who remain unemployed or who escape.

#### ALTERNATIVE 4

Reduce fees to \$3.00 or any other amount below \$5.00 per employed day.

#### ADVANTAGE

Can increase the amount of inmate's savings from wages. As a result, may reduce his need for cash assistance when on parole.

#### DISADVANTAGES

1. Reduces program revenue resulting in higher CDC costs.
2. Does not recognize increasing program costs.
3. Reduces the inmate's recognition of the taxpayer's cost in providing an RWF program.

#### ALTERNATIVE 5

Maintain a flat fee of \$5.00 per day employed.

#### ADVANTAGES

1. Does not disturb the status quo.
2. All inmates contribute the same amount for the same accommodations and services.

#### DISADVANTAGES

1. Does not reflect the varied abilities of inmates to contribute to their own maintenance.
2. Does not reflect increasing costs.
3. Does not increase revenue.

#### RECOMMENDATION

Implement a combination of Alternatives 2 and 3 to require a minimum mandatory contribution of \$4.15 per employable day or 25 percent of an inmate's gross daily wage whichever is greater. Department of Corrections program administration can ensure reasonable application of this policy in instances where the unemployed inmate produces evidence of his inability to pay.

FINANCIAL IMPACT

The minimum program fee of \$4.15 per employable day for all inmates equates to a contribution of \$2.86 per participant day. Since inmate contributions are treated administratively as an offset to facility reimbursement by CDC, the \$4.15 fee will effectively reduce the per diem rate by \$2.86. (Employable days are 68.8 percent of total days in a year: 365 minus 104 Saturdays and Sundays minus ten holidays.) When collections of 25 percent of an inmate's wages exceed \$4.15 per employable day, additional inmate collections will be realized, decreasing CDC program costs.

Analysis of 16 private re-entry facilities for January 1982 indicates that 47 percent of all inmates are employed at an average wage of \$4.38 per hour. Under the recommended program fee, the contribution due from the working inmate would have averaged \$8.76 per day employed. At 47 percent employment, a 50-bed facility at 90 percent occupancy would have 21 employed inmates, hence a program fee contribution total of \$186 per day or \$3,906 per month. This equates to \$2.86 per participant day for each of the 45 inmates in the 50-bed facility. (See Table 57.)

Projections of collections from employed inmates for all private work furlough facilities at the average employment rate and average wage have been made for a 90 percent occupancy rate. (See the immediately following section, Vendor Incentive.)

Table 57

Program Fee Contribution of \$2.86 Per Participant Day at 1981-82 Average Employment and Earnings Assuming No Collections from Unemployed Inmates

\$ 8.76	average contribution per day per employed inmate
<u>x 21.2</u>	average employed inmates (47 percent of 45)
\$ 186.00	per day, all employed inmates
<u>x 21</u>	average working days per month
\$3,906.00	total contributions per month, all employed inmates
<u>÷ 30.4</u>	average days per month
\$ 128.50	per day, all inmates (assuming no contributions from unemployed inmates)
<u>÷ 45</u>	participants at 90 percent occupancy
\$ 2.86	per participant day

#### ISSUE

How can the rate structure encourage more employment, higher wages and greater savings for Re-Entry Work Furlough participants while reducing Department of Corrections' program cost?

#### DISCUSSION

The Re-Entry Work Furlough program is a key expression of the work incentive approach to inmate rehabilitation. The present Re-Entry Work Furlough program policy is that working residents are charged \$5.00 per day employed. Nonworking residents are not charged but are required to perform limited tasks at the facility. Charges are reported by the vendor on an accrual accounting basis as a contribution that offsets Department of Corrections' program costs. The vendor's monthly reimbursement from the State is reduced by the amount the residents are charged.

Under the present policy, the only financial impact on the vendor is when residents fail to pay; CDC does not reimburse vendors for uncollectible resident contributions. From a strictly fiscal perspective, therefore, it discourages vendors from assisting a resident to become employed and hence a possible debtor. A sample of the 14 RWF facilities used in this rate study showed an average work furlough employment rate of 47 percent at an average hourly wage of \$4.38.

It is possible to reverse the financial impact on the vendor and allow an incentive for an above average resident employment rate. This could be done by charging all inmates a fixed daily program fee for the normal five working days per week, but charging all residents who make above average wages more and then allowing the vendor to retain part of the difference. For example, you could charge all residents in the facility; 1) \$4.15 per employable day (i.e., five days per week less ten holidays per year), or 2) 25 percent of the individual resident's gross daily wage, whichever is greater. If the vendor were allowed to retain part of the difference between the minimum \$4.15 per employable day charge and the actual charges, his incentive would be to get all the residents employed at the highest possible daily wage.

Although collecting from the unemployed resident in theory would be an additional obligation, many facilities in Fiscal Year 1981-82 did charge unemployed residents a daily program fee. (It has been justified that a daily charge of each RWF facility resident is comparable to the daily rent that will be charged the same individual whether employed or not as a parolee by any other boarding house or apartment manager.)

If the vendor merely achieves the average resident employment rate of 47 percent and the working residents equal the sample average wage of \$4.38 per hour (\$35.04 per day), the vendor could realize some vendor incentive payment even at a one percent collection rate from unemployed residents who are charged \$4.15 per employable day. At higher collection rates, the vendor incentive payment is significant. (See Tables 58, 59, 60, and 61.)

Total Monthly Charges, All Residents <sup>a/</sup>

Table 58

Bed Capacity	Average Number of Residents	Total Employable Days <sup>b/</sup>	Total Charges at \$4.15
50	45	941.71	\$3,908
40	36	753.37	3,126
32	28.8	602.69	2,501
25	22.5	470.86	1,954
15	13.5	282.51	1,172
10	9	188.34	782

<sup>a/</sup> These monthly charges will be treated administratively as offsets to reimbursable costs.

<sup>b/</sup> 68.8 percent of 30.417 (average days per month) times average employed residents.

Monthly Collections from Employed Residents  
Based on Sample Data from Facilities

Table 59

Bed Capacity	Average Number of Residents <sup>a/</sup>	Total Employable Days <sup>b/</sup>	Total Charges at \$8.76 <sup>c/</sup>
50	21.2	442.65	\$3,877
40	16.9	353.66	3,102
32	13.5	282.51	2,482
25	10.6	221.82	1,940
15	6.3	131.84	1,155
10	4.2	87.89	770

<sup>a/</sup> 47 percent of total average residents at 90 percent occupancy.

<sup>b/</sup> 68.8 percent of 30.417 (average days per month) times average employed residents.

<sup>c/</sup> \$8.76 is 25 percent of 1981-82 average daily gross wage of \$35.04.

Vendor Incentive Payment Realized Per Month  
at Various Collection Rates from  
Unemployed Inmates <sup>a/</sup>

Table 60

Bed Capacity	1 Percent	5 Percent	10 Percent	20 Percent
50	\$ 5.18	\$ 25.89	\$ 51.78	\$103.56
40	4.14	20.71	41.42	82.85
32	3.31	16.57	33.14	66.28
25	2.59	12.94	25.89	51.78
15	1.55	7.77	15.53	31.07
10	1.04	5.18	10.36	20.71

<sup>a/</sup> Based on 47 percent employment and \$4.38 per hour (\$35.04 per day) average earnings, from 1981-82 sample data, and at 90 percent occupancy.

Vendor Incentive Payment Realized per Month  
at Various Employment Rates  
and at 10 Percent Collection Rate from  
Unemployed Inmates <sup>a/</sup>

Table 61

Bed Capacity	60 Percent Employment	70 Percent Employment	80 Percent Employment
50	\$310.08	\$516.26	\$722.44
40	206.72	413.13	578.08
32	198.59	330.55	462.50
25	155.04	258.13	361.22
15	93.15	155.00	216.86
10	62.10	103.34	144.57

<sup>a/</sup> Based on 47 percent employment and \$4.38 per hour (\$35.04 per day) average earnings, from 1981-82 sample data, and at 90 percent occupancy.

#### RECOMMENDATION

Provide the vendor a positive financial incentive to have the CDC resident residents attain the highest possible level of employment and earnings. Specifically, require that:

1. Every CDC resident assigned to the RWF facility is charged a \$4.15 program fee per employable day. This charge shall be collected from unemployed residents when there is evidence of ability to pay.
2. Each working day, each employed resident is charged 25 percent of her/his gross wage or \$4.15, whichever is greater.
3. The vendor is credited with 25 percent of the difference between the total monthly charges at \$4.15 per employable day for all residents and actual charges under the combined system when achieving employment of 47 percent or above. The vendor would be credited with this incentive payment when the State processes the monthly invoice for reimbursement.

#### FINANCIAL IMPACT

Adoption of this recommendation will produce a \$2.86 per participant day offset to the per diem reimbursement rate for each facility. (Of 365 days per year, 251 or 68.8 percent are employable days, allowing for ten holidays: 68.8 percent of the \$4.15 program fee charged per employable day per participant is \$2.86 per participant day.)

When a facility's resident employment rate exceeds the average employment rate of 47 percent and at \$4.38 per hour, the vendor will realize a financial incentive credit. For every dollar the vendor receives, the CDC realizes \$3.00 in reduced costs since collections exceeding the minimum inmate contribution charge of \$2.86 per participant day are shared 25 percent to vendor, 75 percent to CDC. With 70 percent resident employment and at a ten percent participation fee collection rate from unemployed residents, a 40-bed facility would realize \$413 per month and the Department of Corrections would realize an additional \$1,239 per month. (See Table 61.)

#### ISSUE

What should be the additional rate components for Mother/Child programs?

#### DISCUSSION

Title 2, Chapter 4 of the Penal Code, Community Treatment Programs, has been amended by AB 415 to allow the Department of Corrections to contract with community treatment program facilities (either public or private) to provide services to women inmates and their children under six years of age. Former legislation provided for the same community treatment program except that the age of the children was limited to 26 months.

The Re-Entry program staff has determined that children placed in the Mother/Child program may be eligible for AFDC welfare payments. Therefore, when the child receives welfare payments, any additional costs to the facility should be paid by the mother from her child's welfare grant.

The following recommendation section describes the daily component rates which the facilities should be paid for each child. In addition, the facilities should be paid for additional space (rent) costs for the children.

The recommended amount to be paid for space costs for each child is one-half the amount of cost for each adult resident. This would take into consideration the mother and child sharing a bedroom.

If the child is not eligible for welfare or the child's mother prefers not to apply for welfare, CDC will pay the additional daily rate component for the Mother/Child program.

#### RECOMMENDATION

##### Staffing

One full-time equivalent monitor staff position should be replaced eight hours a day, five days a week by a social worker who would perform custodial tasks as well as provide the pediatric services outlined in the Penal Code. It is necessary to allow for 1.09 positions to cover the one full-time equivalent position for 40 hours per week taking into consideration time off for holidays, vacation and sick leave.

##### Salary Comparisons

1. Other state and county programs do not identify social worker salaries.
2. The IHHA salary survey does not identify social worker salaries.
3. The State Personnel Board does not have salary information for social workers other than administrative classes.

4. The United Way 1981 Wage and Benefit Survey of and for San Francisco Bay Area Tax-Exempt, Nonprofit Organizations identifies Social Work/Counseling classes with such titles as Social Worker, Parent Worker, Psychologist, Case Manager at a median salary of \$1,380 per month. The class responsibility level is described as "responsible for accomplishment of long-range work plan/projects which s/he has helped to design and applies highest-level professional/administrative skills, knowledge, experience and independent judgment to complex tasks".

Salary Reimbursement Recommendation

The United Way median salary of \$1,380 per month for the San Francisco Bay Area should be adopted because that salary information is the best available for the type of social worker needed for the Mother/Child program. The salary will be adjusted to the SMSA geographical areas as is done elsewhere in the RWF reimbursement study (see Table 62).

The recommended daily rates for a ten bed Mother/Child facility for Social Worker are as follows. (See Table 63 for the calculations.)

SMSA	Recommended Additional Daily Rate (Social Worker)
Los Angeles-Long Beach	\$1.88
Anaheim-Santa Ana-Garden Grove	1.93
San Diego	1.64
Sacramento	1.98
San Francisco-Oakland	2.03
San Jose	1.97
Fresno	1.76

Equipment Cost Reimbursement Recommendation

The 1-10 bed facility equipment list should be modified so that for each child, a large crib, a playpen and a stroller can be added. The same procedure for pricing the equipment for the child should be followed as was used in the Equipment Costs section earlier in this study. (See Table 64.)

Food Cost Reimbursement Recommendation

The component for additional food costs for the children should be calculated using the same base data as the food cost component for all other RWF facilities, i.e., the USDA publication for the Cost of Food at Home, November 1981. The average monthly USDA costs for children aged seven months through five years is \$42.17 or \$1.39 per day. Ten percent should be subtracted for groups of seven or more persons. Therefore, the recommended additional daily rate for food costs for the children is \$1.25 (\$1.39-14%).

Table 62

**Social Worker Salary Adjustment  
Mother/Child Facility  
10 Beds**

<u>SMSA</u>	<u>Weight</u>	<u>Adjusted Salary</u>	<u>Monitor Salary</u>	<u>Increase For Social Worker</u>	<u>Additional Fringe Benefits</u>	<u>Additional Salary Plus Fringe Benefits</u>
Los Angeles- Long Beach	1.000	\$1,278	\$ 871	\$ 407	\$ 65.45	\$ 472.45
Anaheim-Santa Ana- Garden Grove	1.026	1,311	894	417	67.05	484.05
San Diego	.872	1,114	760	354	56.92	410.92
Sacramento	1.054	1,347	918	429	68.98	497.98
San Francisco- Oakland	1.080	1,380	941	439	70.59	509.59
San Jose	1.047	1,338	912	426	68.50	494.50
Fresno	.936	1,196	815	381	61.26	442.26

Table 63

Recommended Additional Rate  
For Social Worker  
Mother/Child Facility  
10 Beds

Calculations:

Additional salary plus benefits x number of positions divided by  
number of beds at 90% occupancy divided by 30.417 days per month =  
Recommended additional daily rate for Social Worker

Los Angeles - Long Beach

$$\$472.45 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.89$$

Anaheim - Santa Ana - Garden Grove

$$\$484.05 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.93$$

San Diego

$$\$410.92 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.64$$

Sacramento

$$\$497.98 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.98$$

San Francisco - Oakland

$$\$509.59 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$2.03$$

San Jose

$$\$494.50 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.97$$

Fresno

$$\$442.26 \times 1.09 \text{ divided by } 9 \text{ divided by } 30.417 = \$1.76$$

Table 64

Additional Equipment List  
For Mother/Child Re-Entry Work Furlough Facility  
10 Beds Capacity

Item	Quantity	Unit Price	Estimated Useful Life	Cost	Yearly Dep. Value	Monthly Dep. Value
Large crib for child up to 6 years	10	\$ 90.00	5 yrs	\$ 900.00	\$180.00	\$15.00
Playpen	5	60.00	5 yrs	300.00	60.00	5.00
Stroller	5	65.00	3 yrs	325.00	108.33	9.03
<b>Total</b>				<b>\$1,525.00</b>	<b>\$348.33</b>	<b>\$29.03</b>

\$29.03 Monthly depreciated value  
 9 Residents at 90% occupancy  
 30.417 Days per month  
 \$ .11 Per resident per day



Toy Cost Reimbursement Recommendation

Rate Development staff spoke to child care centers to determine a reasonable cost for toys. The child care centers stated that they do have expenses for toys but costs can be kept down by shopping at places such as Goodwill and by obtaining donations of toys through church groups and service organizations. Therefore, it was determined that \$500 per year would be a reasonable allowance for toys for the model ten bed Mother/Child program. The additional daily rate for toys is calculated as follows:

\$ 500 per year  
 + 12 months  
 \$41.67 per month

+ 9 residents at 90% occupancy  
 \$ 4.63 per resident per month

+30.417 average days per month  
 \$ .15 per resident per day

SUMMARY

The recommended additional daily component rate per resident for the Mother/Child program for each SMSA is:

	Los Angeles Long Beach	Anaheim Santa Ana Gar Grove	San Francisco Oakland	San Jose	Fresno	Sacra- mento	San Diego
Staffing	\$1.88	\$1.93	\$2.03	\$1.97	\$1.76	\$1.98	\$1.64
Food	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Toys	.15	.15	.15	.15	.15	.15	.15
Equipment	.11	.11	.11	.11	.11	.11	.11
<b>TOTAL</b>	<b>\$3.39</b>	<b>\$3.44</b>	<b>\$3.54</b>	<b>\$3.48</b>	<b>\$3.27</b>	<b>\$3.49</b>	<b>\$3.15</b>

RATE DIFFERENTIAL FOR NON-MOTHER RESIDENT

The above recommended additional rate components are for mother residents only. Since most RWF facilities for women only accept either mothers and their children or women without children, the reimbursement rate should be less for non-mother residents of these facilities.

Since the facilities with a mix of Mother/Child and non-mother residents are all in the 1-10 bed size category, the base rate for the 1-10 bed RWF facility should apply to the non-mothers. However, those facilities with Mother/Child programs and a mix of Mother/Child residents and non-mother residents will have the Social Worker instead of a monitor available to all the residents. This additional salary cost should be reimbursed for non-mother residents as well. There is no other feasible way to staff those facilities.

Therefore, it is recommended that facilities with Mother/Child programs be reimbursed for the Social Worker staff cost component in addition to the base rate for non-mother residents. (See Table 72 in the Fiscal Summary section.)

#### ISSUE

Should the recommended Re-Entry Work Furlough facility reimbursement rate be projected forward to ensure vendors stay abreast of increasing costs in the 1982-83 Fiscal Year?

#### DISCUSSION

The data upon which the Rate Development Unit staff relied on described events in the first half of Fiscal Year 1981-82. The recommended rate is believed to be an appropriate level at which to attract, train and retain competent staff while allowing facilities to cover their operating costs and facility use costs. However, costs are expected to have increased by the end of the 1982-83 Fiscal Year. Therefore, it is proposed to project the level of the recommended rate forward to the midpoint of the reimbursement period for which it would be in effect, i.e., to December 1982.

To make this projection, several experts were contacted but none believed the economy was stable enough to justify making a projection of the increases in the wages of RWF facility staff. The only firm suggestion was that the projections of the California Department of Finance, Financial and Economic Research Unit were most authoritative. Most agreed that the cost of RWF staff salaries, wages and benefits should be treated as merely another cost of doing business of the RWF facility vendor. The Financial and Economic Research Unit projects a five percent increase between October 1981-December 1982.

#### RECOMMENDATION

It is recommended that the RWF facility reimbursement rate be adjusted upward by five percent and that the full five percent be applied to the rate for the entire 1982-83 Fiscal Year. This would produce an increase that was greater than actual RWF facility experience for the first half of Fiscal Year 1982-83 and less than actual experience for the last half of 1982-83, but equal to actual cost experience for the entire fiscal year on the average.

#### ALTERNATIVES

One alternative considered was to project expected increases in wages for the RWF facility benchmark classes of Typist I and Security Guard I in non-manufacturing settings and then make the same increases in the rate for the comparable salaries recommended for Secretary/Administrative Assistant and for Monitor.

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<sup>1/</sup> Experts contacted: Paul Gateley, Regional Economist, U.S. Bureau of Labor Statistics; Jeannette Miller, Analyst, Prevailing Wage Unit, California Department of Industrial Relations; Hank Moody, Chief, Rate Development Branch, California Department of Health Services; Don Perry, Economist, Financial and Economic Research, California Department of Finance.

This would involve plotting the annual Area Wage Survey results for each of the seven areas in California for the past five to eight years, drawing a slope and extending the slope to a point in 1982-83 where the AWS data would be if the slope increase did not level out.

The problem with this alternative is that the slope is leveling out. Wages for many jobs are remaining relatively constant for the next three years based on major labor union settlements with employers and these are expected to decelerate the rate of increase in wages for jobs of related types including Security Guard I and probably Typist I. This first alternative was rejected as insensitive to recent changes in the economy.

A second alternative is to plot annual values of the CCPI and of Area Wage Survey data for RWF benchmark classes, determine the relationship between the two measures and if they remain constant, use the more accessible CCPI data to update the CCPI slope and project it forward to December 1982. That increase would be applied to the RWF facility salary component in the reimbursement rate for Fiscal Year 1982-83.

The reason this alternative is theoretically more attractive than the selected one is that the CCPI is updated semi-monthly and provides comparatively current data upon which to base a projection. The problem, as related by the Department of Personnel Administration's Salary Survey Coordinator, is that the CCPI and wages do not bear a constant relationship. Because of this continuing problem, as well as the current problem that the old trend is being broken and a new trend has not emerged, the alternative was rejected.

#### FISCAL SUMMARY

The per diem rate ceiling for a Re-Entry Work Furlough facility is the combination of the individual component costs recommended in this study. Since salaries, benefits and food service costs were influenced by the data from the area wage surveys, there are seven variations of the composite per diem rate for each of the six facility bed size ranges. In addition to these variations, a choice of inside or outside food service arrangements is shown.

All facility costs were adjusted by five percent to reflect 1982-83 Fiscal Year projected costs resulting from uncertain economic conditions as recommended by the California Department of Finance, Financial and Economic Research Unit.

Lease/use costs are not included in the per diem rate. Lease/use costs will be directly reimbursed with a proposed ceiling.

The following tables (65-71) show the component per diem rate for each geographical area by bed size (see Table 73 for counties within each area). A separate table (72) shows the per diem rate for the Mother/Child program facilities which are allowed an incremental increase in recognition of a higher service component as required under law.

The proposed per diem rates as indicated in the tables allow for facility costs to be fully reimbursed at 90 percent occupancy at the given facility bed ranges. It is very important that departmental program staff maintain a 90 percent occupancy level. Nevertheless, if the occupancy level is lower than 90 percent, the facility managers can reduce variable costs (staffing, operating and food costs) in order for expenses to be fully reimbursed under the per diem rate structure.

Notwithstanding all the recommendations in this study, there must be a ceiling on the reimbursement rate to any facility. California Penal Code, Chapter 9.6, Section 6262(c), requires that reimbursement for a Re-Entry Work Furlough facility shall not exceed "the per capita amount for housing in a correctional institution, including administrative costs." The per capita cost based on CDC's 1982-83 approved budget is \$36.60. Therefore, any one facility's reimbursement rate will be the lower of either 1) the per capita amount for housing in a correctional institution or 2) the applicable rate in this study plus the individually determined facility lease/use cost.

Mother/Child facilities, covered by California Penal Code, Chapter 4, has no legislatively mandated reimbursement ceiling. The total reimbursement for a Mother/Child facility may be found by referring to Table 72 in this Fiscal Summary section.

Finally, Table 74 displays the maximum staff allocation in full-time equivalent positions by facility bed size. These allocations are based on the model facility as described in the study. They include cooks and administrative overhead positions which were priced separately from the facility program staff and whose costs are shown in the component cost tables (Tables 66-72) under Food (Inside) and Administrative Overhead.

Table 65

**Fiscal Summary**  
**Private Re-Entry Work Furlough Facility**  
**Proposed Per Diem Rate Ceilings**  
**For the 1982-83 Fiscal Year <sup>1/</sup>**

<u>Size of Facility</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
<b>1-10 Beds</b>							
Inside Feeding	\$32.42	\$32.90	\$29.94	\$33.65	\$34.46	\$33.50	\$30.74
Outside Feeding	30.22	30.76	27.99	31.35	31.90	31.20	28.85
<b>11-15 Beds</b>							
Inside Feeding	28.15	28.59	26.08	29.20	29.85	29.06	26.73
Outside Feeding	27.00	27.47	25.10	27.99	28.46	27.85	25.79
<b>16-25 Beds</b>							
Inside Feeding	24.80	25.15	23.01	25.71	26.33	25.61	23.56
Outside Feeding	23.33	23.74	21.74	24.17	24.58	24.06	22.33
<b>26-32 Beds</b>							
Inside Feeding	24.95	25.33	23.05	25.88	26.46	25.76	23.73
Outside Feeding	24.01	24.43	22.27	24.88	25.30	24.77	22.98
<b>33-40 Beds</b>							
Inside Feeding	23.92	24.29	22.05	24.80	25.32	24.69	22.76
Outside Feeding	23.35	23.76	21.61	24.19	24.60	24.08	22.35
<b>41-50 Beds</b>							
Inside Feeding	20.94	21.25	19.36	21.71	22.22	21.63	19.94
Outside Feeding	19.94	20.27	18.50	20.63	20.96	20.54	19.12
<b>1-10 Bed, Mother/Child</b>							
Inside Feeding	35.98	36.51	33.25	37.31	38.18	37.15	34.17
Outside Feeding	33.78	34.37	31.30	35.01	35.62	34.85	32.28

<sup>1/</sup> For a Profit Facility, a proprietary fee which varies by facility bed size must be added.  
 See separate facility bed size tables.

Table 66

1-10 Bed  
Private Re-Entry Work Furlough Facility  
Proposed Per Diem Rate Ceiling  
For the 1982-83 Fiscal Year

<u>Component Costs</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
Staffing	\$ 20.07	\$ 20.59	\$ 17.95	\$ 21.15	\$ 21.67	\$ 21.01	\$ 18.77
Food (Inside) <sup>a/</sup>	5.74	5.68	5.50	5.83	6.08	5.83	5.44
Equipment	.61	.61	.61	.61	.61	.61	.61
Transportation	.54	.54	.54	.54	.54	.54	.54
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>4.12</u>	<u>4.12</u>	<u>4.12</u>	<u>4.12</u>	<u>4.12</u>	<u>4.12</u>	<u>4.12</u>
Subtotal	\$ 33.60	\$ 34.06	\$ 31.24	\$ 34.77	\$ 35.54	\$ 34.63	\$ 32.00
Plus 5% Projection	1.68	1.70	1.56	1.74	1.78	1.73	1.60
Inmate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<u>Nonprofit Facility <sup>b/</sup></u>							
Per Diem Rate (Inside feeding)	\$ 32.42	\$ 32.90	\$ 29.94	\$ 33.65	\$ 34.46	\$ 33.50	\$ 30.74
Per Diem Rate (Outside feeding)	\$ 30.22	\$ 30.76	\$ 27.99	\$ 31.35	\$ 31.90	\$ 31.20	\$ 28.85

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$2.54 proprietary fee to the rate.

Table 67

11-15 Bed  
Private Re-Entry Work Furlough Facility  
Proposed Per Diem Rate Ceiling  
For the 1982-83 Fiscal Year

<u>Component Costs</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
Staffing	\$ 17.63	\$ 18.08	\$ 15.82	\$ 18.57	\$ 19.02	\$ 18.44	\$ 16.48
Food (Inside) <sup>a/</sup>	4.73	4.70	4.57	4.79	4.96	4.79	4.53
Equipment	.47	.47	.47	.47	.47	.47	.47
Transportation	.41	.41	.41	.41	.41	.41	.41
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>	<u>3.77</u>
Subtotal	\$ 29.53	\$ 29.95	\$ 27.56	\$ 30.53	\$ 31.15	\$ 30.40	\$ 28.18
Plus 5% Projection	1.48	1.50	1.38	1.53	1.56	1.52	1.41
Inmate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<u>Nonprofit Facility <sup>b/</sup></u>							
Per Diem Rate (Inside feeding)	\$ 28.15	\$ 28.59	\$ 26.08	\$ 29.20	\$ 29.85	\$ 29.06	\$ 26.73
Per Diem Rate (Outside feeding)	\$ 27.00	\$ 27.47	\$ 25.10	\$ 27.99	\$ 28.46	\$ 27.85	\$ 25.79

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$2.30 proprietary fee to the rate.

Table 68

16-25 Bed  
Private Re-Entry Work Release Facility  
Proposed Per Diem Rate Setting  
For the 1982-83 Fiscal Year

Component Costs	Los Angeles Long Beach	Anaheim Santa Ana Garden Grove	San Diego	Sacramento	San Francisco Oakland	San Jose	Fresno
Staffing	\$ 14.86	\$ 15.25	\$ 13.35	\$ 15.66	\$ 16.05	\$ 15.56	\$ 13.91
Food (inside) <sup>a/</sup>	5.04	4.99	4.85	5.11	5.31	5.11	4.81
Equipment	.34	.34	.34	.34	.34	.34	.34
Transportation	.29	.29	.29	.29	.29	.29	.29
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>
Subtotal	\$ 26.34	\$ 26.68	\$ 24.64	\$ 27.21	\$ 27.80	\$ 27.11	\$ 25.16
Plus 5% Projection	1.32	1.33	1.23	1.36	1.39	1.36	1.26
Inmate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<u>Nonprofit Facility</u> <sup>b/</sup>							
Per Diem Rate (Inside feeding)	\$ 24.80	\$ 25.15	\$ 23.01	\$ 25.71	\$ 26.33	\$ 25.61	\$ 23.56
Per Diem Rate (Outside feeding)	\$ 23.33	\$ 23.74	\$ 21.74	\$ 24.17	\$ 24.58	\$ 24.06	\$ 22.33

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$1.81 proprietary fee to the rate.



Table 69

26-32 Bed  
Private Re-Entry Work Furlough Facility  
Proposal Per Diem Rate Ceiling  
For the 1982-83 Fiscal Year

<u>Component Costs</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
Staffing	\$ 15.38	\$ 15.78	\$ 13.72	\$ 16.21	\$ 16.61	\$ 16.10	\$ 14.40
Food (Inside) <sup>a/</sup>	4.54	4.50	4.39	4.59	4.74	4.59	4.35
Equipment	.31	.31	.31	.31	.31	.31	.31
Transportation	.26	.26	.26	.26	.26	.26	.26
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>3.48</u>	<u>3.48</u>	<u>3.48</u>	<u>3.48</u>	<u>3.48</u>	<u>3.48</u>	<u>3.48</u>
Subtotal	\$ 26.49	\$ 26.85	\$ 24.68	\$ 27.37	\$ 27.92	\$ 27.26	\$ 23.73
Plus 5% Projection	1.32	1.34	1.23	1.37	1.40	1.36	1.27
Imate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<u>Nonprofit Facility</u> <sup>b/</sup>							
Per Diem Rate (Inside feeding)	\$ 24.95	\$ 25.33	\$ 23.05	\$ 25.88	\$ 26.46	\$ 25.76	\$ 23.73
Per Diem Rate (Outside feeding)	\$ 24.01	\$ 24.43	\$ 22.27	\$ 24.88	\$ 25.30	\$ 24.77	\$ 22.98

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$1.74 proprietary fee to the rate.

Table 70

33-40 Bed  
Private Re-Entry Work Furlough Facility  
Proposed Per Diem Rate Ceiling  
For the 1982-83 Fiscal Year

Component Costs	Los Angeles	Anaheim	San Diego	Sacramento	San Francisco	San Jose	Fresno
	Long Beach	Santa Ana Garden Grove			Oakland		
Staffing	\$ 14.89	\$ 15.28	\$ 13.23	\$ 15.69	\$ 16.08	\$ 15.59	\$ 13.94
Food (Inside) <sup>a/</sup>	4.18	4.15	4.06	4.22	4.33	4.22	4.03
Equipment	.27	.27	.27	.27	.27	.27	.27
Transportation	.23	.23	.23	.23	.23	.23	.23
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>3.41</u>	<u>3.41</u>	<u>3.41</u>	<u>3.41</u>	<u>3.41</u>	<u>3.41</u>	<u>3.41</u>
Subtotal	\$ 25.50	\$ 25.86	\$ 23.72	\$ 26.34	\$ 26.84	\$ 26.24	\$ 24.40
Plus 5% Projection	1.28	1.29	1.19	1.32	1.34	1.31	1.22
Imate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<b>Nonprofit Facility <sup>b/</sup></b>							
Per Diem Rate (Inside feeding)	\$ 23.92	\$ 24.29	\$ 22.05	\$ 24.80	\$ 25.32	\$ 24.69	\$ 22.76
Per Diem Rate (Outside feeding)	\$ 23.35	\$ 23.76	\$ 21.61	\$ 24.19	\$ 24.60	\$ 24.08	\$ 22.35

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$1.61 proprietary fee to the rate.

41-50 Ber  
 Private Re-Entry Work Furlough Facility  
 Proposed Per Diem Rate Ceiling  
 For the 1982-83 Fiscal Year

Table 71

<u>Component Costs</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
Staffing	\$ 12.25	\$ 12.57	\$ 10.88	\$ 12.91	\$ 13.23	\$ 12.83	\$ 11.47
Food (Inside) <sup>a/</sup>	4.60	4.57	4.46	4.67	4.84	4.67	4.42
Equipment	.28	.28	.28	.28	.28	.28	.28
Transportation	.21	.21	.21	.21	.21	.21	.21
Operating	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Administrative Overhead	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>	<u>2.81</u>
Subtotal	\$ 22.67	\$ 22.96	\$ 21.16	\$ 23.40	\$ 23.89	\$ 23.32	\$ 21.71
Plus 5% Projection	1.13	1.15	1.06	1.17	1.19	1.17	1.09
Inmate Contribution	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>	<u>(2.86)</u>
<u>Nonprofit Facility <sup>b/</sup></u>							
Per Diem Rate (Inside feeding)	\$ 20.94	\$ 21.25	\$ 19.36	\$ 21.71	\$ 22.22	\$ 21.63	\$ 19.94
Per Diem Rate (Outside feeding)	\$ 19.94	\$ 20.27	\$ 18.50	\$ 20.63	\$ 20.96	\$ 20.54	\$ 19.12

<sup>a/</sup> The component cost for a facility with outside food service is \$3.64 per day.

<sup>b/</sup> For the For Profit Facility, add \$1.51 proprietary fee to the rate.

Table 72

1-10 Bed Mother/Child  
Private Re-Entry Work Rinklough Facility  
Proposed Per Diem Rate Ceiling  
For the 1982-83 Fiscal Year <sup>a/</sup>

<u>Component Costs</u>	<u>Los Angeles Long Beach</u>	<u>Anaheim Santa Ana Garden Grove</u>	<u>San Diego</u>	<u>Sacramento</u>	<u>San Francisco Oakland</u>	<u>San Jose</u>	<u>Fresno</u>
RFP Facility Base Rate	\$ 32.42	\$ 32.90	\$ 29.94	\$ 33.65	\$ 34.46	\$ 33.50	\$ 30.74
Mother/Child Components							
Staffing	1.88	1.93	1.64	1.98	2.03	1.97	1.76
All Others	<u>1.51</u>	<u>1.51</u>	<u>1.51</u>	<u>1.51</u>	<u>1.51</u>	<u>1.51</u>	<u>1.51</u>
Subtotal, Mother/Child <sup>b/</sup> Plus 5% Projection	3.39 <u>.17</u>	3.44 <u>.17</u>	3.15 <u>.16</u>	3.49 <u>.17</u>	3.54 <u>.18</u>	3.48 <u>.17</u>	3.27 <u>.16</u>
Mother/Child Component, 1982-83	\$ 3.56	\$ 3.61	\$ 3.31	\$ 3.66	\$ 3.72	\$ 3.65	\$ 3.43
<u>Nonprofit Facility <sup>c/</sup></u>							
Per Diem Rate (Inside feeding)	\$ 35.98	\$ 36.51	\$ 33.25	\$ 37.31	\$ 38.18	\$ 37.15	\$ 34.17
Per Diem Rate (Outside feeding)	\$ 33.78	\$ 34.37	\$ 31.30	\$ 35.01	\$ 35.62	\$ 34.85	\$ 32.28

<sup>a/</sup> Includes 5% projection for 1982-83 costs.

<sup>b/</sup> To be consistent with the preceding Fiscal Summary charts, these Mother/Child components are FY 1981-82 costs.

<sup>c/</sup> For the For Profit Facility, add \$2.54 proprietary fee to the rate.

Areas Covered  
By  
Area Wage Surveys  
of the  
U.S. Bureau of Labor Statistics

<u>Area Wage Survey Publication Title</u>	<u>Counties Covered by The Survey</u>
Los Angeles - Long Beach	Los Angeles
Anaheim - Santa Ana - Garden Grove	Orange, Riverside, Ventura, San Bernardino, Santa Barbara
San Diego	San Diego, Imperial
Sacramento	Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Yolo, Yuba
San Francisco - Oakland	San Francisco, Alameda, Contra Costa, Marin, San Mateo
San Jose	Monterey, Santa Clara, Santa Cruz
Fresno	Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, San Benito, San Luis Obispo, Tulare, Tuolumne

Table 74

Re-Entry Work Furlough Facility  
Maximum Staff Allocation  
Full Time Equivalent Positions

	<u>1 - 10</u>	<u>11 - 15</u>	<u>16 - 25</u>	<u>26 - 32</u>	<u>33 - 40</u>	<u>41 - 50</u>
<u>Facility Staff</u>						
Manager	.5	.75	1.0	1.0	1.0	1.0
Supvng Monitor	-	-	-	1.0	1.0	1.0
Job Developer	-	-	.75	1.0	1.0	1.0
Program Developer	-	-	-	.5	.5	.5
Lead Monitor	-	-	1.0	1.0	2.0	2.0
Monitor	4.5	5.50	4.5	4.8	5.9	6.3
Sec/Admin Asst	-	.25	.5	.75	1.0	1.0
Subtotal	<u>5.0</u>	<u>6.5</u>	<u>7.75</u>	<u>10.05</u>	<u>12.4</u>	<u>12.8</u>
<u>Inside Feeding</u>						
Cook	.818	.818	1.0	1.0	1.0	1.0
Asst Cook	-	-	.635	.635	.635	1.725
Subtotal	<u>.818</u>	<u>.818</u>	<u>1.635</u>	<u>1.635</u>	<u>1.635</u>	<u>2.725</u>
<u>Admin. Overhead</u>						
Executive Director	.15	.15	.15	.15	.20	.20
Assistant Director	-	-	-	-	-	.20
Admin. Assistant	-	.15	.20	.25	.20	-
Accountant	-	-	-	.35	.45	.45
Secretary	.30	.35	.40	.35	.40	.40
Subtotal	<u>.45</u>	<u>.65</u>	<u>.75</u>	<u>1.10</u>	<u>1.25</u>	<u>1.25</u>
Total Staff (Inside Feeding)	6.268	7.968	10.135	12.785	15.285	16.775
Total Staff (Outside Feeding)	5.45	7.15	8.5	11.15	13.65	14.05

IMPLEMENTATION PLAN

Currently, the Department of Corrections negotiates annual budgets with private Re-Entry Work Furlough facilities and reimburses their actual costs based on the negotiated budget. In the preceding sections we have established a schedule of maximum limits which can be used as a reimbursement ceiling in the individual private RWF facility contracts.

The Department of General Services has allowed CDC to extend the 17 private RWF facility contracts in existence on June 30, 1982 until June 30, 1985 without issuing new RFP's. Contracts will be written for additional facilities using the RFP process; those contracts will be in effect for three years.

Upon implementation of the accepted per diem ceiling, each private RWF facility will submit a proposed per diem rate which must be at or below the per diem ceiling as determined in this study before it can be accepted. After the initial period, the per diem ceiling will be updated for each subsequent fiscal year beginning with Fiscal Year 1983-84. The facility will submit a proposed per diem rate for each fiscal year which must be at or below the per diem ceiling as determined by the annual rate study before it can be accepted.

All current contract budgets will expire June 30, 1982 and will be extended through September 30, 1982 with a six percent allowable increase in operating costs only. October 1, 1982 is the date for implementation of the per diem ceiling for all existing contracts. All contracts effective on or after July 1, 1982 will be subject to the per diem ceiling.

The recommended per diem ceiling is lower than the actual cost experience of approximately half the RWF facilities that were in operation from July 1, 1981 through December 31, 1981. Therefore, some of the vendors will have to make adjustments to operate within the accepted per diem limitations. Along with the other rate components, the recommended staffing patterns and salaries are lower than in some facilities currently under contract. This can have a human impact such as decreases in committed salaries or layoffs and, therefore, should be considered for a gradual phase-in. In order to avoid any negative human impact, the facilities should be given the opportunity to adjust staffing levels and salaries over a period of time.

#### ALTERNATIVE 1

Implement the accepted per diem rate ceiling on October 1, 1982, 90 days after July 1, 1982, the date of adoption by the Director of the per diem ceiling. This alternative would be accomplished by receiving a proposed rate from each vendor comparing it with the rate ceiling and accepting the lower of the two.

#### ADVANTAGES

1. This alternative would be the easiest for CDC to implement and administer.
2. Recordkeeping and invoice auditing would be simplified.

#### DISADVANTAGES

1. Vendors would be allowed only 90 days after the Director adopts the per diem rate ceiling to make necessary staffing, salary and operating cost adjustments.
2. Ninety days is insufficient time to make changes when commitments to people are involved.
3. Ninety days is insufficient time to allow staffing or salary decreases to be affected by attrition.

#### ALTERNATIVE 2

The budgets for the contracts currently in effect will expire on June 30, 1982 but will be extended with a six percent increase in operating costs from July 1 through September 30, 1982. This alternative would extend the budgets which expire September 30, 1982 until December 31, 1982 with a percentage decrease to allow a gradual reduction in payments to the level of the per diem rate ceiling. This would be accomplished through an analysis of each of the contract budgets effective before July 1, 1982 as compared to the per diem rate ceiling to determine the amount of the difference between each contract budget and the amount the facility would receive under the component cost rate. That difference would be reduced by one-third for each of the three months, October through December 1982.

#### ADVANTAGES

1. This method would allow 180 days after the Director adopts the per diem ceiling for the vendors to make necessary staffing level and salary decreases.
2. Total program costs for the RWF program would be gradually decreased as compared to the September 30, 1982 payment level.

#### DISADVANTAGES

1. Recordkeeping and invoice auditing would become complex and unwieldy due to the large number of facilities involved.
2. Although the total reduction in reimbursement levels would not be accomplished for 180 days, the first percentage reduction would occur in 90 days. Therefore, the vendors would have only 90 days to decrease their staffing levels and salaries by a certain percentage and would encounter many of the same problems with commitments to people as outlined under Alternative 1.

#### ALTERNATIVE 3

Compute the current budgets into a per diem rate. This would be calculated by dividing the budgeted amount by the number of residents at 90 percent occupancy to determine the per diem rate. The calculated amount would then be the per diem rate effective from October 1, 1982 through December 31, 1982. The accepted per diem ceiling as outlined in this study would become effective January 1, 1983.

#### ADVANTAGES

1. This method would allow a small decrease in payments for the period October 1 through December 31, 1982.
2. This method would allow 180 days after the Director adopts the rates before the accepted per diem rate ceiling would become effective, leaving adequate time for staff attrition.

#### DISADVANTAGE

Although the total reduction in reimbursement levels would not be accomplished for 180 days, some reduction would occur in 90 days if occupancy levels are below 90 percent. Therefore, vendors would have only 90 days to decrease their staffing and salaries and would encounter many of the same problems with commitments to people as discussed in Alternative 1.

#### ALTERNATIVE 4

Implement the per diem ceiling except for the staffing component and facility lease/use cost on October 1, 1982; calculate a rate at 90 percent occupancy for salaries based on each facility's current budgeted salaries and grandfather facility lease/use cost until the end of the lease agreement or the contract period, whichever is less. The facilities would then be paid a three-part reimbursement component consisting of salaries, facility lease/use cost and the approved per diem for all other costs for the period October 1 through December 31, 1982. The per diem ceiling would then be effective on January 1, 1983.

The amount paid to facilities for salaries and operating costs from October 1 through December 31, 1982 would remain constant allowing facilities three months to adjust to a per diem rate structure. If, after December 31, some individual salaries are above the model salaries recommended in the component cost study, it may not be necessary to reduce those salaries because the vendors will have total control over the expenditure of the funds paid to RWF facilities and may dispose of the money as they see fit. For example, the facility may pay more than recommended for staff but less than recommended for other cost categories while remaining within the total cost allocated for that facility.

#### ADVANTAGES

1. Most of the per diem rate structure will be implemented on October 1, 1982 as scheduled.
2. Cost reduction will occur for salaries because a rate for salaries will be computed using the budgeted salary amount based on 90 percent occupancy while currently the occupancy rate is only 78.6 percent.
3. This method allows facilities a full 180 days after the July 1, 1982 adoption of the per diem ceiling to prepare for reductions in staffing and salaries necessitated by a lower reimbursement level.
4. Facilities will have 180 days to lower their staffing levels and salaries through attrition and replacement of key staff members who leave their employment and are replaced by staff who could receive lower salaries.

#### DISADVANTAGES

1. Since the salary component would be calculated for each facility based on the individual budgets, there would be about 40 different salary per diem allowances.
2. CDC recordkeeping would be complicated by the combination rate.

#### RECOMMENDATION

Although Alternative 1 is the preferred method of implementation, Alternative 4 is the recommended method. This alternative will allow facilities sufficient time to adjust their staffing levels and salaries without layoffs and drastic salary decreases. The vendor will no longer be required to stay within a budgeted amount for each line item. Therefore, the vendors will have total control over the areas of expenditure. As noted above, the vendors may spend more than recommended for salaries while reducing costs in other areas.

It is necessary to note that the component costs for the implementation per diem rate will be calculated at 90 percent occupancy. Therefore, it is of utmost importance for CDC to maintain 90 percent occupancy in each RWF facility. If 90 percent occupancy is not maintained, the vendors must reduce variable and step variable cost expenditures such as staffing, food, program and operating costs so that revenue will equal expenses.



**CONTINUED**

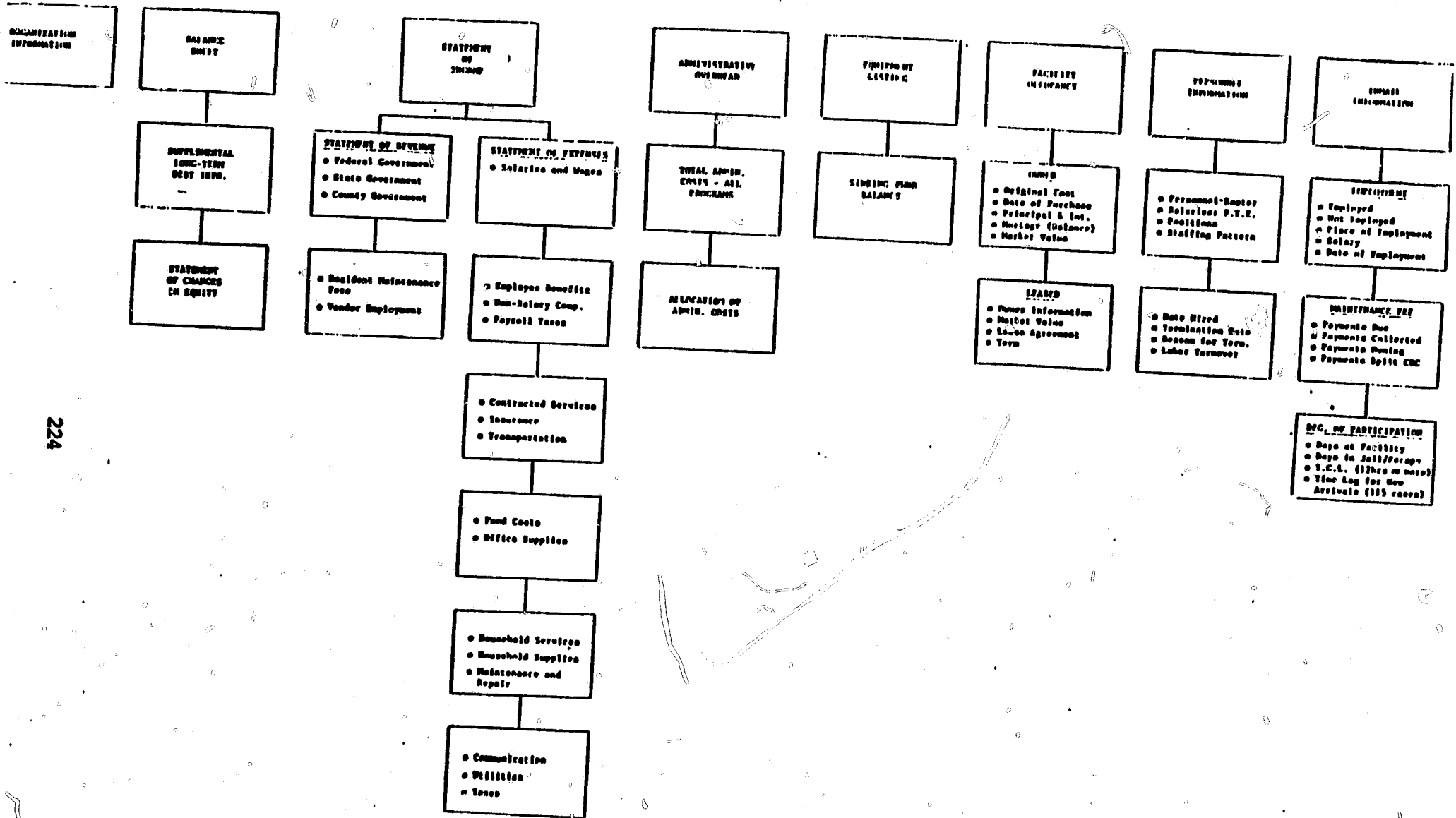
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#### UNIFORM COST REPORTING REQUIREMENTS

In order to update the reimbursement rates on an annual basis, program cost information must be obtained from the vendors. The Audit/Rate Development Section is assembling a uniform cost reporting system which is designed to retrieve the necessary information in a format which allows for a comparison of program costs between facilities.

The reporting forms will not only provide the section with financial statements and cost data such as food costs, transportation and utilities expenses but will also provide information regarding staffing patterns, labor turnover rates, inmate employment data and information regarding inmate program fees, and lag time between vacancies and new arrivals.

The reporting forms will be completed and submitted by the vendors no later than the 45 days immediately following the close of the quarter. The attached chart graphically displays the categories of information to be collected. The entire cost reporting package will be included in the revised Financial Management Handbook.



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GLOSSARY

Administrative Overhead - Costs incurred for services provided to the contracted program by the administrative branch of the contracting organization. These costs include central supportive services for personnel management, accounting, and purchasing which are indirectly associated with the particular contract.

Advance Payment - The amount advanced to contractual community-based private nonprofit agencies that have inadequate fiscal resources to cover ongoing cash flow deficits arising from the lag time between submission and reimbursement of an invoice (as stipulated in the contract pursuant to Government Code 11019).

Allowable Costs - Costs which are applicable and justifiable in relation to basic standards of service provided and fall within the limits established under the contractual agreement.

Break Even Analysis - The calculation of the level of occupancy where total expenses equal total reimbursement utilizing the fixed, step variable and variable cost factors. Commonly referred to as cost-volume, profit analysis.

Component Costs - Individual cost categories expressed as invoice line items relating to specific program services.

Component Rate - That portion of a standardized per diem rate which identifies and allocates costs for providing a particular service in re-entry facilities. Components are listed as budget line items or categories.

CPI (Consumer Price Index) - A measurement of the percent of price change from a base period to the present period in constant dollars for a defined market basket of items.

CCPI (California Consumer Price Index) - A measurement derived from the CPI by the State Department of Industrial Relations which, by allocating weights to three Class A areas in California, computes a weighted index for all of California, regardless of geographic differences.

Depreciation - The expense arrived at by spreading the cost of an asset over the period of its useful life.

Equipment Replacement Fund - Cash which is set aside in an interest bearing account to be used in the future to replace obsolete and/or worn out equipment.

Equity Capital - The funding of a profit corporation provided by investors. Represents a component of net worth on a firm's balance sheet.

Fiscal Year - For Re-Entry Work Furlough contracts, the accounting period beginning July 1 and ending June 30 including 365 days.

Fixed Costs - Costs which do not vary with the participation rate.

Fixed Operating Costs - Costs necessary for the operation of a re-entry facility that do not vary with the participation rate, including maintenance, utilities, communications and insurance cost.

FOCI (Facility Operating Cost Index) - A measurement derived from the CPI by the California Department of Corrections and supplied to the Re-Entry Work Furlough Program as the basis for measuring operating costs and their changes from a base period (October 1981) to later periods. It varies from the CPI to CCPI because it only takes into account allowable and applicable program expenses for Re-Entry Work Furlough facilities.

Full-Time Equivalents - The calculation of a personnel position which allows coverage for an eight hour shift including such things as relief for sick time, vacation and holidays.

Geographic Variances - The identification of cost variations attributed to locational differences.

Grandfathering - To allow exceptions to established standards to those contracts in existence prior to standardization in consideration of legal contractual agreements.

Gross Income Multiplier - The measurement of the relationship between market value of income property to yearly rental income.

Inmate Contribution (or Inmate Program Contribution) - The amount paid by the inmate as a share of the cost of maintaining him/her in a Re-Entry Work Furlough facility.

Inside Feeding - The arrangement in which the facility purchases the raw food and, through the services of cooks and/or other facility staff, prepares and serves meals within the facility, usually in a central dining area. Occasionally, the facility residents prepare and serve meals under staff supervision.

Necessity Index - A measurement derived from the CPI by a committee of the California Legislature and applied to the Aid to Families with Dependent Children program to identify a basis for measuring the cost of certain basic living expenses.

Net Worth (Owners Equity) - The amount of the interest of the owners of an enterprise; excess of assets over liabilities on a firm's balance sheet.

Occupancy Rate - The percentage of beds occupied by participating inmates to total facility bed capacity.

Operating Costs - In a Re-Entry Work Furlough facility, operating costs are those costs which are incurred that directly maintain the operation of the program at the facility (e.g., utilities, maintenance and food costs, etc.).

Outside Feeding - The arrangement in which the facility provides cash or coupons or food chits to its inmate residents to allow them to purchase food outside the facility or provides raw food for each inmate to prepare his/her own meals. Variations of outside feeding have residents purchasing raw food at a designated market where they receive special price considerations, cooking their own meals, or buying meals in eating establishments.

Post - In a Re-Entry Work Furlough program, one duty station for a security position which requires total coverage, 24 hours per day, 365 days per year.

Proprietary Facility - A "for profit" facility as opposed to one that has filed with the State of California for nonprofit status.

Real Estate Supply/Demand Function - The phenomenon of price fluctuations of real property values due to the owner's willingness to sell relative to a buyer's desire to purchase.

Replacement Cost - The amount required to repurchase an identical asset at the end of its useful life, adjusted for future economic price fluctuations.

Return on Investment - The amount reimbursed to profitmaking organizations over and above expenditures representing a financial gain on funds invested.

Sample Base - A portion of the total system which is an accurate representation of the system.

Staff Benefits - That amount allocated to personnel costs, over and above salaries, to provide for additional reimbursement for items such as health insurance and mandated costs such as social security.

Start Up Costs - Costs incurred in the first three months of the contract period. Includes fixed operating costs, minimum personnel costs and initial equipment purchase.

Step Variable Costs - Costs that vary in incremental steps in direct relation to the inmate participation rate.

Turnover Rate - The number of times in one year that a Re-Entry Work facility's beds become vacant and are available to new occupants.

Variable Costs - Costs that vary in direct relation to the inmate participation rate.

Variable Operating Costs - Costs necessary for the operation of a Re-Entry Work Furlough facility that vary in direct relation to the inmate participation rate including office, program and household supplies.

Vendor Employment Incentive - The portion of inmate contributions representing 25 percent of the excess of total inmate collections over the minimum required inmate collections of \$4.15 per employable day. The vendor is permitted to keep this amount as a monetary incentive for assisting residents in obtaining gainful employment.

Work Furlough Facility Operating Cost Index - See "FOCI" above.

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**Memorandum**

Date : March 3, 1982

To : Mr. Ben De Groot  
Chief, Audit/Rate  
Development Section

From : Department of Corrections, Sacramento 95814

Subject: REVIEW OF OTHER STATE AND COUNTY RESIDENTIAL RATE SETTING METHODOLOGIES

The attached reports provide a summary of residential rate setting methodologies of other California State departments and counties. All State departments with identifiable residential care programs were reviewed, three major counties were reviewed and the Bay Area Placement Committee was reviewed because BAPC computes rates for 20 member counties. A common questionnaire was used to review all agencies.

The agencies reviewed and contact people are:

California State Departments:

Alcohol and Drug Programs	Rich Frantz	Alcohol Program Analyst Program Management Section
Developmental Services	Kitty Williamson	Chief, Planning Section
Health Services	Gene Knoefel	Supervisor, Long Term Care Unit, Rate Development Branch
Rehabilitation	Margaret Lamb	Program Analyst, Habilitation Section
Social Services	Mike Carey	Program Analyst
	Dee Hudson	Program Analyst, AFDC Foster Care Rate Setting Unit, Welfare Program Operations Division
Mental Health	Referred to Developmental Services	



Mr. Ben De Groot

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March 3, 1982

**County Departments:**

San Diego County	Jay Mirafior	County Welfare Department
Los Angeles County	Bill Gill	Department of Public Social Services
Bay Area Placement Committee	Hrayr Terzian	Coordinator
San Francisco Demonstration Project	Don Benz	Project Manager

The attached information was obtained from Foster Care Rate Setting Report to the Legislature, California Department of General Services, Sacramento, California, June 1981.

THEA A. GIVENS  
Associate Governmental  
Program Analyst

TAG:kmt

Attachments

Department of Alcohol and Drug Programs

The principle objective of the Department is to direct and coordinate the State's effort to prevent and minimize the effects of alcohol misuse, narcotic addiction and drug abuse.

The two major programs of the Department are the Alcohol and Drug Programs, which are administered and funded separately. The Federal Government funds approximately 60% of the treatment within drug programs and the allocation of funds is very specific. There is a fixed federal allocation of \$5,400 per year per "slot" for drug treatment, which includes residential settings such as the Aquarian effort which is a 24 hour facility. The Department does not set rates for the drug program; rather, each county submits an annual budget based on its contracts with providers for treatment and residential programs. This is funded by the federal allocation and additional funds such as State Short-Doyle, United Way, local tax revenues, third party payments, client fees and contributions.

The Federal Government also allocates "slot" money for drug out-patient clinics and day treatment centers. The allocation is \$1,940 for out-patient clinics and \$2,500 for day treatment centers. The difference between the two figures is based on the level of services being provided; the out-patient may go in once a week for a short period of time, while the day treatment can involve an entire day.

Children of adults being treated in the drug program can be placed in foster homes or with relatives, and, if they are eligible, they can come into the AFDC-FC system.

The alcoholism program is operated at the county level. The primary nonmedical residential services used by county alcoholism programs are recovery homes and social model detoxification, both of which are licensed as "social rehabilitation facilities", and foster care residential facilities. State law does not explicitly address this program, but permits counties to set their own priorities. Every county which has over 200,000 population is required to have a full-time Alcohol Program Administrator who submits an annual program plan and budget based on contracts with its providers. The Department reviews and approves the county plans and budgets. To exercise budgetary control, the Department has developed cost guidelines and "model budgets" that include residential services.

In 1976 the Department contracted with the accounting firm of Ernst and Ernst, Certified Public Accountants, to do a cost study on costs of providing specific types of alcoholism services in California. The study covered recovery homes, detoxification programs and out-patient services. Questionnaires were sent to providers covering cost questions based on parameters such as size, occupancy, and geographic areas. Based on this survey, costs per budget line item per day were developed for residential units, and by professional therapy by hour for out-patient services.

Using these costs, another study was performed by Ernst and Ernst to develop model budgets, which are instruments representing estimates of expected costs for programs of varying sizes, utilization levels and geographical locations.

given certain assumptions about inflation, staffing and salary levels and historic trends. The model budgets assist analysts in their review of program budgets submitted by the county. Costs which exceed model budgets are evaluated on an individual basis. If it is determined that the costs are inappropriately high, the county alcoholism administrator will be required to provide a plan for bringing the program costs into line with the model budget.

If the county is unable to bring the program's cost into compliance, the Department may allow the program to continue through the remainder of the fiscal year with the understanding that the next year's program budget will not be approved without substantial changes in the program, or withdraw budget approval for the specific program and reduce accordingly the ongoing monthly advancement for that fiscal year, or reduce the next year's allocation by the amount of the overage.

Advantages:

1. The Department has established cost guidelines and "model budgets" for residential services in order to minimize program costs and provide equity among providers.
2. The Department requires budget proposals from counties which are evaluated for cost appropriateness in order to minimize program costs.
3. The Department provides some degree of auditing of facilities in order to minimize program costs.
4. Counties can adjust rates if providers can prove unusual recurring costs or program changes.

Disadvantages:

1. Facilities are not required to submit annual cost reports except through the counties.
2. Rates are not set based on the individual facility's actual costs.
3. Facilities are not classified based on levels of care. Clients are assessed as needing placement in recovery homes, residential facilities or a detoxification centers.

Department of Developmental Services

The Department of Developmental Services (DDS) provides care and treatment to the developmentally disabled through Regional Centers that counsel clients and their parents, and assess, diagnose and refer for services and place these persons in appropriate private or public living arrangements. Approximately 13,000 persons of all ages in 2,000 facilities are involved.

W&I Code Section 4681 authorizes the Department to establish rates for residential care services provided to Regional Center clients. The law specifies a rate structure composed of several items. Some of the items are related to individual client level of functioning, and some are related to facility type and level of services. To establish a schedule of maximum allowances (ceilings), the Department performs studies to gather cost data by auditing a sample of facilities. Components comprising the overall rate are arrayed, the extreme highs and lows are eliminated, and the median figure is used to establish average costs for all providers. The cost elements identified as components of the rate structure are as follows:

Basic Living Needs

Includes housing, utilities, food, laundry and some transportation costs.

Supervision

Supervision is either direct care staff time or general supervision in an observation role.

Unallocated Services

Covers indirect costs such as administrative staff and support and overhead. Overhead includes maintenance, telephone, advertising, office space, travel, office supplies/equipment, professional services, and contract labor purchased related to administration.

In addition, other rate elements are allowable, where applicable. These are:

Special Services Rates

This applies when facilities are certified to offer certain ancillary services in addition to the standard services outlined in the residential care rate. As defined by the Department, special services include training in independent living skills, sensory motor development, education, behavior intervention, behavior modification, intensive behavior modification for autistic clients, work activity and vocational training.

Mandated Capital Improvements and Equipment

Rates shall include an amount to reimburse facilities for the depreciation of remodeling and equipment costs incurred by a facility when an agency of government has required it.

Geographic Cost Factor

Rates shall be adjusted by this factor to account for differences in the cost of providing services in different areas of the state.

Facility Size

Each component was studied separately and then assembled by facility size: 1-6 beds, 7-15 beds, 16-49 beds and 50+ beds.

Salaries for supervision are based on the prevailing wage of a Nurses Aide in community care facilities. Staff benefits cover those mandated by state and federal governments and is generally about 20% of salary cost. Salaries for specialized services are based on Department of Education figures. Annual inflationary factors are considered by the Legislature. Over 99% of the DDS clients are eligible for the SSI/SSP basic grant of \$401 per month. The balance of funding is provided by the State General Fund.

The law requires that the rate fluctuates in response to the level of supervision needed by each individual client. On the basis of the Regional Center diagnosis, the client is assigned to one of four broad categories:

Basic: The client requires no help with aspects of daily living.

Minimum: The client requires some help with certain activities.

Moderate: The client requires help with most aspects of daily living.

Intensive: The client requires help with all aspects of daily living.

The 1980/81 overall rate ceilings are as follows:

<u>Level of Care</u>	<u>1-6 Beds</u>	<u>7-15 Beds</u>	<u>16-49 Beds</u>	<u>50+</u>
Basic	\$401	\$401	\$401	\$401
Minimum	495	513	555	559
Moderate	631	605	702	695
Intensive	722	740	792	786

Advantages:

1. Provides a uniform statewide system of establishing rates through Regional Centers.
2. Provides for quality of care through the individual assessment of the client as to his treatment and placement needs.
3. Special rates for ancillary services are also paid to providers as necessary for individual children, providing some program flexibility.
4. Regional centers provide monitoring services and client evaluation to assure quality of care.

Disadvantages:

1. The levels of care established for DD children are more limited than those required in foster care.
2. Administration costs are high due to processing all clients through regional centers, which are quasi-governmental agencies.
3. There is no comprehensive management information system.
4. Regional centers, as independent agencies, do not necessarily operate in the same manner from region to region which reduces statewide administrative uniformity.
5. There is limited fiscal and program auditing.
6. The system is still in a state of change due to new rate studies.

## Department of Health Services

The Department's major program is Medi-Cal which provides medical benefits to AFDC eligible and other low-income persons. While other personal, community, and state operated facility care is also provided by the Department, only its Skilled Nursing Facilities (SNFs) have an established rate system correlatable to residential care rate setting criteria. The SNFs provide nursing home care for persons with long-term infirmities.

Rate components establish a schedule of reimbursement per patient day. Rates are based on medians of actual costs submitted on annual cost statements from the facilities; and the Department sets annual prospective rates for reimbursement of services. Participating providers are grouped into classes for purposes of setting payment rates on the basis of level of care (skilled nursing facility, intermediate care facility, acute care facility), number of beds, and geographic location. Inflationary factors are also built into the rate adjustment.

The prospective payment rate per patient day is set based on median of costs for the class. Additional amounts, where appropriate, are added to the payment rates of individual providers in the class to reimburse costs of meeting state or federal laws and regulations which would not be incurred by all members of the class. At least annually, the payment rate for each class is adjusted for audit adjustments and by the California Consumer Price Index, the U.S. Producer's Index, and recent historical cost trends in the industry. New facilities receive rates based on an existing rate in a like institution. SNFs are funded by the Medi-Cal Program. Providers bill the state directly. They do not enter into contracts for service provided. They are licensed and certified to perform allowable Medi-Cal services and they are largely profit making organizations.

### Advantages:

1. The Department has a uniform statewide rate-setting system for its Skilled Nursing Facilities (SNFs) which establishes a schedule of reimbursement per patient day. Rates are based on actual costs.
2. The facilities are classified by level of care which helps determine where the patient can best be treated based on his level of need.
3. Additional amounts can be added to the rate where appropriate to reimburse costs of meeting state or federal laws or regulations.
4. The Department has an active audit program for SNFs and rates are adjusted based on audit exceptions. This minimizes federal audit exceptions, equalizes cost criteria among providers and minimizes program costs.
5. The Department provides a well designed accounting manual to its SNFs in order to have a uniform reporting system. It also provides detailed reporting instructions for the annual cost statements.
6. A good data base providing management information is a by-product of the annual report from facilities.

### Disadvantages:

1. Administrative costs at the state level for audit and rate-setting functions are high.
2. Provider contracts are not required to cover services, responsibilities or rates.
3. Rates are set based on a median of costs for the class of facilities in a particular region, as opposed to the actual costs of each facility in the foster care program.
4. Levels of service are much more limited than those for foster care. The client is assessed only as needing placement in a basic, intermediate or acute care facility.

Department of Mental Health:

The Department of Mental Health, as the State's mental health authority, administers the Short-Doyle Act which provides services for the prevention and control of mental illness, such as emergency care, 24-hour treatment and care, day treatment, and out-patient clinics. Counties are responsible for the provision of services to their residents. The programs are largely state funded. Each county submits an annual service plan to the Department for approval and allocation of funds. Short-Doyle funds do not currently cover mental health residential facilities.

There are approximately 25,000 mentally disordered persons in residential care in Community Care facilities. The majority are adults, as children can be placed on overlapping programs, such as foster care, which provide children's services. Approximately 3,000 beds in 30 facilities are for children, which is roughly 20% of total beds. What has been available to house those eligible is their \$401 SSI/SSP monthly grant. However, the Department of Mental Health is attempting to get additional funds for nonmedical care homes. A bill, SB 951, was introduced citing the need for additional funding. A report is currently being prepared for the Legislature setting out the proposed cost of needed resources and how the rates would be calculated for residential care.

The Department uses the Department of Developmental Services cost data and formulas to build prospective rates. Residences involved are small family homes for children, small family homes for adults, large family homes for children, large family homes for adults, group homes, and social rehabilitation centers.

There is no Medi-Cal funding in these nonmedical care homes. However, clients who qualify for SSI/SSP are provided a Medi-Cal card for needed services.

The specialized components of the proposed mental health rates include such factors as bizarre or aggravating behavior, high potential for independence and chronic, severe disabilities. One rate setting formula will be used for all facilities, regardless of size, using the DDS formula for establishing rates based on their defined levels of service, i.e., Basic - SSI/SSP (low needs), Level 1 - Moderately in need of specialized services, and Level 2 - Very hard to manage or can be independent and/or rehabilitated.

The Department is developing an assessment form for evaluating treatment levels. Program managers will summarize the assessment form and determine the level of care the person needs. Components based on the DDS system will determine the cost of providing the service. The Department plans to then send a schedule of rates to each county in order for them to contract for services.

Advantages:

1. The Department is currently seeking additional funds through the Legislature and is developing a rate-setting system based on the Department of Developmental Services cost data and formulas. (See DDS narrative)
2. Administrative costs in establishing an existing system should be minimal.

Disadvantages:

1. Available funds for basic care has been limited to the SSI/SSP grant for those eligible. If a provider will not accept a placement at this rate, they must shop around or find another program which has more funds or place the child in a state hospital.
2. Most of the clientele is over age 18 due to the placing children in other programs, quite the opposite of the age element in foster care.
3. There is limited audit activity.

San Diego County Institutional Rate Setting System

In San Diego County, institutional rate evaluation is assigned to the Institution Evaluation Unit (IEU). The IEU consists of one probation officer, four social workers, an accountant, a coordinator, and a clerk. During January the facilities submit their financial statements for the previous calendar year to the IEU for review and evaluation, and a budget proposal by the end of March. Rate negotiations are conducted in April regarding any differences, clarification needed, or additional information requested regarding the facility budget. The IEU reviews the facility budget for allowable cost, maximum overall cost, nonprofit status, consistency with State and Federal regulations, standard accounting procedures, program integrity, and actual operating cost. The financial statement plus cost-of-living increases are compared to the proposed budget, and the lower figure is used to negotiate the rate. Negotiated rates go through four approval steps before finalizing: Welfare Director, Public Welfare Advisory Board Contract Review Panel, Civil Service Commission, and the Board of Supervisors. Year-long monitoring of institutions is conducted by the County Department of Social Services. While certified audits are not required, records are required to be maintained for on-site budget review by the accountant.

A Placement Behavior Analysis Questionnaire developed by the IEU is completed on all children placed outside of their homes by the Probation Department or the County Department of Social Services. The purpose of this questionnaire is to accumulate data concerning the level of disturbance of children being placed at various levels of care in 24-hour children's institutions. The specific items selected for inclusion are related to the difficulty of obtaining appropriate placements for children who exhibit specified problems.

The Questionnaire is completed by the Probation Officer or Social Worker recommending placement for the child in question. Familiarity with the case history and current functioning of the child is essential. Staff from the Institution Evaluation Unit assist as consultants regarding interpretation and assessment of the individual items included in the questionnaire.

Categories of care have been established for institutional treatment based upon difficulty of the child's treatment needs, with maximum rate ceilings for each category. Current categories, rate ceilings, and numbers of institutions providing care at those levels are as follows:

<u>Category</u>	<u>Rate Ceilings</u>	<u>Number of Institutions</u>
A. Most Difficult	\$2,070 Maximum Rate	-1-
B. Difficult	\$1,725 Maximum Rate	-2-
C. Less Difficult	\$1,495 Maximum Rate	-5-
D. Decreasingly Difficult	\$1,225 Maximum Rate	-5-
E. Decreasingly Difficult	\$1,210 Maximum Rate	-4-

To determine classification and categorization of treatment levels, each institution provides an annual program statement that details all of the aspects and features of their program which includes: staffing patterns, qualification, experience of the staff, etc.

Advantages:

1. Collects both actual costs and budget proposals to establish rates.
2. Completes a periodic fiscal review of each institution's records in order to verify transactions and reject unallowable costs being claimed.
3. After the rate negotiations are completed, develops a standard agreement for all providers, setting out the established rate ceilings and outlining mutual responsibilities.
4. Establishes categories of care for institutional treatment based upon difficulty of children's needs with maximum rate ceilings for each category in order to maintain quality of required care within an established budget.
5. Closely follows the federal 45 CFR 74 App F in determining allowable costs and accounting standards.

Disadvantages:

1. Does not perform annual program and fiscal audits in child care institutions.
2. The county does not provide an accounting manual or handbook to its institutions.

### Los Angeles County Institutional Rate Setting System

Los Angeles County's rate setting system for child care institutions uses a cost based method of establishing rates. It is the most comprehensive foster care rate setting system currently in use in California. The Los Angeles system includes a handbook covering standards for programs, accounting and child care contracts, an Expenditure Experience Statement (EES), and an agency program statement, all of which are incorporated into a foster care contract with each child care institution. This procedure is not initiated for a facility until the facility has satisfactorily passed a program evaluation by the Los Angeles Department of Public Social Services and/or the Los Angeles County Probation Department, depending on whether these departments are major users of the facility. Once the EES and the evaluation are completed, they are submitted to the Contracts Office, Department of Public Social Services (DPSS). The Contracts Office reviews the EES, develops a preliminary rate based on the previous year's allowable costs, and enters into negotiations for specific rates for each institution. Approximately four staff positions are involved in setting rates for 56 facilities. Rates are approved by the Board of Supervisors. The last feature of the Los Angeles system is an annual audit of each child care institution by the Los Angeles County Auditor-Controller's Office.

This system only uses actual costs. Since budgeted information is not allowed, new providers are assigned a flat (Schedule G) rate for the first year of operation until they have developed an historical cost base. Program changes must be funded by institutions for a year before they can be included in the rate. The system also has a minimum size (licensed capacity of 15) which must be met before a child care facility can have its rate set under this institutional rate setting system. The Los Angeles system does not generally utilize ceilings on line item costs; however, the system does have a maximum rate it will pay regardless of the actual allowable costs of a facility.

#### The Handbook

The Los Angeles County Boarding Homes and Institutions Handbook was developed to specify the responsibilities of the county and providers. It contains four sections. The first section is entitled the "Program Statement". This section contains six subsections covering basic needs, staffing, records and reports, posting of licensee, payments and reimbursements.

The second section of the handbook establishes accounting, internal control, and financial reporting standards for foster care institutions. This section details the required accounting system elements, required financial reports, record retention and supporting documentation requirements, attendance record requirements, multi-service programs cost allocation requirements, etc. This section also details some of the costs which are or are not allowed in the rate computation and indicates when certain types of revenues will reduce county participation.

The third section of the Los Angeles County Handbook details the nature of the child care contract, the minimum standards for an institution to meet under the contract, the general contents of the contract, a description of how the monthly rate will be determined, and a description of county policy on county participation in the institutions operating expenses.

The final section of the Handbook is a glossary defining terms used throughout the handbook and the contract.

#### The Experience Expenditure Statement (EES)

Like the forms used for "Type A" rate setting process by B.A.P.C., the EES is used to gather all revenue and expense information for each child care institution cost center for which a rate must be set. However, the EES is organized quite differently from BAPC's forms. The EES gathers two years of cost information and has no provision for budgeted cost information for the year the rate will be in effect. The EES uses a modified United Way format and gathers salary information including benefits and consultant costs or professional fees first. Next, supplies cost information is gathered: office supplies, building and grounds supplies, utilities, etc. The final category of expenses entitled "Other Expenditures" includes mortgage interest, property taxes, equipment depreciation, vehicles-leased, etc. Also, like BAPC, revenue and occupancy data is gathered. The EES has several supporting schedules to assure that ceilings and limitations are not exceeded.

#### Program Statement

As part of the Los Angeles County institutional rate setting and contracting process, the institution develops an "Agency Program Statement". At a minimum the program statement must indicate the services provided to children who are accepted for placement. An institution retains the right to refuse acceptance of any child unsuited to its intake policies; however, those policies must be in writing and available to the public.

#### Contract, Program Evaluation, and Audit

The contract, called the "Boarding Homes and Institution Agreement", brings together the BHI Handbook, the EES, and the Agency Program Statement as well as the specific provisions for the contract itself into a legal document agreed to by the institution and the Los Angeles County Board of Supervisors.

The contract also provides for program evaluations and a fiscal audit. The program evaluation of the institution by DPSS or Los Angeles County Probation staff is to assure the county that the services and care provisions of the contract are complied with and that the care of the children is in fact adequate. An annual fiscal audit is conducted by the Los Angeles County Auditor-Controller's Office to assure that the fiscal provisions of the contract are complied with. EES's are submitted with a certification by an independent Certified Public Accountant, to the effect that the EES was prepared in accordance with the handbook and agreement and that the figures correctly represent the institutions costs as defined in the handbook and agreement. The government audit is also to assure that this certification is correct and that the accounting system financial reports and internal controls are adequate in relationship to the requirements in the handbook and agreement.



Advantages:

1. Provides very good management information and data retrieval capability.
2. Defines allowable costs, standards for child care, and accounting standards in its Boarding Homes and Institutions Handbook and its contract with institutions. The contract defines the rights and responsibilities of both the county and the provider.
3. Information is verified and analyzed by annual government audits and program evaluations.
4. Requires providers to develop a program statement which covers services to be provided. The program statement is also used during the program evaluation to assure that the institution has provided the services it contracted to provide.

Disadvantages:

1. The low flat rate for first year providers may discourage new facilities.
2. The maximum rate ceiling may discourage the development of some types of needed services.
3. The system provides limited flexibility for program changes. Providers must fund the first year of additional costs before they are recognized for rate setting purposes.

INSTITUTIONAL SYSTEMS

Bay Area Placement Committee (BAPC)

The Bay Area Placement Committee (BAPC) is a voluntary cooperative effort made up of the Welfare and Probation departments from 20 counties. BAPC has been in existence for 12 years and operates under a joint powers agreement. BAPC does not set rates, but rather, determines what it considers to be a reasonable cost-of-care figure for child care institutions. These rates can then be recommended by each of the participating county departments to its respective Board of Supervisors for approval. BAPC does not recommend basic foster family home rates nor does BAPC make rate recommendations for specialized family homes or small group homes used exclusively by the host county.

Organizationally, BAPC is broken into three parts, the steering committee, loaned county staff, and a consultant. The role of the consultant has grown over the last several years from a single half time position to several positions. The consultant advised the steering committee in policy areas. Further, the consultant also directs the county staff when they are on loan to BAPC for both subcommittees and rate setting work.

The BAPC Joint Steering Committee is the policy making body of the organization. It is made up of nine members representing County Probation Officers, Directors of Social Services and County Administrative Offices. Monthly meetings are held to discuss program and rate setting problems. The chairperson of the BAPC staff group and the consultant attend the monthly Joint Steering Committee meetings to update the Steering Committee regarding current concerns that require action and other items that are informational in nature.

The BAPC staff is composed of line staff and first line supervisory personnel from the twenty-member counties. This group meets monthly and is divided into many subcommittees. The subcommittees have the responsibility for providing ongoing evaluation of BHI facilities primarily in the area of program content. These groups address issues such as complaints regarding care of children, safety, inadequate supervision, etc.

BAPC has two different rate systems for child care institutions, the "Type A" and "Type B" processes. "Type A" facilities are larger institutions with an annual budget exceeding \$250,000 and a licensed bed capacity of 12 or more children. BAPC sets about 120 rates annually using the "Type A" process. The "Type A" system is a cost based method. It is based upon historical allowable costs for all categories of cost items. The "Type A" process includes a "Board Rate Questionnaire" (the main rate setting form listing historical costs, revenues, and budgeted expenses), and a number of supplementary forms. Detailed instructions are provided for assistance in completing these forms. The revenues are reported by funding source, such as private placements, BAPC county placements, Non-BAPC county placements, State Regional Centers, Education PL 94-142, United Way, Short-Doyle, etc. Costs are gathered in even greater detail with individual line item entries for specific job classifications. Other areas for gathering costs are "Basic Care", which includes food, clothing, personal needs, recreation, etc.; "Services, Transportation and Other Costs"



which includes staff development and training, transportation, etc.; "Operations and Fixed Assets" which includes insurance, telephone, postage, household supplies, audit and CPA fees, mortgage interest, property taxes, etc.; and "Education, Fund Raising, and Start-Up Costs" which includes teaching, personnel, supplies and books, fund raising costs, start-up costs, etc.

The Board Rate Questionnaire also includes a "Loans, Leases, and Rents Summary" and a "Fixed Assets Summary" which summarize other required information and support costs requested to be included in the rate. The questionnaire gathers occupancy and capacity information, profit/nonprofit status, net worth of the organization, information on the Board of Directors, a statement on program operations, and a program summary, including any program changes requested or previously approved.

Both the revenue and cost category information are collected for: the past complete fiscal year, the BAPC recommended amount for the current fiscal year, and the estimated revenues and the requested expenditures for the next fiscal year. The actual expenses and revenues from the prior fiscal year should equal the accompanying CPA audit, although the CPA audit reports often have other expenses which are unallowable for a BAPC rate determination. The BAPC recommended amounts for current fiscal year expenses are reviewed along with the prior fiscal year's expense information and the six months' current year cost information. Significant differences in these three figures for a line item must be explained by an approved program change, etc. If significant differences cannot be explained and a significant increase is requested, then the increase typically would not be allowed.

All of the above information except the program summary is used in determining the allowable costs to be included for the rate determination. Initially, the Board Rate Questionnaire is reviewed from a fiscal point of view, by the consultant or BAPC staff and a recommended rate is developed and forwarded to the provider. If the provider is satisfied with the rate, then no further review is necessary. If the provider is not satisfied with the rate, the provider can appeal the recommended rate to, first, the Review Committee (BAPC staff), second, the Joint Steering Committee, and finally, to the host county Board of Supervisors for resolution.

Once the historical cost information has been reviewed, requested amounts for the coming fiscal year are evaluated. Increases in selected line items are limited to corresponding increases in the Bureau of Labor Statistics San Francisco Bay Area Cost-of-Living Index. Other line items are controlled for increases by supporting schedules and documents for leases, use allowances, approved program changes, etc. Still other line items or groups of line items are controlled by ceilings which have been developed based upon average costs of "Type A" facilities. For example, food costs are limited by a cost per meal ceiling, while transportation costs are limited by an average cost per child care month.

When the above tasks are completed, a recommended rate for the coming fiscal year is calculated using the formula described below and forwarded to the provider. The providers then have the option of the appeal process previously described. BAPC stresses to the providers that the proposed rate is a recommendation which is subject to the approval of the individual county Board of Supervisors.

The formula used to calculate the rate is as follows:

$$\frac{\text{Allowable Costs}}{\text{Occupancy Rate} \times \text{Capacity} \times 12} = \text{Rate}$$

1. Allowable costs are defined as the allowable historic costs plus the allowed percentage increase in costs expressed in dollars;
2. Occupancy rate equals the average occupancy rate of the facility or .85 whichever is higher;
3. Capacity equals the average licensed capacity of the program when the cost information was developed; and
4. Twelve equals the number of months for which the cost information was gathered.

The BAPC "Type B" process provides rates for approximately 130 foster care programs. A BAPC Group Home (Type B) is more than an ordinary foster home in that the licensee provides specialized and/or professional services beyond that normally found in a regular foster home. Services for emotionally disturbed, mentally ill, behaviorally disordered, delinquent, mentally retarded, or handicapped children requiring intensive 24-hour supervision are provided in these homes. These facilities must have a licensed capacity between 4 and 12.

The "Type B" process combines several rate setting concepts. First, a flat rate is set for basic maintenance costs and a service fee. Second, salary costs for hired staff are allowed up to set ceilings on modified fee for component service method. Third, an actual cost method is used when it can be demonstrated that some types of cost categories which make up the basic maintenance fee are exceeded by the necessary actual costs of a particular program.

The types of staff allowed under the "Type B" process allow the facility significant flexibility in the program offered, yet the costs of the staff and the program are controlled. Types of staff which may be allowed and attendant restrictions include the following:

1. Program director, if there is no resident operator;
2. Program consultant, actual cost not to exceed \$40.00 per month, per child;
3. Child care staff, based on facility capacity;
4. Tutor, if all foster children in the home are in the program; and
5. Household help, not to exceed \$75.00 per month, per child.

The "Type B" process has an appeal process similar to the "Type A" process and it follows the same steps; the review team, the Joint Steering Committee, and finally the Board of Supervisors.

Advantages:

1. Uses both cost and budgeted information to make realistic rate recommendations.
2. Clearly defines allowable costs for each line item, minimizing provider confusion.
3. Uses clearly defined job descriptions (developed by the S.F. Demonstration Project).
4. Creates a uniform system of rate setting for its 20 member counties, thereby reducing administrative rate setting costs for those counties.

Disadvantages:

1. Uses ceilings on some line items or groups of costs which may not be realistic for all providers.
2. Changes definitions or ceilings on groups of line items frequently.
3. Definitions used to determine whether a facility has its rate set by one of the BAPC processes is highly arbitrary.
4. Provides only limited flexibility for program changes.

San Francisco Rate-Setting Demonstration Project

The San Francisco Rate-Setting Demonstration Project was a joint effort, funded by the State Department of Social Services and conducted by the County of San Francisco. Its conclusions have not ever been put fully into operation by any rate-setting agency.

The San Francisco Rate-Setting Demonstration Project was conceived and funded to develop a rate-setting system consistent with existing state rate-setting regulations for child care institutions. The Demonstration Project defined job specifications and cost-line items for child care institutions and developed the direct child care hours concept, accounting guidelines, an audit program, a child care institution contract, and other useful items.

Since existing regulations neither provide a method for determining a rate for new providers or program changes nor clearly define what constitutes a child care institution for rate setting purposes, the San Francisco Demonstration Project did not deal with these issues. Additionally, the sample of facilities which participated in the Demonstration Project was drawn from facilities which had had rates set by BAPC. Consequently, much of the explanation of system difference is in reference to BAPC formats.

The Demonstration Project developed a handbook to group together all elements of the rate setting system it developed. The handbook includes: an introductory letter, a Board and Care Rate Request Application (BCRR), BCRR instructions including definitions of allowable costs for each line item, job titles and descriptions for reimbursable employees of the institution, a section describing the requirements for the Private Provider Program Narrative, a Direct Child Care Staffing Chart and instructions for its completion, an accounting manual detailing accounting requirements and guidelines, an audit guide to be followed by independent licensed accountants in conducting an audit, and a Purchase of Service Agreement (POSA) which is similar to the Los Angeles BHI Agreement in scope and content.

The Board and Care Rate Request groups an institution's costs into four allowable cost categories: Group A - Direct Staff, Group B - Child Related, Group C - Building and Transportation, and Group D - Administration. Other data is also included on the Board and Care Request; such as "Nonallowable Costs", "Income Offsets", "Revenue and Public Support (exclusive of income offsets)", and a "Supplemental Educational Budget".

The grouping of allowable costs into four categories allowed two important aspects of the Project to develop. First, cost ceilings could be developed for each cost category. Second, the information required on the first cost category, direct staff, allowed the concept of "average direct child care hours" to be developed. The direct child care hours concept is used by the Demonstration Project to separate facilities into five different categories of ranges of direct child care hours: A. 0-75 hours; B. 76-110 hours; C. 111-145 hours; D. 146-180 hours; and E. Over 180 hours. Categories A through D also have a maximum dollar level ceiling to help control overall costs. Category E does not have a maximum rate ceiling; however, few facilities qualify for this category and the ceilings on the other three cost groups and salaries still apply.

The schedule used to develop the salary data for Cost Group - Direct Staff is also used to obtain the number of hours worked by the direct care staff employed by the facility. The hours are then divided by the actual number of or 85% of the maximum number of child care months, whichever is greater, to determine the average number of direct care hours per child per month. As discussed before, the average direct care hours determines cost category ceilings and, in most instances, an overall rate ceiling.

Salaries, as well as other related costs, are gathered for the other cost categories of child related costs (such as food, clothing, laundry, recreation, etc.); building and transportation costs (such as utilities, rent, interest, depreciation, etc.); and administration (such as telephone, postage, administration office maintenance, administration office rent, etc.). These three cost categories have dollar ceilings which are the same regardless of the number of direct child care hours provided.

The Demonstration Project developed thirty-one position specifications describing possible duties being performed at a child care facility. Each description discussed typical job titles which should and should not be included in a specific classification. The description then provides a definition of the classification and describes the typical qualifications, typical abilities which should be demonstrated and typical duties and responsibilities for the classification. These descriptions would be used by the facility to place the employees' salaries in the correct cost category. This would also allow auditors to verify that the placement in a category made by the facility was correct.

The BCRR requires a certification of a licensed accountant to the effect that the information provided on the BCRR is "presented in conformity with the Children's Residential Foster Care Rate-Setting Handbook". This is similar to auditor's certification required by Los Angeles County. However, the audit and certification portion of the Demonstration Project was waived when the process was used to set rates for the providers who participated in the sample. Further, unlike Los Angeles County, no governmental audit was completed on any of the participating institutions. Consequently, it is not known if unallowable costs were included in the rates set by the Demonstration Project rate-setting process.

Once the facility obtains the licensed accountants' certification, the rate setter reviews the material for completeness, applies the predetermined percentage of increase to the allowable historical costs, and then checks to be sure that the recommended rate is less than the dollar ceiling for the appropriate categories of hours and costs. The Demonstration Project also developed a ceiling for small providers (Category Z). The maximum size for the small provider is a licensed capacity of six, with less than \$50,000 of government supported services in a 12-month period. The small providers would use a substantially shortened process for their rate determination and the auditor certification would be waived. In addition, small providers would not need to complete the detailed information on employees.

#### Advantages:

1. Provides good management information and data retrieval capability.
2. Uses a contract which defines the rights and responsibilities of both the county and the provider.
3. Allows measurement of levels of service through the use of the direct child care hours concept.
4. Attempts to minimize program costs through the use of cost categories and overall rate ceilings.

#### Disadvantages:

1. Does not provide a method of setting rates for new institutions.
2. Provides little flexibility for program change. Only historical cost information is used, without regard to budgeted (projected) expenses.
3. Does not provide for government audits or program evaluations.

### California Youth Authority (CYA)

This department provides residential and community rehabilitation programs directed towards young persons found guilty of public offenses. Residential facilities include institutions, camps, foster homes, special service facilities, etc. The program is largely State funded.

This department does not utilize a formal rate setting system. Instead it negotiates with the Department of Finance to establish a basic out-of-home care amount to be paid to providers. The current basic rate is \$400 per month.

The County Justice System Subvention Program funds risk and offender programs, which include public institutions, camps, ranches, homes, etc. A rate is not set as the funds are distributed to counties on a per capita basis (about \$2.40 per person). This money is provided to the County Boards of Supervisors, who distribute it to programs which are approved by the CYA and are covered in the law as being eligible.

The minimum age for offenders in the CYA system is 13 and the average age for parolees is 20. Although approximately 7,000 minors are currently on parole, only about 280 (4%) require out-of-home care. In cases where these persons do require out-of-home care, local parole officers find foster homes or contract with group homes who guarantee that a specific number of beds will be available for CYA placements. A contract facility receives a retainer fee plus a negotiated rate per child. Excess costs above the \$400 for foster homes can be approved through a supervising parole agent and are funded through the budget allocation for the CYA region. The average payment is \$848 per child, per month. In December 1980, 63 were placed in ten group homes, while the remainder (217) were placed in foster homes, usually one per home.

#### Advantages:

1. Provides some amount of program flexibility to exceed specified rate.
2. Group homes are contracted for on a retainer basis which assures available placements.
3. Administrative costs of rate setting are relatively low since the Department of Finance sets the figure based on available data.

#### Disadvantages:

1. The Department does not utilize a formal rate-setting system, but negotiates with the Department of Finance for a basic rate.
2. The Department does not perform fiscal or program audits on facilities.
3. Placements are made through field agents who shop for homes on an individual basis or place the children in contracted group homes.

### Other Departments

The Departments of Education and Rehabilitation do not utilize or maintain rate setting systems.

The Department of Rehabilitation does not provide residential care. It provides rehabilitative services under contract with providers to prepare individuals 15 years and older for work. It has a close interface with the Departments of Education and Mental Health in providing special educational and learning skills in Regional Center workshops. Field offices are located throughout the State where people can be referred for help.

Local school districts within the Department of Education place children with special needs in private schools or private boarding schools through special education programs. The rates are set by the facilities. Foster care group homes do have on-site educational programs provided by local school districts. The Department of Education and the Department of Social Services are attempting to develop an interagency agreement so that social workers can work with special education teachers to meet children's educational, as well as social and physical needs.

## OTHER STATES' INSTITUTIONAL SYSTEMS

Twenty states were sent a questionnaire regarding their foster care rate-setting practices. The states were selected based upon the size of their foster care population. Responding to the questionnaire were: Maryland, Texas, Minnesota, New York, Louisiana, Oregon, Virginia, Georgia, Michigan, Massachusetts, Wisconsin, New Jersey, Missouri, and Ohio.

The responses and review of available literature provided descriptive material on foster care costs but little supportive analysis. It was clear that no state has varied far from one of four basic approaches to rate setting: flat rate, negotiated rate, fee for component service, or cost-based rate (historic or projected).

### Flat Rate Methods

Three states (Georgia, Ohio, and Missouri) indicated that they purchase specified foster care services at a flat rate for both foster family home placements and institutional placements. The flat rate is generally based upon the results of provider cost surveys or an analysis of cost data conducted by various governmental agencies. This method is commonly used in setting board and care rates for children placed in foster family homes; however, these three states used the flat rate method for institutional placements. In Ohio, which supervises local administration of their rate setting system, counties frequently pay more than the low state rate to child care institutions through a combination of Title XX services contracts and local revenues. Missouri and Georgia appear to have systems similar to that described for Ohio.

#### Advantages:

1. A flat rate system is the easiest and least costly to administer.
2. Would be uniform statewide.
3. Could be made more consistent with other out-of-home care rate systems used in California (e.g., DDS system).
4. Would tend to minimize program costs.

#### Disadvantages:

1. Would probably require local governments to subsidize the state rate to obtain the needed services for foster children.
2. Does not assure an adequate quantity of providers. This tends to be caused by the rates not keeping up with inflation or changes in the needs of the average child or a combination of both factors. Similar factors affect the quality of care also, and again the quality of care tends to decline over time.
3. Does not provide for good management information or data retrieval capability.

### Fee for Component Service

Minnesota, New York and Wisconsin in various ways purchase services from child care institutions based upon the type of foster care provided by the institution. Institutions may be graded with respect to the types of services provided, and have their rates set at the level of other institutions providing comparable services; or, the rate for an individual child may be tied to such foster care services as academic tutoring, psychological counseling, and vocational training actually provided to the child. In either case, the total rate paid for a child in care is linked to specific foster care service components which are paid at a fixed rate. The fixed rate at which the various service components are set is based upon the results of provider cost surveys and analyses of cost data generated primarily by federal agencies. Minnesota's rates are set by individual counties with the result that procedures vary greatly.

The determination of the additional costs-of-care for above minimum needs of developmentally disabled clients by DDS and the determination of rates for the services of Skilled Nursing Facilities in the Department of Health Services are specific examples of fees for component services in California.

#### Advantages:

1. Provides management information and data retrieval capability.
2. Tends to keep a lid on program costs in that government only purchases the services needed for each child.
3. Tends to provide flexibility for program changes because a program is developed and purchased for each child in care.

#### Disadvantages:

1. Tends to increase administrative costs because of the need to determine and keep updated a list of the necessary services for children in foster care. In addition, an elaborate system is often necessary to determine the rates for these services and to update the rates as necessary.
2. Would be inconsistent with other out-of-home payment rates. Would also result in different rates being paid for children in the same facility.

### Cost-Based Rate Methods

Foster care rates for institutions in New Jersey, Michigan, Louisiana, and Massachusetts are set by using variations of the cost based rate method. The cost-based rate method considers provider costs (historical and/or projected) and establishes individual provider rates based upon average cost per unit of service. Some cost containment features used in the cost based rate method are the limiting of reimbursable provider costs, the inclusion of an effective utilization factor, and the requiring of audits of provider costs.

New Jersey establishes contracts with child care institutions. The contracts are cost based and assume that funding for foster care will be totally public. Louisiana's institutional rate setting system reduces rates for some types of donations in the same way as several counties in California. Also, Louisiana sets a maximum profit amount for proprietary organizations. Massachusetts and Michigan both have state-administered foster care rate systems and have maximum foster care rates similar to or higher than those paid in California. Michigan recently completed a major study of foster care rate setting systems. Its initial recommendations include having contracts with providers, auditing providers and conducting program evaluations of their providers. Implementation has been postponed because of state funding problems.

Advantages:

1. Tends to assure an adequate quantity of providers.
2. Tends to enhance the quality of care by assuring providers that their expenses will be reimbursed.
3. Provides good management information and data retrieval capability.
4. Can provide flexibility for program changes if provisions allow for projected costs.
5. Lower administrative costs than some alternatives (e.g., fee for component service), since rates would not need to be individually established for each child.

Disadvantages:

1. Does not minimize administrative costs.
2. Does not minimize program costs.
3. May pay for some services for which a child's need has not been determined.

Negotiated Rate Method

In Virginia, Texas, Maryland, and Oregon, many foster care rates are negotiated with individual providers for institutional foster care. The governmental unit negotiating the rate, whether a local county or state agency, is bound by state established guidelines. Payments are often limited based upon available funds. The negotiated rate method can be administratively inexpensive but transfers considerable costs to individual providers. This is particularly true if each local unit negotiates different rates. Actual practice in some instances seems to indicate that the budget process does not anticipate or include changes in program needs during negotiations. Oregon, on the other hand, uses projected costs to set a rate for a new facility initially. In subsequent years, however, Oregon negotiates a new rate with the facility with a seven percent maximum allowable increase in the rate which often effectively precludes changes in program needs during negotiations.

Advantages:

1. Lower administrative costs than some other methods (e.g., cost-based and fee for component-service methods).
2. A negotiated rate-setting system would tend to minimize program costs in comparison to some other methods. Both cost-based and fee for component-service methods would generally have higher program costs than the negotiated rate method.

Disadvantages:

1. Often limits flexibility for program changes.
2. Tends to emphasize low percentage increases in the rate at the expense of enhanced quality.
3. Does not provide as much management information or data retrieval capability as some other methods.



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**M e m o r a n d u m**

Date : March 3, 1982

To : Mr. Howard Miller  
Deputy Director  
Parole and Community  
Services

From : Department of Corrections Sacramento 95814

Subject: SUMMARY OF WORK FURLOUGH PROGRAMS IN OTHER STATES

The following chart provides a summary of work furlough programs in nine other states. Selected supplemental reference material is available as provided by the states that were contacted.

The states surveyed were selected by general population of the state, their participation with the American Correctional Association and/or their comparability to programs in California based on information supplied by a given contact.

A comparative base reference for the chart is the national average halfway house per diem cost of \$21.09 as published in ACA's November-December 1981 issue of Corrections Today.

If there are any questions, please contact Ben De Groot at 4-1211.

Prepared by  
DENIS O'SULLIVAN  
Chief, Fiscal, Feeding  
and Business Services

JW:jnw:kmt

Attachment

cc: Mr. R. R. Bayquen

bcc: Mr. Ed Alameida  
Mr. Packard Polin  
Mr. Chuck Buchignani  
Mr. Gary Hoig

SUMMARY OF WORK FURLOUGH PROGRAMS, IN OTHER STATES

STATE SURVEYED	# OF FACILITIES PUB/PVT	TOTAL # INMATES IN PROGRAM	% INMATES COMPLETING PROGRAM	COST PER DAY PER INMATE	INMATE'S CONTRIBUTION	SPECIAL SERVICES (i.e. COUNSELING, JOB PLACEMENT, ETC.)	LENGTH OF STAY		EMPLOYMENT REQUIREMENTS	COMMENTS
							MAX	AVG		
ALABAMA	14 state	1074 rep. 24% total prison pop.	89%	\$23.97-27.40	25%/Income	Inmate must find job.	24mos	12-18 mos	Must have job within 10 days	Inmate must furnish own clothing, toiletries, etc. Inmate pay for transportation, etc.
ARIZONA	7 state	270	95%	\$25 at Pcty \$451/yr. for Community Supv.	15%/Income	Inmates live at own residence. Facility used as staging area.	30mos	10mos	Must have job to stay in program.	Inmate in community on 14 day pass, returns to facility to renew pass.
ILLINOIS	6 Pvt.	400	70%	\$24.30-27.40	Up to \$5/day	Assistance in job search & counseling.	8mos	6mos	Employment hard to find due to depressed economy.	Presently strong concern about prison gang infiltration in program - causing problems.
MARYLAND	1 county	84	90%	\$32.08	20%/Income not to exceed \$300 month	Volunteers provide counseling in life skills, teach remedial reading, etc.	12mos	107dys	Must have job or returned to institution	National exemplary project. County can increase sentence for not completing program.
MASSACHUSETTS	5 state 7 Pvt.	300 state 150 Pvt.	75%	n/a state \$24.00 Pvt.	\$7.00/day	Vendor provides multiple counseling, drug abuse, alcohol. State provides 9 job developers.	3mos	3mos	Must have job within 5 days of arrival.	Inmates are required to perform voluntary community services such as counsel at YMCA, janitor at school, clean city park, etc. All volunteer staff on evenings & weekends.
MICHIGAN	17 state	1700	70%	\$13.60	Inmate to pay total costs but no more than 50% income.	60% of population housed in prospective parolee residence.	6mos	3 1/2-4mos	Employment hard to find due to depressed economy.	Statute requires notification to local mayor, school board, police chief, etc., prior to opening facility. State not subject to local zoning ordinances. State has 10 member-Officer Community Security Force to monitor inmates.
OHIO	3 state 2 Pvt.	135 state 60 Pvt.	80% state 85% Pvt.	\$31/state \$31/Pvt.	5%/Income	State-no job assist. peer counseling. Pvt-social orientation.	12mos	4mos	Not very strict on maintaining employment due to depressed economy.	Budget cutback at state level has forced reduction in contracts. State/Private operating costs are same.
OREGON	1 state pre-re-lease ctr.	320	76%	\$ 5.53	None	Inmates stay at own or sponsored residence.	90dys	52dys	Must have employment to stay in program.	Used to operate 3 center deemed to expensive. Currently there is 10:1 inmate to staff ratio in community.
WASHINGTON	3 state 19 Pvt.	1000+	80%	\$28.26	\$8/day	No job developers.	2yrs	4mos	Job required within 10 days of arrival.	Every community with population of 30,000-40,000 has at least one facility. State pays 70% of vendor costs, inmate pays remainder.



OTHER RE-ENTRY WORK FURLOUGH PROGRAMS  
LIST OF DATA SOURCES

<u>State/Country</u>	<u>Individual</u>	<u>Title and Affiliation</u>
Alabama	Commissioner	Deputy Commissioner Community Services State Board of Corrections
Arizona	Dale Copeland	Assistant Deputy Director Adult Community Services
Canada	Louis Zeitoun	Chief, Resource Development Correctional Service 340 Laurier Avenue West Ottawa, Canada
	Solicitor General	<u>CRC Funding Review 1981</u> , Management Studies, Project 20/36, Ministry of the Solicitor General, January 1982
Illinois	Henry Templeton	Superintendent, Area I Community Correctional Centers Department of Corrections
	John Crane	Fiscal Manager Community Services Division Illinois Department of Corrections
Maryland	Kent Mason	Deputy Director Community Services Montgomery County Department of Corrections
Massachusetts	Richard Hill	Director of Bureau of Purchased Svs Rate Setting Commission
	Jerry Broderick	Contract Compliance Manager Department of Corrections
	Edith Fletcher	Contract Manager Massachusetts Halfway House, Inc. Boston, MA
Michigan	Art Hurlbert	Director of Operations Community Programs Department of Corrections

Ohio	Richard Billack, Ph.D.	Executive Director Mahoning County Community Corrections Association, Inc. Youngstown, OH
	Jerry Hillison	Deputy Director Division of Parole & Community Services Department of Rehabilitation and Corrections
Oregon	Neal Chambers	Executive Assistant to Administrator of Corrections Corrections Division Department of Human Resources
Washington	Ray Messegue	Residential Program Administrator Adult Corrections Division Dept. of Social & Health Services

OCCUPANCY LEVELS  
IN RE-ENTRY WORK FURLOUGH FACILITIES  
ASSUMPTIONS AND CALCULATIONS

ASSUMPTIONS

1. The turnover factor is 4.54 resulting in an average amount of time available in the program of 80.4 days per resident. (Source: P&CSD.)
2. New residents will be delivered to RWF programs two days a week on Thursdays and Fridays. No deliveries will be made on Saturday and Sunday. Thursdays and Fridays were chosen for illustrative purposes only; any two days of the week should produce the same calculated results.
3. Scheduled departures, i.e., paroles, result in a one-day lag time before delivery of a new resident to clean and prepare the room for a new occupant.
4. Residents are paroled evenly during a seven-day week.
5. When a resident is temporarily housed in a local jail for disciplinary detention or pending a CDC 115 hearing or when he escapes, the result is a three-day lag time before a replacement resident can be delivered.
  - a. One day for verification of the incident and notification of the region office; and
  - b. Two days for the institution to prepare the necessary paperwork.
6. The number of incidents during the period December 1, 1981 through February 28, 1982 is 125. (Source: Parole Regions' 115 reports.)
7. The total number of bed days available for the period December 1, 1981 through February 28, 1982 is 31,230. (Source: Contracts.)
8. The actual number of bed days for the period December 1, 1981 through February 28, 1982 is 24,454. (Source: Contract Participation Sheets.)
9. A pool of eligible inmates is available to meet the requirement to replace residents who leave the program due to paroles or incidents.

NOTE:

The possible number of residents 12-1-81 to 2-28-82 was based on the total number of available beds.

CALCULATIONS

31,230	Bed days available 12-1-81 to 2-28-82
- 80.4	Average days available for each resident
388.4	Possible number of residents at 100 percent occupancy

24,454	Actual number of resident days 12-81 to 2-82
÷ 80.4	Average days available for each resident
304.2	Calculated number of actual residents 12-81 to 2-82
125	Actual number of incidents 12-81 to 2-82
÷ 304.2	Calculated number of actual residents 12-81 to 2-82
41.1%	Percent of incidents per calculated number of actual residents 12-81 to 2-82
388.4	Possible number of residents 12-81 to 2-82 at 100 percent occupancy
x 41.4%	Percent of incidents per calculated number of actual residents 12-81 to 2-82
159.6	Calculated number of incidents at 100 percent occupancy
÷ 7	Days per week
22.8	Average number of incidents during a three-month period for any given day of the week.

ASSUME

Sunday incidents	Thursday is the earliest delivery day Four days lag
Monday incidents	Thursday is the earliest delivery day Three days lag
Tuesday incidents	Friday is the earliest delivery day Three days lag
Wednesday incidents	Three business days are required for delivery of a replacement resident; therefore, a week from Thursday is the earliest day. Eight days lag
Thursday incidents	The following Thursday is the earliest delivery day Seven days lag
Friday incidents	Thursday is the earliest delivery day Six days lag
Saturday incidents:	Thursday is the earliest delivery day Five days lag

Frequency distribution of lag days (incidents):

	<u>Lag Days</u>	<u>Days of the Week (Occurrences)</u>
	3	2
	4	1
	5	1
	6	1
	7	1
	8	1
22.8	Incidents	
x 3	Lag days	
x 2	Occurrences	
136.8	Days not available for residents	
22.8	Incidents	
x 4	Lag days	
x 1	Occurrences	
91.2	Days not available for residents	
22.8	Incidents	
x 5	Lag days	
x 1	Occurrences	
114	Days not available for residents	
22.8	Incidents	
x 6	Lag days	
x 1	Occurrences	
136.8	Days not available for residents	
22.8	Incidents	
x 7	Lag days	
x 1	Occurrences	
159.6	Days not available for residents	
22.8	Incidents	
x 8	Lag days	
x 1	Occurrences	
182.4	Days not available for residents	

SUMMARY

136.8	3 lag days
91.2	4 lag days
114.0	5 lag days
136.8	6 lag days
159.6	7 lag days
182.4	8 lag days
<u>820.8</u>	Total days not available for residents (incidents)
388.4	Possible number of residents at 100 percent occupancy
-159.6	Calculated number of incidents
<u>228.8</u>	Calculated number of paroles
<u>7</u>	Days per week
32.7	Average number of paroles during the three-month period for any given day of the week

ASSUME

Sunday paroles	Thursday is the earliest delivery day Four days lag
Monday paroles	Thursday is the earliest delivery day Three days lag
Tuesday paroles	Thursday is the earliest delivery day Two days lag
Wednesday paroles	Thursday is the earliest delivery day One day lag
Thursday paroles	Friday is the earliest delivery day One day lag
Friday paroles	Thursday is the earliest delivery day Six days lag
Saturday paroles	Thursday is the earliest delivery day Five days lag

Frequency distribution of lag days (paroles):

	<u>Lag Days</u>	<u>Days of the Week (Occurrences)</u>
	1	2
	2	1
	3	1
	4	1
	5	1
	6	1
32.7	Paroles	
x 1	Lag day	
<u>x 2</u>	Occurrences	
65.4	Days not available for residents	
32.7	Paroles	
x 2	Lag days	
<u>x 1</u>	Occurrences	
65.4	Days not available for residents	
32.7	Paroles	
x 3	Lag days	
<u>x 1</u>	Occurrences	
98.1	Days not available for residents	
32.7	Paroles	
x 4	Lag days	
<u>x 1</u>	Occurrences	
130.8	Days not available for residents	
32.7	Paroles	
x 5	Lag days	
<u>x 1</u>	Occurrences	
163.5	Days not available for residents	
32.7	Paroles	
x 6	Lag days	
<u>x 1</u>	Occurrences	
196.2	Days not available for residents	

SUMMARY

65.4	1 lag day
65.4	2 lag days
98.1	3 lag days
130.8	4 lag days
163.5	5 lag days
196.2	6 lag days
<u>719.2</u>	Total days not available for residents (paroles)

Days not available for residents:

820.8	Incidents
<u>719.4</u>	Paroles
1,540.2	Total days not available for residents
<u>31,230.0</u>	Bed days available 12-81 to 2-82
4.9%	Vacancy factor or
95.1%	Occupancy factor

Manager Job Description

Responsibilities:

Responsible for the day-to-day operation of the facility; for ensuring that all facility staff understand and adhere to policies of the organization; for ensuring that any compliance concerns of the CDC are attended; that the maximum possible level of resident employment is attained

Duties:

Hires, decides on promotion of, and terminates facility staff.

Establishes and maintains positive community relations.

Makes staff assignments.

Approves staffing schedules.

Directly supervises the Job Developer, Secretary/Administrative Assistant, and the Supervising Monitor.

Supervises and/or prepares the facility resident participation portion of the monthly invoice.

Approves purchases.

Arranges for residents' medical needs.

Coordinates with CDC Work Furlough Agent.

Approves exit summaries of all residents.

Writes facility monthly report and sends to Executive Director.

Keeps facility staff job descriptions and shift duties up-to-date.

Keeps procedures manual up-to-date.

Reviews search and fire drill reports and sends to Executive Director.

Maintains facility staff file on vacation and sick time usage and on holiday rotation.

Approves overtime requests as necessary to meet facility needs.

Provides coverage of the facility due to unexpected staff absence.

Conducts weekly staff meetings.

Reviews reimbursement reports and sends to Executive Director.

Maintains Petty Cash Fund at the facility.

Reviews resident assessments with Supervising Monitor and Job Developer weekly.

Reviews TCL requests and notes conditions on same, daily.

Reviews list of authorized medications.

Approves driving authorizations as needed.

Monitors inventory of client belongings with Secretary/Administrative Assistant monthly.

Approves resident contracts and budgets.

Oversees in-house disciplinary process:

- a) Delivers 128's and recommends sanctions,
- b) Ensures 115's are written and delivered within applicable time frame, and
- c) Attends disciplinary 115 hearings as scheduled.

Job Developer Job Description

Maintains contact with and obtains current job opportunity information from community employers.

Provides resident orientation for job search including:

- a) Arranging for proper identification cards, and
- b) Obtaining a valid driver's license.

Assesses each resident's:

- a) Job skills, and
- b) Job interview skills.

Provides training for residents in:

- a) Use of available job opportunities information including;
  - 1) Classified ads,
  - 2) Telephone directory yellow pages, and
  - 3) EDD and other employment agency information.
- b) Job interview participation,
- c) Job application and resume preparation, and
- d) Basic communication skills.

Provides guidance in transportation planning and schooling.

Debriefs residents after job interview

Assists residents with employment goal clarification.

Drafts resident exit summaries.

Coordinates with CDC Work Furlough Agent weekly.

Provides a comprehensive employment status report on residents monthly, to Manager and Executive Director.

Supervising Monitor

Directly supervises assigned Monitors.

In conjunction with Manager, rates assigned Monitors as to their job performance.

Takes direct corrective action with assigned Monitors on some matters; participates with Manager in taking disciplinary actions with assigned Monitors.

Orients and trains Monitors.

Provides continuous supervision for all Monitors on duty.

Develops and coordinates Monitor work and task schedule.

Reviews and edits Monitor reports.

Makes and supervises residents' house maintenance task assignments.

Orients newly arriving residents to facility rules and control and house-keeping expectations.

Develops weekly and monthly staffing schedules for Monitors and submits to Manager.

Makes resident house maintenance task assignments.

Supervises residents' maintenance fee (rent) program.

Supervises residents' budget and savings program.

Reviews exist summaries for all residents.

Conducts primarily one-to-one, and occasionally group counseling sessions dealing with:

- a) Personal goals orientation,
- b) Community adjustment,
- c) Family problems, and
- d) Budgeting and managing expenditures.

Drafts resident exit summaries.

Lead Monitor Job Description

Regarding the security function:

- a) Maintains In-Out logs,
- b) Does resident counts (minimum of four per day),
- c) Conducts searches, both room and clothed and unclothed resident searches,
- d) Obtains urinalysis samples from residents,
- e) Makes job verification phone calls,
- f) Supervises residents' house maintenance tasks,
- g) Writes reports,
- h) Answers telephones,
- i) Provides linen service weekly, and
- j) Collects, reviews and files Job Search forms.

Regarding resident adviser functions:

- a) Is responsible for an assigned caseload of residents for whom he/she conducts primarily one-to-one, and occasionally group counseling sessions dealing with:
  - 1) Personal goal orientation,
  - 2) Community adjustment,
  - 3) Family problems, and
  - 4) Budgeting and managing expenditures.
- b) Drafts resident exit summaries.

Monitor Job Description

Regarding the security function:

- a) Maintains In-Out logs,
- b) Does resident counts,
- c) Conducts searches, both room and clothed and unclothed resident searches,
- d) Obtains urinalysis samples from residents,
- e) Makes job verification phone calls,
- f) Supervises residents' house maintenance tasks,
- g) Writes reports,
- h) Answers telephones,
- i) Provides linen service weekly, and
- j) Collects, reviews and files Job Search forms.

Regarding resident adviser functions:

- a) Conducts primarily one-to-one and occasionally group counseling sessions dealing with:
  - 1) Personal goal orientation,
  - 2) Community adjustment,
  - 3) Family problems, and
  - 4) Budgeting and managing expenditures.
- b) Drafts resident exit summaries.

Night Watch Job Description

Regarding the security function:

Maintains In-Out logs.

Does resident counts.

Conducts searches, both room and clothed and unclothed resident searches.

Obtains urinalysis samples from residents.

Makes job verification phone calls.

Supervises residents' house maintenance tasks.

Writes reports.

Answers telephones.



Relief Monitor Job Description

Regarding the security function:

- a) Maintains In-Out logs,
- b) Does resident counts,
- c) Conducts searches, both room and clothed and unclothed resident searches,
- d) Obtains urinalysis samples from residents,
- e) Makes job verification phone calls,
- f) Supervises residents' house maintenance tasks,
- g) Writes reports,
- h) Answers telephones,
- i) Provides linen service weekly, and
- j) Collects, reviews and files Job Search forms.

Regarding resident adviser functions:

- a) May conduct primarily one-to-one and occasionally group counseling sessions dealing with:
  - 1) Personal goal orientation,
  - 2) Community adjustment,
  - 3) Family problems, and
  - 4) Budgeting and managing expenditures.
- b) Drafts resident exit summaries.

Secretary/Administrative Assistant

Relieves Manager of routine office details.

Screens a variety of visitor and telephone calls and, where appropriate, refers to other staff members or personally provides authoritative information on established facility programs and policies.

Independently or in accordance with general instructions, composes correspondence on a wide range of subjects requiring a thorough knowledge of the policies and procedures of the facility.

Maintains appointment calendar for the Manager.

Provides a monthly inventory of supplies and linen and prepares a purchase order for the Manager.

Makes purchases as approved by Manager monthly.

Prepares new resident ID's and maintains resident picture album.

Prepares and monitors urinalysis schedule and testing; orders urinalysis materials as needed.

Provides typing service for all facility staff.

Answers telephone.

U.S. Bureau of Labor Statistics  
Job Descriptions

Typist

Uses a typewriter to make copies of various materials or to make out bills after calculations have been made by another person. May include typing of stencils, mats, or similar materials for use in duplicating processes. May do clerical work involving little special training, such as keeping simple records, filing records and reports, or sorting and distributing incoming mail.

Typist I (Formerly Typist B)

Performs one or more of the following: Copy typing from rough or clear drafts; or routine typing of forms, insurance policies, etc.; or setting up simple standard tabulation; or copying more complex tables already set up and spaced properly.

Guard

Protects property from theft or damage, or persons from hazards or interference. Duties involve serving at a fixed post, making rounds on foot or by motor vehicle, or escorting persons or property. May be deputized to make arrests. May also help visitors and customers by answering questions and giving directions.

Guards employed by establishments which provide protective services on a contract basis are included in this occupation.

For wage study purposes, guards are classified as follows:

Guard I (Formerly Guard B)

Carries out instructions primarily oriented toward ensuring that emergencies and security violations are readily discovered and reported to appropriate authority. Intervenes directly only in situation which require minimal action to safeguard property or persons. Duties require minimal training. Commonly, the guard is not required to demonstrate physical fitness. May be armed, but generally is not required to demonstrate proficiency in the use of firearms or special weapons.

Guard II (Formerly Guard A)

Enforces regulations designed to prevent breaches of security. Exercises judgment and uses discretion in dealing with emergencies and security violations encountered. Determines whether first response should be to intervene directly (asking for assistance when deemed necessary and time allows), to keep situation under surveillance, or to report situations so that it can be handled by appropriate authority. Duties require special training in method and techniques of protecting security areas. Commonly, the guard is required to demonstrate continuing physical fitness and proficiency with firearms or other special weapons.

## County Supervisors Association of California

May 4, 1982

Mr. P. J. Newlin  
Department of Corrections  
630 K Street, Room 102  
Sacramento, California 95818

Dear P.J.:

As you requested in our telephone conversation today, please find enclosed copies of our series numbers 432, Deputy Sheriff; 442, Group Counselor; and 444, Deputy Probation Officer which were extracted from our 1981/1982 California Counties Salary Survey.

I have also enclosed the standard job descriptions for these series for your information. The 1981/1982 California Counties Salary Survey is conducted on an annual basis for the County Personnel Administrators Association of California by County Supervisors Association of California.

If you have further questions, please do not hesitate to contact me.

Sincerely,



Sandra H. Mitchell  
Administrative Assistant

Enclosures

P.S. The State of California, Sacramento County and San Mateo County were received late and are, therefore, on a supplement sheet, also enclosed.



CSAC EXECUTIVE COMMITTEE President, THERESA COOK, Placer County ■ First Vice President, JAMES EDDIE, Mendocino County ■ Second Vice President, SUNNE WRIGHT McPEAK, Contra Costa County ■ Immediate Past President, QUENTIN L. KOPP, City & County of San Francisco ■ WALT P. ABRAHAM, Riverside County ■ MICHAEL D. ANTONOVICH, Los Angeles County ■ FRED F. COOPER, Alameda County ■ PAUL FORDEM, San Diego County ■ MARY KNAPP, Santa Clara County ■ HOWARD D. MANKINS, San Luis Obispo County ■ DAN MCCORQUODALE, Santa Clara County ■ CAL McELWAIN, San Bernardino County ■ STEPHEN C. SWENDIMAN, Shasta County ■ JOHN M. WARD, San Mateo County ■ EARL WITHEYCOMBE, Sierra County ■ ADVISOR, County Administrative Officer, ALBERT P. BELTRAMI, Mendocino County ■ Executive Director, LARRY E. NAAKE

Sacramento Office / 8201, 11th & L Bldg. / Sacramento, CA 95814 / 916/441-4011 ATSS 473-3727  
Washington Office / 1735 New York Ave., N.W., Suite 501 / Washington, D.C. 20006 / 202/783-7575

Deputy Sheriff

Performs police work of average difficulty involved in the enforcement of laws, having custody of prisoners and serving legal papers. Investigates crimes; patrols an assigned area in the county; makes arrests for law violations; books and maintains custody of prisoners at the jail; acts as court bailiff; keeps records and makes reports of work done.

- NOTE: 1. Those counties having more than one level in this class will report all levels, and indicate by a note the difference between them.
2. Include Detectives in this series even though they are not in direct promotional hierarchy or note those classes which may act as Detectives.

Group Counselor

Under general supervision, to perform counseling work involved in the supervision of delinquent and neglected juveniles in a detention home; observe and counsel juveniles; assume responsibility for the safe custody of a group of juveniles during assigned periods of recreation, work and sleep; to supervise boys or girls in the care of quarters; to maintain discipline and the care of the property.

Exclusion: Jobs whose duties are primarily custodial.

Deputy Probation Officer

To perform professional probation work in any of its phases; to exercise initiative in making decisions based on knowledge of principles, methods, procedures, and philosophy of probation work; to investigate and evaluate facts and influences concerning adults and juveniles; to offer applications for probation of juveniles and special cases; to make social history investigations and analyses; to work with plans for treatment; to present reports and recommendations to the courts; to supervise, counsel and guide adults or wards of Juvenile Court through personal, field or official contracts; may organize and direct group activities programs for seriously maladjusted youth groups:

Guide: This is presumed to be the journeyman level requiring some experience.

DIABLO VALLEY RANCH  
JOB DESCRIPTIONS

TITLE AND MINIMUM REQUIREMENTS:

DUTIES:

- |   |                        |  |
|---|------------------------|--|
| <p>1 <u>Program Aide</u> - Two years or more free of alcohol and other drugs. One year volunteer experience in alcoholism recovery programs. Possess traits of effective helper; dedicated to program of personal growth. Ability to work in stress situations. Able to relate on peer level with residents. Stable emotionally with characteristics of role model. Willing to participate in ongoing training requirements. Must have valid California driver's license.</p> | <p>\$901-951/mo.</p>   | <p>Responsible for driving residents to medical and legal appointments, social events and grocery shopping. Assists other staff at house meetings, orientation and necessary operational functions. Assists residents in completing required forms. Primary responsibility for group of 8-10 residents as guide in all aspects of their personal recovery. Facilitates Recreation Committee meetings. Carries out other duties as assigned by Program Coordinator.</p>       |
| <p>2 <u>Program Assistant I</u> - Three years or more free of alcohol and other drugs. Must have completed course of the core knowledge of alcoholism and have a good understanding of this process. Must be thoroughly familiar with state guidelines for operation of recovery homes and CAARH Position Paper. Must have 100 hours of verifiable group facilitating. Must have minimum requirements of Program Aide. Must have valid California driver's license.</p>       | <p>\$1001-1051/mo.</p> | <p>Responsible for planning, facilitating and involvement in All-Ranch meetings, and keeps records of activities done. Responsible for house meetings. Guides and makes suggestions to 9-member resident council. Guides group of 8-10 residents in all aspects of their personal recovery plans, including making sure each individual completes a future plan and recovery plan before leaving the Ranch. Carries out other duties as assigned by Program Coordinator.</p> |

JOB DESCRIPTIONS (CONTINUED) :

.3 Program Assistant II - Four years or more free of alcohol and other drugs. Must have minimum requirements of Program Assistant I including 100 hours of verifiable group facilitating. Must be completely familiar with our philosophy and beliefs, as well as with the Tribes process. Must have a valid California driver's license.

Coordinates All-Ranch meeting, orientation groups and house meetings. Responsible for contacts with and full utilization of community resources. Understanding of all facets of Ranch program and operations. Ability to respond to any questions concerning our guidelines. Assists Ranch Coordinator and acts in his/her absence.

.4 Coordinator I - Five years or more free of alcohol or other drugs. Must have minimum requirements of Program Assistant II. Ability to accept full responsibility for separate Bi-Bett program functions. Willingness to participate in community meetings, as well as Bi-Bett Management Council. Must have valid California driver's license.

Responsible for insuring that all Ranch program and operations functions are carried out by overseeing that the process is followed, including weekly staff and council meetings. Responsibility as a member of Management Council. Meet once a week with each staff member on one-to-one basis. Interacts with community and arranges for tours of Ranch by community members. Responsible for insuring that all certification and licensing criteria are met. Coordinates staff training and skill development. Mainly responsible to see that the process is followed by working directly with Council and Staff.

CENTRAL CITY COMMUNITY  
MENTAL HEALTH FACILITY  
LOS ANGELES

Job Title: Lay Rehab Counselor - Residential  
Responsible to: Facility Coordinator  
Hours: 40 Hours per week  
Salary Range: \$9,600 - 12,000 Annually

General Description:

Under supervision of the Facility Coordinator, Psychiatric Social Worker, or Clinical Psychologist for the Kick Program, the Lay Rehab Counselor participates as a professional team member in the provision of counseling and supportive services to drug clients.

Duties and Responsibilities

Establishes therapeutic relationships with clients in order to assist them in making vocational and social choices.

Maintains caseload.

Under supervision performs individual and group counseling.

Develops appropriate treatment plans and assists and observes case conferences regarding appropriate client treatment.

Monitors telephone calls and client visits. Escorts clients when necessary.

Collects urine for drug screening.

Advises clients of available community resources and makes appropriate referrals to ensure continuity of care.

Acts as a liaison between client and parole and probation officers.

Supervise clean-up of facility.

Comply with federal regulations regarding confidentiality of clients records.

Adhere to program policies and procedures manual.

Orientates new clients to rules and regulations of program and residential facility.

Attend in-service training as designated and all regular scheduled staff meetings.

Skills and Abilities:

Must be personable and flexible.

Possess good counseling skills.

Articulate and able to relate well with others.

Able to read and write and follow oral and written instructions.

Must be highly motivated.

Familiar with community resources in order to assist clients in obtaining needed services.

Education and Work Experience:

Must be able to read and write and comprehend at the 10th grade level or better.

Knowledge on drug abuse and related problems.

Special Qualifications:

Must be drug free and indicate willingness to submit urine for analysis without prior notice.

Evaluation Procedure:

Performance will be evaluated by the Facility Coordinator. Two evaluations will be received during initial six months probationary period - one at the end of three (3) months and the other prior to the end of six months probationary period. Subsequently, an evaluation will be performed once annually on employee's anniversary date.

Overall Standard of Performance: **AVERAGE**

IRIS Project  
San Francisco

Job Title: Counselor  
Annual Salary: \$13,520 - 18,000  
Reports to: Project Director

Duties:

Carry caseload of clients for individual and/or group counseling.

Prepare and maintain case files in keeping with Federal funding criteria.

Provide statistical data in form of CODAP, monthly reports, etc., as required by Project Director to meet the needs of the program.

Develop group programs to meet the needs of program.

Outreach to the community and agencies in order to inform people of the IRIS PROJECT and educate people to the issues of drug abuse among women.

Receive supervision on clinical work.

Provide information and referral phone work.

Attend scheduled meetings as required.

Perform other duties as required by the needs of the program.

Prerequisite:

Counseling experience preferable with drug abuse treatment - one year minimum; Master's degree can be substituted for experience.

AGENCY ASSISTANCE PROGRAMS  
 UNITED WAY OF THE BAY AREA  
 410 Bush Street  
 San Francisco, California 94108  
 772-4300

MAR 12 1982

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**1981 Wage and Benefit Survey  
 Of and For  
 San Francisco Bay Area  
 Tax-Exempt, Nonprofit Organizations**

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*Produced by*

The Management Center  
 150 Post Street, Suite 640  
 San Francisco, CA 94108

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**WAGE SURVEY TABLES**

**RESPONSIBILITY LEVEL G**

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SOCIAL WORKER/COUNSELOR - LEVEL G

*Under general supervision, is responsible for achieving specified objectives within specified, short-range time limits, and applied previously acquired office/technical/other skills of high level of proficiency. Uses good judgment to select options/alternatives and initiative in resolving work-related problems. Requires high school plus specialized skill or vocational training or equivalent experience. May have frequent contact and need to coordinate work with other employees. Contact with clients/community limited to routine matters.*

Function	Number of Responses	Minimum Paid	Maximum Paid	Average Paid	Median Paid
Social Wrk/Counseling	14	838	1500	1034	987

Salary information obtained from Wage & Benefit survey of and for San Francisco Bay Area Tax-Exempt, Non-Profit Organizations. Compiled by the Management Center, Inc.

Community Drug Recovery Facility  
Job Developer

Job Title: Job Developer  
Responsible to: Deputy Director of Psycho-Social Services  
Hours: 40 Hours per week  
Salary Range: \$12,000 - 15,000 Annually

General Description:

The Job Developer is responsible for the procurement of employment or job training slots for the clients we serve. The Job Developer must also train and support the Job Counselor in the activities of Job Development.

Duties and Responsibilities:

- Procurement of jobs for clients.
- Assist the Job Counselor in assessing the skills and abilities of clients.
- Conduct work ethics classes.
- Coordinate a work therapy program.
- Provide client follow-up services.
- Maintain accurate records on each client.
- Make appropriate referrals for employment.
- Submit monthly reports.
- Attend scheduled general staff meetings.
- Attend scheduled general staff meetings.
- Attend component head meetings once a week.
- Periodically hold employers seminars.



Education and Work Experience:

Must be a high school graduate.

Have one year or more experience working with employment for inactive substance abusers and ex-felons.

Prior experience working in a drug treatment setting is desired.

Must have had some supervisory or managerial experience.

Skills and Abilities:

Neat and well-groomed.

Must be knowledgeable of employment agencies and various training programs available to the clients.

Ability to write reports.

Ability to conduct training classes.

Must be able to follow written and oral instructions and accept supervision.

Ability to relate well with others.

Ability to act in managerial capacity.

Special Qualifications:

Must have a valid California license and a car.

Must be drug free and indicate willingness to provide urine specimen for analysis without prior notice.

Evaluation Procedure:

Performance will be evaluated by the Deputy Director of Psycho-Social Services. Two evaluations will be received during initial six months probationary period - one at the end of three (3) months and the other prior to the end of six month's probationary period. Subsequently, an evaluation will be performed once annually on employee's anniversary date.

Overall Standard of Performance: AVERAGE

UNITED WAY, INC.

UNITED WAY, INC.  
JOB TRAINING PROGRAM

POSITION DESCRIPTION

SENIOR  
COUNSELOR/JOB DEVELOPER

OCCUPATIONAL SUMMARY

Responsible for the coordination of activities to meet the needs of C.E.T.A. participants with the objective of successfully placing them in permanent employment or related placements.

TYPICAL TASKS

- Schedules all program activities and assigns support service staff.
- Collects, reviews, and evaluates support service staff reports.
- Responsible for timely collection of required reports
- Conducts individual and group staff meetings to review, assess and evaluate program performance.
- Meets with Administrative Staff to review, assess and evaluate program performance in respect to program service plans.
- Assist in the Administration of Staff Training Programs.
- May undertake the responsibilities of the Project Director to supervise and direct staff
- Responsible for the proper maintenance and control of related program records and files
- Submits reports as required
- Provides services to participants Delegated to Support Service staff as required.
- Performs other related duties as required.

EDUCATION/EXPERIENCE

Requires a combination of education/experience equivalent to four years of college. Supplemented by five years of progressively responsible experience. Experience in Manpower Services preferred.

United Way  
Job Training Program  
8/77

# CALIFORNIA STATE PERSONNEL BOARD

## specification

### JOB AGENT

SCHEMATIC CODE: WD25  
CLASS CODE: 9155  
ESTABLISHED: 8/7/69  
REVISED: 3/17/76  
TITLE CHANGED: --

#### Definition:

Under general direction, as required by the Human Resources Development Act of 1968, to be responsible for the development of individualized job training and placement plans for eligible clients of the Employment Development Department, for the delivery of all such services required by the plan and for successful completion of the plan by the client; and to do other work as required.

#### Typical Tasks:

On an individualized basis provides eligible clients with the most difficult problems of unemployment and underemployment with training and related services leading to continued self-sufficient employment; develops, gains approval, and implements innovative, new, and original ways of achieving continued employment for clients; diagnoses clients' problems and develops individual training and employment plans; personally provides services or obtains training and related services required by clients from other units of the Department and public and private agencies; purchases required services for clients; negotiates contracts and agreements with employers and community and public agencies; as required, functions as an advocate in representing clients in dealing with community institutions; evaluates and reports to management on the adequacy and effectiveness of services rendered to clients under contract and agreements; stimulates and encourages clients to achieve goals and provides clients with any required assistance in overcoming obstacles to clients' progress and success in training and related programs and employment; conducts personally, or through staff, regular and continuous evaluation of clients' progress in achievement of plans up to and including placement and relationships in employment, and carries out postemployment follow-up; conducts or directs individual and group counseling of clients; consults with and advises employers, community, public and private organizations on the problems and solution of the hard-core unemployed and the underemployed disadvantaged; encourages and solicits participation in Department efforts at assisting clients; provides assistance to groups and employers and public agencies in developing programs and service of assistance to clients; talks before groups in explaining purposes of Employment Development Department programs, and needs of clients; seeks new and original ways to reduce barriers to employment of unemployed and underemployed; evaluates local economic patterns of employment and poverty to develop necessary background and information required to serve clients; provides training to departmental staff to enable them to work with, understand and assist the most difficult cases of underemployment and unemployment; prepares reports on clients and services rendered.

Job Agent

**Minimum Qualifications:**

Either I

Equivalent to two years of experience in the Employment Development Department performing casework, counseling, or placement work with the unemployed and/or underemployed.

Or II

Four years of technical or professional experience providing services to the culturally or economically disadvantaged. This must have included direct contact with client groups, employers, and social service, community and related organizations.

and

**Knowledges and abilities:**

Knowledge of: problems of culturally, economically and ethnically disadvantaged individuals, groups and communities; nature, scope and availability of programs and services designed to alleviate social problems; principles and techniques of vocational guidance and casework; principles and techniques of individual appraisal, including interviewing, occupational testing, and evaluation of personal traits; personality development and adjustment; general functions and purposes of public employment offices; employment and industrial conditions, in terms of skills, abilities and personal qualifications needed and the training required; labor market characteristics and trends.

Ability to: understand the underlying causes of social and economic deprivation; communicate effectively with disadvantaged persons, and in some positions speak fluently one or more variations of a specified second language, in addition to English; develop and maintain the confidence of disadvantaged persons, employers, community organizations, other employees, and others contacted in the course of the work; observe and evaluate personal characteristics, physical capacities, education, work background, aptitudes and interests of clients, and to interpret these factors in terms of their occupational significance; inspire confidence and motivate individuals to carry out employability plans; speak and write effectively.

Monthly Compensation: \$1482 1551 1624 1701 1782

Work Week Group: 4B

Note: Salary information for this class was correct on 5/12/80. Any subsequent salary changes have not been recorded.

# CALIFORNIA STATE PERSONNEL BOARD

## specification

### EMPLOYMENT PROGRAM REPRESENTATIVE UNEMPLOYMENT INSURANCE ADJUDICATOR Series Specification (Established February 7, 1979)

**SCOPE:**

This series specification describes professional working level classes used in the Employment Development Department to perform a variety of technical work that is necessary to administer a number of departmental programs including: employability, placement and related services, and unemployment insurance benefit payments. Positions allocated to these classes typically perform the full range of technical Employment Services or Unemployment Insurance work including: interviewing, testing and referring applicants for work, working with employers and community organizations; reviewing claims, interviewing claimants and making eligibility determinations. The class of Employment Program Representative I is the recruiting, training and first working level in the series. Entry is from outside State service or by promotion from the Department's preprofessional classes.

The Employment Program Representative II and Unemployment Insurance Adjudicator classes are the full journey level in the Employment Service and Unemployment Insurance Programs respectively. Incumbents typically perform the full range of technical work in these programs.

Some of the positions in this series require fluency in both English and a second language to facilitate communication with clients. Persons interested in qualifying for special language positions must pass both the proficiency test for a specified non-English language and the general examination administered to all candidates for positions in the class.

Positions in this class series are not designated as management or supervisory although incumbents in the classes of Employment Program Representative II and Unemployment Insurance Adjudicator may occasionally act as "lead persons" performing such functions as training new staff or reviewing the assignments of lower level staff. Such "lead persons" have duties substantially similar to those of their subordinates and they do not have the authority in the interest of management to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, discipline or responsibly direct other employees or to adjust grievances, or effectively to recommend such actions.

**Class**

Employment Program Representative I  
Employment Program Representative II  
Unemployment Insurance Adjudicator

**FACTORS AFFECTING POSITION ALLOCATION:**

The scope of responsibility, the variety and complexity of technical work to be performed, the independence of action and the consequence of error, degree of contact with other governmental jurisdictions - State, Federal, local - the degree of authority to make commitments with these agencies and consequences of action.

**CLASS**

**DEFINITION OF LEVELS**

**EMPLOYMENT PROGRAM  
REPRESENTATIVE I**

*Range A:* Range A is the trainee level for persons entering technical positions in the Employability and Placement services and Unemployment Insurance Payments Programs in the Department. Incumbents typically enter into the Department's Block Training program consisting of a combination of classroom instruction and on-the-job training. Training comprises approximately the first year of employment with the Department. In order to continue their employment, persons at this level are expected to demonstrate rapid progress in learning the fundamentals of the job. For this reason failure to move to Employment Program Representative I, Range B, within 12 months may be considered evidence of unsatisfactory progress.

*Range B:* Range B is the first working level in this series. Positions are permanently allocated to this class when the major portion of tasks performed do not include the more complex, varied, and responsible Employability Services or Unemployment Insurance adjudication tasks. An incumbent in this class, under close supervision, performs the less difficult work including: in ES - Reception, Completion and the less difficult Placement, such as, Job Information Center referrals; in UI - performs the various UI counter functions, conducts eligibility interviews makes determinations, and the less difficult adjudication work.

**EMPLOYMENT PROGRAM  
REPRESENTATIVE II**

This is the full journey level in the Employment Services program. Incumbents independently perform the full range of Employment Service work including: Gathering and disseminating labor market information to both employers and applicants; assisting employers in identifying and meeting their labor needs through frequent contacts including on-site visits, written correspondence and telephone communications. Make job development contacts in an effort to find employment for hard-to-place applicants; negotiate on behalf of applicant for salary, wages, benefits, job and experience requirements. Provide employment and placement services to special applicant groups such as: Ex-offenders, the disabled, older workers, veterans, youth and minorities complying with all Federal and State legislation, departmental policies and procedures with respect to special services and considerations for these groups. May perform any of a combination of the following functions in excess of 50 percent of work time: Employer services representative, veteran's employment representative, contract negotiation and monitoring, special applicant group consultant, Work Incentive placement and related activities, alien certification processing, job search workshop and employer seminar instruction, complaints specialists, job corps recruitment, case responsible persons, and scheduling intermittents, may act in a lead capacity over lower-level staff.

Positions allocated to the Employment Development Officer II level must be performing the more responsible and complex functions in excess of 50 percent of the time.

**CLASS**

**DEFINITION OF LEVELS - contd.**

**UNEMPLOYMENT  
INSURANCE  
ADJUDICATOR**

This is the full journey level in the Unemployment Insurance Program: Without detailed supervision or review an incumbent performs the full range of Unemployment Insurance adjudication work including: Conducts unemployment insurance eligibility interviews; gathers all relevant facts through employer and other contacts and claimant's statement; interprets and applies laws, policies and precedent decisions consistently to individual cases. Analyzes employer and claimant statements, resolves conflicts through further questioning and analysis; identifies possible false statements and fraudulent claims and reports to investigations for possible prosecution; resolves all eligibility issues surrounding claimant's unemployed status, determines claimant's eligibility for benefits and informs claimant and employer of decision. Documents all findings, actions and decisions. May act in a lead capacity over lower-level staff. Consistently meets qualitative and quantitative performance standards for the Adjudicator class.

In addition, may perform any of the following functions on a part- or full-time basis: Appeals, overpayments, trade disputes, special claims or interstate claims.

**MINIMUM QUALIFICATIONS**

**EMPLOYMENT  
PROGRAM  
REPRESENTATIVE I**

**Either I**

1820 hours of experience performing the duties of an Employment and Claims Assistant. (Candidates who are within 960 hours of completing the required experience will be admitted to the examination, however they must meet the required experience before they can be considered eligible for appointment.)

**Or II**

One year of experience performing the duties of an Employment Program Assistant, Range B.

**Or III**

Four years of experience with the California Employment Development Department. (Candidates who are within six months of completing the required experience will be admitted to the examination, however they must meet the required experience before they can be considered eligible for appointment.)

**Or IV**

Equivalent to graduation from college. Registration as a Senior in a recognized educational institution will admit applicants to the examination, but they must produce evidence of graduation or its equivalent before they can be considered eligible for appointment.

**Or V**

Two years of experience performing administrative or technical work in the field of employability and placement services; professional casework or counseling, or claims examination or adjustment under public or private insurance or health and welfare benefit plans. (Experience in the California state service applied toward this requirement must include at least one year performing the duties of a class at a level of responsibility equivalent to that of Employment Program Assistant, Range B.)

CLASS	MINIMUM QUALIFICATIONS - contd.
<b>EMPLOYMENT PROGRAM REPRESENTATIVE II</b>	<p>Either I One year of experience performing the duties of an Employment Program Representative I, Range B, or one year performing the duties of a Disability Insurance Program Representative I, Range B. (Candidates who are within six months of completing the required experience will be admitted to the examination, however they must meet the required experience before they can be considered eligible for appointment.)</p> <p>Or II Four years of experience performing technical or management work in the fields of employability and placement services; professional casework or counseling; or claims examination or adjustment under public or private insurance or health and welfare benefit plans. (Experience in the California state service applied toward this requirement must include at least one year performing the duties of a class at a level of responsibility equivalent to that obtained in Employment Program Representative I, Range B.)</p>
<b>UNEMPLOYMENT INSURANCE ADJUDICATOR</b>	<p>Either I Two years of experience performing the duties of an Employment Program Representative I or Disability Insurance Program Representative I. (Candidates who are within six months of completing the required experience will be admitted to the examination, however they must meet the required experience before they can be considered eligible for appointment.)</p> <p>Or II 5760 hours performing the duties of an Employment and Claims Assistant. (Candidates who are within 960 hours of completing the required experience will be admitted to the examination, however they must meet the required experience before they can be considered eligible for appointment.)</p> <p>Or III Four years of experience performing technical or management work in the fields of employability and placement services; professional casework or counseling; or claims examination or adjustment under public or private insurance or health or welfare benefit plans. (Experience in the California state service applied toward this requirement must have included at least one year of experience in a class at a level of responsibility equivalent to that obtained in Employment Program Representative I, Range B.)</p>

CLASS	KNOWLEDGES AND ABILITIES
<b>ALL LEVELS</b>	<p><b>Knowledge of:</b> provisions of the California Unemployment Insurance Code; rules, regulations, policies, and procedures of the Employment Development Department, and State and Federal legislation relating to the Department's employability, placement, employment training, and unemployment insurance programs; problems of culturally and economically disadvantaged individuals, groups and communities, nature, scope and availability of programs and services designed to alleviate social problems related to the employment and employability processes; general economic conditions and trends; California industrial, labor, business and agricultural conditions, trends, employment practices, and employment and training requirements and factors affecting labor supply and demand; labor management and employer, employee, and governmental organizations concerned with the Department's programs; provisions of State and Federal labor and veterans laws and services available to veterans; and interviewing techniques.</p> <p><b>Ability to:</b> gather and analyze data and reason logically and accurately; comprehend written material and interpret and apply rules and instructions; speak and write effectively; establish and maintain cooperative relations with those contacted in the work; analyze situations accurately and take effective action; gain the confidence of employers, applicants, claimants, and community organizations.</p>
<b>ALL LEVELS ABOVE EMPLOYMENT PROGRAM REPRESENTATIVE I, RANGE A</b>	<p><b>Ability to:</b> all of the above, and interpret and apply provisions of the California Unemployment Insurance Code, rules and regulations, policies and procedures of the Employment Development Department, and State and Federal legislation relating to the Department's programs; make sound decisions; record adequately the facts supporting decisions; interpret and apply the provisions of State and Federal labor and veteran's laws.</p>
<b>UNEMPLOYMENT INSURANCE ADJUDICATOR</b>	<p><b>Knowledge of:</b> all of the above, and principles of unemployment insurance programs; interviewing techniques utilized in claims determination work including claims adjudication.</p> <p><b>Ability to:</b> all of the above, and interpret and apply provisions of State and Federal legislation relating to the unemployment insurance benefit payments programs.</p>

PRIVATE RE-ENTRY WORK FURLOUGH FACILITIES  
WORK SAMPLING STUDY

COMPLETED BY:

AUDIT/RATE DEVELOPMENT SECTION

APRIL 6, 1982

INTRODUCTION

What is Work Sampling?

There are many ways to define the term. For example, work sampling is a measurement technique for the quantitative analysis, in terms of time, of the activity of people, machines or of any observable state or condition of operation. Or to put it more simply, work sampling is used to estimate how time (people or equipment) is distributed over two or more types of activity.

Theory of Sampling

Work sampling is a method of measuring the total consumption of time in any category of time by observing and recording the specific activities being worked on by each employee at randomly selected (sample) instances in time. It is based on the statistical theories of sampling, sometimes called the "laws" of probability. Thus both sampling, as well as work sampling, are based on the theories of probability, randomness, and normal distribution. A sample selected at random tends to have the same qualities as the group or "universe" from which taken; if the sample is large enough, the characteristics of the sample will be almost identical to the total universe. In other words, a sample can accurately describe the whole.

"Observations" are a random selection of moments in time out of all the available moments in time in a working day or a working week. Thus percentages of observations equal percentages of time. The proportion of observations of each work category in relation to the total number of observations, given a sufficient number of observations, will be the same or very nearly the same as the percentages of time worked in each category during the sample period.

#### Advantages of Work Sampling

- a. Measures non-repetitive, irregularly occurring activities.
- b. Is less expensive than most other systems. Initial cost of installation low. Cost is usually said to be a small fraction of other engineered systems.
- c. Eliminates employee tension or antagonism caused by constant observation method (stopwatch) or annoyance and interruption to work (timelog). Produces fewer complaints and less distortion in normal work routine.
- d. Derives typical or average times or conditions where conditions change from hour to hour or day to day, or week to week.
- e. Less fatiguing to analyst than stopwatch time study.
- f. Results are easier to compute and standards may be developed faster than with other engineered techniques.
- g. Excellent for the allocation of costs.
- h. Observers require no special work measurement nor industrial engineering skill nor long training, unlike the analyst or engineers who are key personnel in time study or present time systems.
- i. Far more objective and less subject to bias than other non-engineered systems; results are more accurate, have greater validity and reliability.
- j. Ideally suited to measuring nonproductive time and delays.
- k. Virtually any activity can be sampled. Incidental side studies are easily made. Work sampling makes it practical to get

facts not otherwise practical to collect. Such information may be gathered very quickly.

- l. Upkeep is no problem. If methods and procedures change, it is a simple matter to conduct a new study.
- m. Yields all or most of the data produced by other systems and does so less laboriously, more reliably, and usually faster.

#### Limitations and Disadvantages of Work Sampling

- a. Assumes that the worker used acceptable methods. Work sampling merely recounts what happened in the past not what should be happening. It doesn't reveal much, if anything, about inefficient methods. But the limitation is true also of time log or historical systems. It is, of course, possible to conduct methods study or work simplification preliminary to or in conjunction with almost any system.
- b. Accuracy of time sampling depends on number of observations; isolated, low incidence or rare activities may require an excessive number of observations to obtain high degree of accuracy. Measurement may then be a waste of money. (The same may be applicable to other systems also.)
- c. In observer-recorded type of work sampling, it is necessary for the observer to identify and classify all types of work instantly. In "think" type of activities, this may be difficult to distinguish between productive and nonproductive work in flash observations.
- d. Employees or management who insist on knowing "how it works" in detail may be skeptical of work sampling theory; it may be difficult to explain the statistical methods to people of non-technical bent who nevertheless want "proof".



- e. Prolonged studies can become extremely monotonous to the observer and may affect the caliber of his observations. Rotation of workers may be required.

In general, the advantages much outweighs the disadvantages. "In addition, a number of studies have shown that work sampling is just as accurate as a stopwatch or micromotion time study. Comparisons using both time study and work sampling to time the same operation simultaneously have shown that the two techniques obtain virtually the same results. <sup>1/</sup>"

<sup>1/</sup> Manpower Administration, "Handbook on Work Measurement System - For Use in Measuring Office Occupations." U.S. Department of Labor, April 1972.

## METHODS AND PROCEDURES

### Test Centers

Five Work Furlough facilities were selected as test centers on the basis of size (in terms of residents) and region.

### Length of Study

The five facilities were observed between the hours of 6:00 a.m. and 11:00 p.m. for a total of three days each. Three of the facilities were observed Thursday through Saturday, February 1-6, 1982 and the other two were observed Monday through Wednesday, February 8-10, 1982.

### Random Observations

The Employment Development Department's Cost Model Office provided assistance in setting up the work sampling study. We gave them the parameters such as the number of study days, the time periods involved (6:00 a.m. - 11:00 p.m.) and the intended number of observations per day (80). This information was entered into their computer which is programmed for work sampling data. The computer provided us with three sets (one for each day) of random observation times.

The study team made a total of 80 observations per day, 40 during the morning shift (6:00 a.m. - 3:00 p.m.) and 40 during the swing shift (3:00 p.m. - 11:00 p.m.).

### Sampling Accuracy

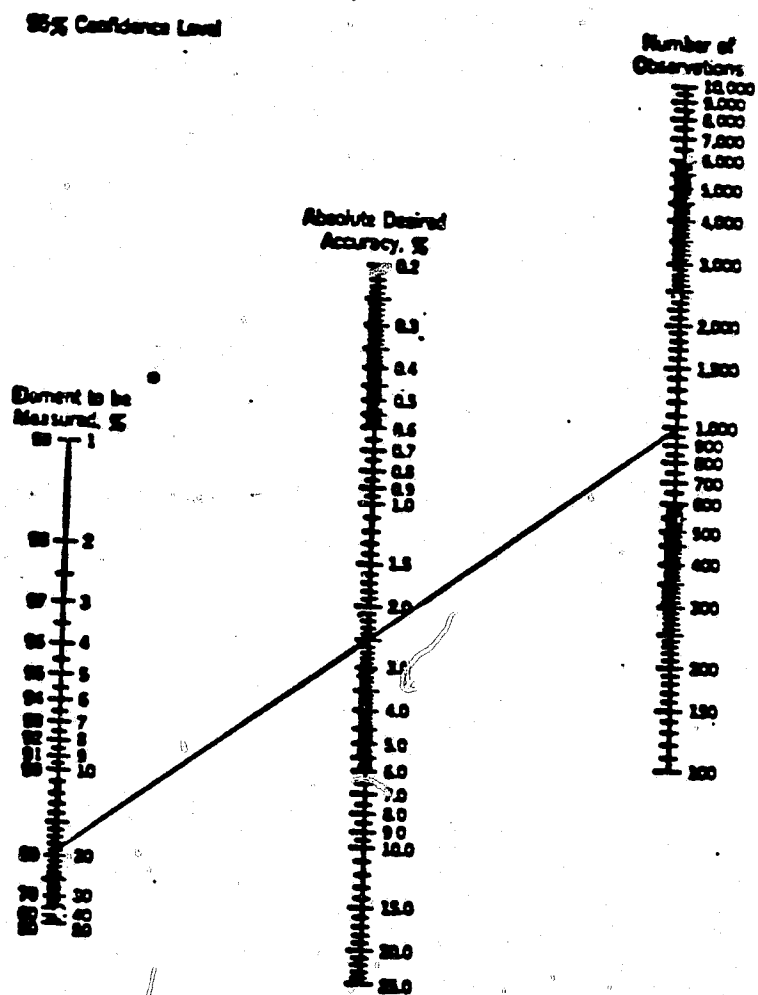
All of the computations and charts presented in this report are based on 95% confidence  $\pm$  1.5% (93.5% - 96.5%). Ninety-five percent C.L. means one could be confident of the results 19 times out or 20.

To estimate the sampling accuracy of the resulting percentages of time devoted to each work category, a nomograph was used (see Page 7). By way of example, suppose the study results of 1,000 observations showed that approximately 19% of the monitor's time



was devoted to recordkeeping. To determine the accuracy of this percentage, a straight line is drawn from 19% "Element to be measured" to 1,000 under the column "Number of Observations". The sampling accuracy is found where the straight line intersects the column "Absolute Desired Accuracy", which in this case, happens to be 2.5%. This means that the true figures (%) might be found anywhere within the range of 16.5% to 21.5%, but in all likelihood is just about 19%. In other words, it can be stated with a 95% level of confidence that the true figure lies within this range.

### DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY



(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

**CONTINUED**

**4 OF 5**

WORK FURLOUGH STAFF

The figures on Pages 9-12 show the percentages of time spent by the five work furlough facility staffs in the various work categories. Page 9 includes the hours of 6:00 a.m. - 3:00 p.m. Page 10 includes the hours of 3:00 p.m. - 11:00 p.m., and Page 11 shows the combined totals for both time periods. Page 12 displays the distribution of percentages by classification for the various activities observed. For example, the sampling results indicate that the facilities' staff spent approximately 14.2% of their time performing recordkeeping activities (Line 1) and that monitors account for 65.3% of this amount. In other words, 65.3% of the recordkeeping function is performed by monitors. Nonproductive stand-by time amounted to 17.3% with 79.6% directly attributed to monitors.

Pages 14-38 show the results of the work sampling study for each classification of Work Furlough facility staff.

CONSOLIDATED TOTALS - ALL DAYS

6:00 am - 3:00 pm

CODE	TITLE	WEEKDAY TOTALS		WEEKEND TOTALS		TOTAL: 6:00 AM - 3:00 PM	
		OBSERV	%	OBSERV.	%	OBSERV.	%
R	Records	277	14.330%	34	12.454%	311	14.098%
RC	Resident Counts	10	0.517%	3	1.099%	13	0.589%
S	Searches	9	0.466%	-0-	—	9	0.408%
UA	Urinalysis	1	0.052%	-0-	—	1	0.046%
CN	Control	44	2.276%	2	0.733%	46	2.085%
RAP	Discussions - Staff	124	6.415%	13	4.762%	137	6.210%
D	Distribution	1	0.052%	3	1.099%	4	0.181%
E/J	Emergency - Jail						
E/H	Emergency - In-House	1	0.052%	-0-	—	1	0.046%
PT	Program Transportation	21	1.086%	6	2.198%	27	1.224%
CC	Control Counseling	95	4.915%	6	2.198%	101	4.579%
L	Miscellaneous Labor	20	1.035%	13	4.762%	33	1.496%
EC	Employment Counseling	44	2.276%	1	0.366%	45	2.040%
PC	Personal Counseling	7	0.362%	10	3.663%	17	0.771%
JD	Job Development	37	1.914%	-0-	—	37	1.677%
JV	Job Verification	13	0.672%	-0-	—	13	0.589%
OJT	On-the-Job Training	1	0.052%	7	2.564%	8	0.363%
MO	Management Overhead	173	8.950%	-0-	—	173	7.842%
SUP	Supervision (Employees)	52	2.690%	-0-	—	52	2.357%
M	Staff Meetings	69	3.570%	-0-	—	69	3.128%
CL	Clerical	179	9.260%	9	3.297%	188	8.522%
F	Food Preparation	239	12.364%	34	12.454%	273	12.375%
MNT	Maintenance	-0-	—	-0-	—	-0-	—
WP	Work Prep. For Maint.	-0-	—	-0-	—	-0-	—
NS	Non-Productive Stand-By	225	11.640%	118	43.223%	343	15.548%
N	Non-Production	253	13.088%	14	5.128%	267	12.103%
LV	Leave Time	38	1.965%	-0-	—	38	1.723%
<b>TOTAL</b>		<b>1,933</b>	<b>100.000%</b>	<b>273</b>	<b>100.000%</b>	<b>2,206</b>	<b>100.000%</b>

CONSOLIDATED TOTALS - ALL DAYS

3:00 pm - 11:00 pm

CODE	TITLE	WEEKDAY TOTALS		WEEKEND TOTALS		TOTAL: 3:00 PM-11:00 PM	
		OBSERV.	%	OBSERV.	%	OBSERV.	%
R	Records	253	14.001%	47	15.986%	300	14.279%
RC	Resident Counts	26	1.439%	4	1.361%	30	1.428%
S	Searches	13	0.719%	3	1.020%	16	0.761%
UA	Urinalysis	5	0.277%	2	0.680%	7	0.333%
CN	Control	17	0.942%	36	12.245%	53	2.523%
RAP	Discussions-Staff	226	12.507%	16	5.443%	242	11.518%
D	Distribution	8	0.443%	-0-	—	8	0.381%
E/J	Emergency - Jail						
E/H	Emergency - In-House	7	0.387%	9	3.061%	16	0.762%
PT	Program Trans.	58	3.210%	-0-	—	58	2.761%
CC	Control Counseling	118	6.530%	24	8.163%	142	6.759%
L	Miscellaneous Labor	-0-	—	-0-	—	-0-	—
EC	Employment Counseling	18	0.996%	-0-	—	18	0.857%
PC	Personal Counseling	65	3.597%	4	1.361%	69	3.284%
JD	Job Development	3	0.166%	-0-	—	3	0.143%
JV	Job Verification	5	0.277%	-0-	—	5	0.238%
JT	On-The-Job Training	-0-	—	6	2.041%	6	0.286%
MO	Management Overhead	101	5.589%	-0-	—	101	4.807%
SUP	Supervision (Employees)	33	1.826%	-0-	—	33	1.571%
M	Staff Meetings	41	2.269%	-0-	—	41	1.951%
CL	Clerical	180	9.962%	2	0.680%	182	8.662%
	Food Preparation	113	6.253%	17	5.782%	130	6.187%
MNT	Maintenance	10	0.553%	-0-	—	10	0.476%
WP	Work Prep. For Maintenance	10	0.553%	-0-	—	10	0.476%
NS	Non-Productive Stand-By	339	18.760%	62	21.089%	401	19.086%
	Non-Production	135	7.471%	60	20.408%	195	9.281%
LV	Leave Time	23	1.273%	2	0.680%	25	1.190%
<b>TOTAL</b>		<b>1,807</b>	<b>100.000%</b>	<b>294</b>	<b>100.000%</b>	<b>2,101</b>	<b>100.000%</b>

CONSOLIDATED TOTALS - ALL DAYS

6:00 AM - 11:00 PM

CODE	TITLE	WEEKDAY TOTALS		WEEKEND TOTALS		STUDY TOTAL	
		OBSERV.	%	OBSERV.	%	OBSERV.	%
R	Records	530	14.171%	81	14.286%	611	14.186%
RC	Resident Counts	36	0.963%	7	1.235%	43	0.998%
S	Searches	22	0.588%	3	0.529%	25	0.580%
UA	Urinalysis & Other Tests	6	0.160%	2	0.353%	8	0.186%
CN	Control	61	1.631%	38	6.702%	99	2.299%
RAP	Discussions - Staff	350	9.358%	29	5.115%	379	8.800%
D	Distribution	9	0.241%	3	0.529%	12	0.279%
E/J	Emergency - Jail						
E/H	Emergency - In-House	8	0.214%	9	1.587%	17	0.395%
PT	Program Transportation	79	2.112%	6	1.058%	85	1.974%
CC	Control Counseling	213	5.695%	30	5.291%	243	5.642%
L	Miscellaneous Labor	20	0.535%	13	2.293%	33	0.766%
EC	Employment Counseling	62	1.658%	1	0.176%	63	1.463%
PC	Personal Counseling	72	1.925%	14	2.469%	86	1.997%
JD	Job Development	40	1.070%	-0-	—	40	0.929%
JV	Job Verification	18	0.481%	-0-	—	18	0.418%
JT	On-The-Job Training	1	0.027%	13	2.293%	14	0.325%
MO	Management Overhead	278	7.433%	-0-	—	278	6.454%
SUP	Supervision (Employees)	85	2.273%	-0-	—	85	1.974%
M	Staff Meetings	110	2.941%	-0-	—	110	2.554%
CL	Clerical	359	9.599%	11	1.940%	370	8.591%
F	Food Preparation	352	9.412%	51	8.995%	403	9.357%
MNT	Maintenance	10	0.267%	-0-	—	10	0.232%
WP	Work Prep. for Mnt.	10	0.267%	-0-	—	10	0.232%
NS	Non-Productive Stand-By	564	15.080%	180	31.746%	744	17.273%
N	Non-Productive	388	10.375%	74	13.051%	462	10.726%
LV	Leave Time	57	1.524%	2	0.353%	59	1.370%
<b>TOTAL</b>		<b>3,740</b>	<b>100.000%</b>	<b>567</b>	<b>100.000%</b>	<b>4,307</b>	<b>100.000%</b>

PERCENTAGE DISTRIBUTION PER ACTIVITY

CODE	TITLE	PERCENT OF TOTAL STAFF TIME	FACILITY MANAGER	ASST. MANAGER	SECRETARY/ BOOKKEEPER/ AD. ASST.	JOB DEVELOPER	SUPVISE MONITOR	MONITOR	COOK	MAINTENANCE	TOTAL
R	Records	14.2%	5.2%	1.1%	10.1%	7.9%	10.3%	65.3%	---	---	100.0%
RC	Resident Counts	1.0%	2.3%	---	2.3%	7.0%	2.3%	66.1%	---	---	100.0%
S	Searches	0.6%	8.0%	8.0%	4.0%	---	20.0%	60.0%	---	---	100.0%
UA	Urinalysis & Other Tests	0.2%	---	---	---	---	62.0%	38.0%	---	---	100.0%
CM	Control	2.3%	4.0%	4.0%	6.0%	10.0%	---	76.0%	---	---	100.0%
RAP	Discussion - Staff	8.8%	15.0%	8.7%	9.0%	6.9%	11.9%	47.7%	0.8%	---	100.0%
D	Distribution	0.3%	---	---	---	---	---	100.0%	---	---	100.0%
E/J	Emergency - Jail	---	---	---	---	---	---	---	---	---	100.0%
E/H	Emergency - In-House	0.4%	---	---	---	5.9%	5.9%	82.4%	5.8%	---	100.0%
PT	Program Transportation	2.0%	---	15.3%	17.6%	11.8%	5.9%	20.0%	24.7%	4.7%	100.0%
CC	Control Counseling	5.6%	4.5%	11.1%	4.5%	16.1%	2.9%	58.8%	2.1%	---	100.0%
L	Miscellaneous Labor	0.8%	6.1%	---	6.1%	12.1%	---	75.7%	---	---	100.0%
EC	Employment Counseling	1.5%	1.6%	3.2%	---	69.8%	3.2%	22.2%	---	---	100.0%
PC	Personal Counseling	2.0%	9.3%	2.3%	---	2.3%	41.9%	44.2%	---	---	100.0%
JD	Job Development	0.9%	---	---	---	97.5%	---	2.5%	---	---	100.0%
JV	Job Verification	0.4%	---	---	---	72.2%	---	27.8%	---	---	100.0%
OUT	On-The-Job Training	0.3%	7.7%	---	---	---	---	92.3%	---	---	100.0%
NO	Management Overhead	6.4%	79.9%	3.6%	---	13.3%	0.4%	2.8%	---	---	100.0%
SUP	Supervision (Employees)	2.0%	48.2%	10.6%	7.1%	10.6%	14.1%	9.4%	---	---	100.0%
M	Staff Meetings	2.5%	48.2%	8.2%	---	4.5%	9.1%	30.0%	---	---	100.0%
CL	Clerical	8.6%	1.4%	5.1%	47.3%	2.7%	5.7%	37.8%	---	---	100.0%
F	Food Preparation	9.4%	---	---	---	---	---	1.2%	98.8%	---	100.0%
MNT	Maintenance	0.2%	---	---	---	---	---	---	---	100.0%	100.0%
MP	Work Prep. For Maint.	0.2%	---	---	---	---	---	---	---	100.0%	100.0%
NS	Non-Productive Stand-By	17.3%	2.6%	0.8%	3.5%	5.4%	3.5%	79.6%	4.6%	---	100.0%
N	Non-Production	10.7%	5.6%	10.4%	10.0%	7.8%	4.8%	36.1%	23.8%	1.5%	100.0%
LV	Leave Time	1.4%	20.3%	22.0%	13.6%	---	5.8%	23.7%	13.6%	---	100.0%
TOTAL		100.0%									

-12-

-12-

## FACILITY MANAGER

### Duties and Responsibilities (Per Duty Statement)

Duties and responsibilities of facility managers vary slightly between programs but generally facility managers are responsible for directing the overall operation of the facility. The manager supervises facility staff, prepares work schedules and assignments, assists in or conducts employment interviews, makes decisions regarding employment, termination and discipline of staff, approves purchases, approved exit summaries of all residents, contributes to long range facility and program planning, and other duties in the area of facility management.

### Work Schedule

Facility managers generally work between the hours of 8:00 a.m. and 5:00 p.m. but many of them work in excess of eight hours a day. None of the five managers we observed worked during the weekend.

### Study Results

The study results indicate that approximately 44.7% of the manager's time was devoted to management overhead (see Page 15). The managers spent 10.7% of their time in staff meetings and 11.5% in "work related" discussions with staff members.

None of the managers we observed performed employment counseling, job development or job verification activities which are duties generally assigned to the job developer.

The managers did perform some duties normally assigned to monitors such as taking resident counts, conducting searches, and miscellaneous labor, however, this only amounted to a total of 3.9% which would equate to approximately 19 minutes in an eight hour day. The manager's nonproductive time amounted to approximately 9.0%.

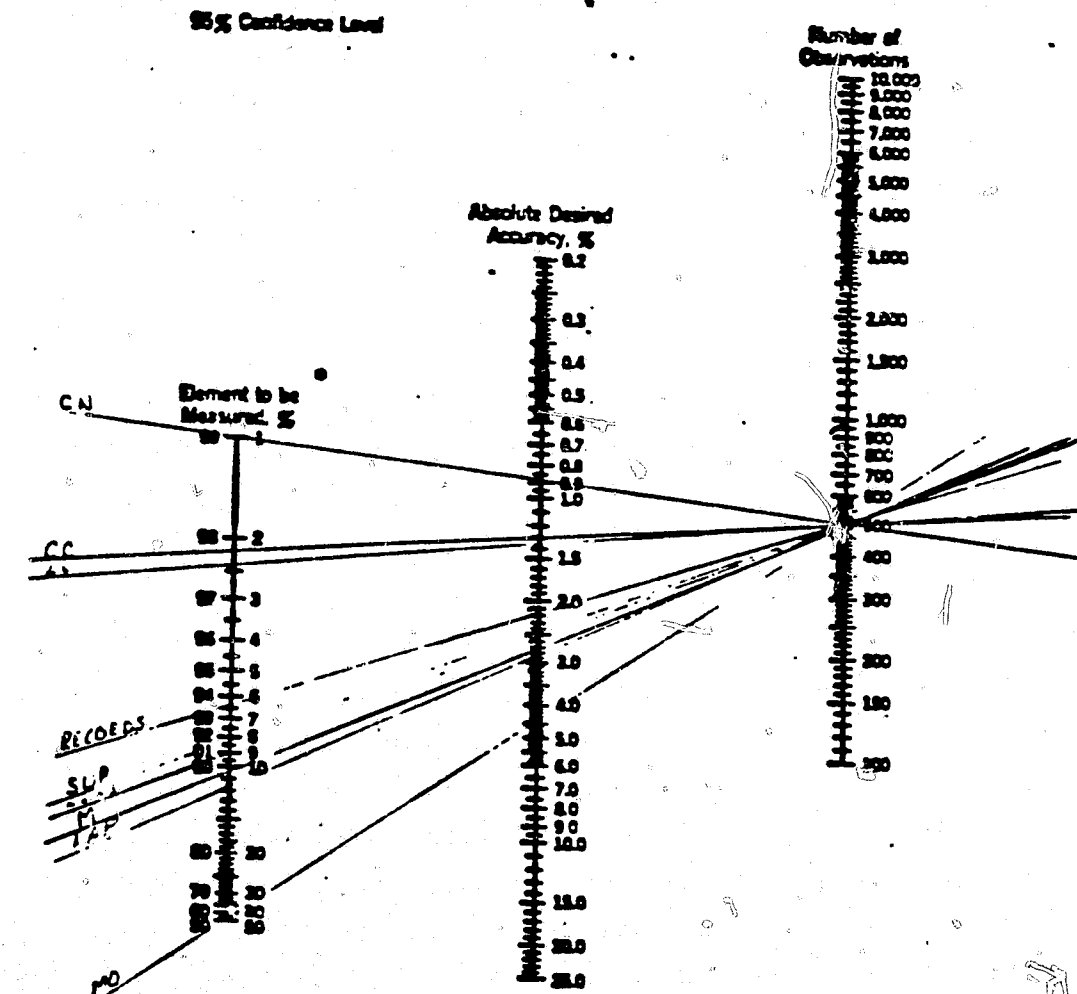
FACILITY MANAGER

CODE	TITLE	PERCENT	ACCURACY *	RANGE
MO	Management-Overhead	44.7%	± 4.4%	40.3% - 49.1%
RAP	Discussions - Staff	11.5%	± 2.8%	8.7% - 14.3%
M	Meetings	10.7%	± 2.7%	8.0% - 13.4%
NS	Non-Productive	9.0%	± 2.6%	6.4% - 11.6%
SUP	Supervision - Staff	8.2%	± 2.4%	5.8% - 10.6%
R	Records	6.4%	± 2.2%	4.2% - 8.6%
LV	Leave Time	2.4%	± 1.3%	1.1% - 3.7%
CC	Control Counseling	2.2%	± 1.3%	0.9% - 3.5%
CN	Control	1.0%	± 0.9%	0.1% - 1.9%
PC	Personal Counseling	1.6%	}	}
CL	Clerical	1.0%		
RC	Resident Counts	0.2%		
S	Searches	0.4%		
L	Miscellaneous Labor	0.4%		
OJT	On-The-Job Training	0.2%		
		<u>100.0%</u>		

\* At 95% confidence

FACILITY MANAGER

DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY



(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

## ASSISTANT MANAGER

### Duties and Responsibilities (Per Duty Statement)

The assistant manager is generally responsible for providing management support. The assistant manager supervises day-to-day operations of the facility, prepares weekly and monthly staffing schedules, makes sure residents have their maintenance assignments, provides orientation for new residents, prepares and/or reviews purchase orders, supervises resident's savings and maintenance fee programs, reviews exit summaries for all residents, and other management support functions.

### Work Schedule

Assistant managers generally work between the hours of 8:00 a.m. and 5:00 p.m. (same as facility manager). None of the assistant managers we observed worked during the evening or during the weekend.

### Study Results

Only one of the three assistant managers observed during the study worked all three days and as a result, the total number of observations for assistant managers was small (204). Given the small sample size, a 95% confidence level was obtained; however, the degree of accuracy is relatively low, resulting in a wide range. For example, study results indicate that "work related" discussions with staff members (RAP) consumed 16.2% of the assistant manager's time. (See Page 19.) Although the observed percentage is 16.2%, the degree of accuracy at a 95% level of confidence is  $\pm 5.2\%$ . This means that the true average lies somewhere between 11.0% (16.2-5.2%) and 21.4% (16.2% + 5.2%). The degree of accuracy could have been increased by increasing the number of observations. A degree of accuracy of  $\pm 2.5\%$  could have been obtained by increasing the number of observations to 860. However, this would have meant continuing the study for approximately eight additional days at which point the cost of obtaining the data would begin to outweigh the benefits.

Although the degrees of accuracy appear to be too low to make any concrete statements about the functions of assistant managers, general statements concerning their activities can be made based on the personal observations of the observers.

### General Observations

The assistant managers were found to be nonproductive quite a bit of the time. One assistant manager in particular was frequently observed joking with residents and staff members. Although they performed some management functions, the majority of their productive time was spent performing activities generally associated with monitors such as control counseling, working the control desk, and conducting searches. The assistant managers were occasionally observed performing clerical functions and recordkeeping.

In summation, it appears the assistant manager is involved in the entire range of activities from management overhead to clerical to control counseling and performs whatever activity is needed at the time. In actuality, assistant manager should be classified as supervising monitor.



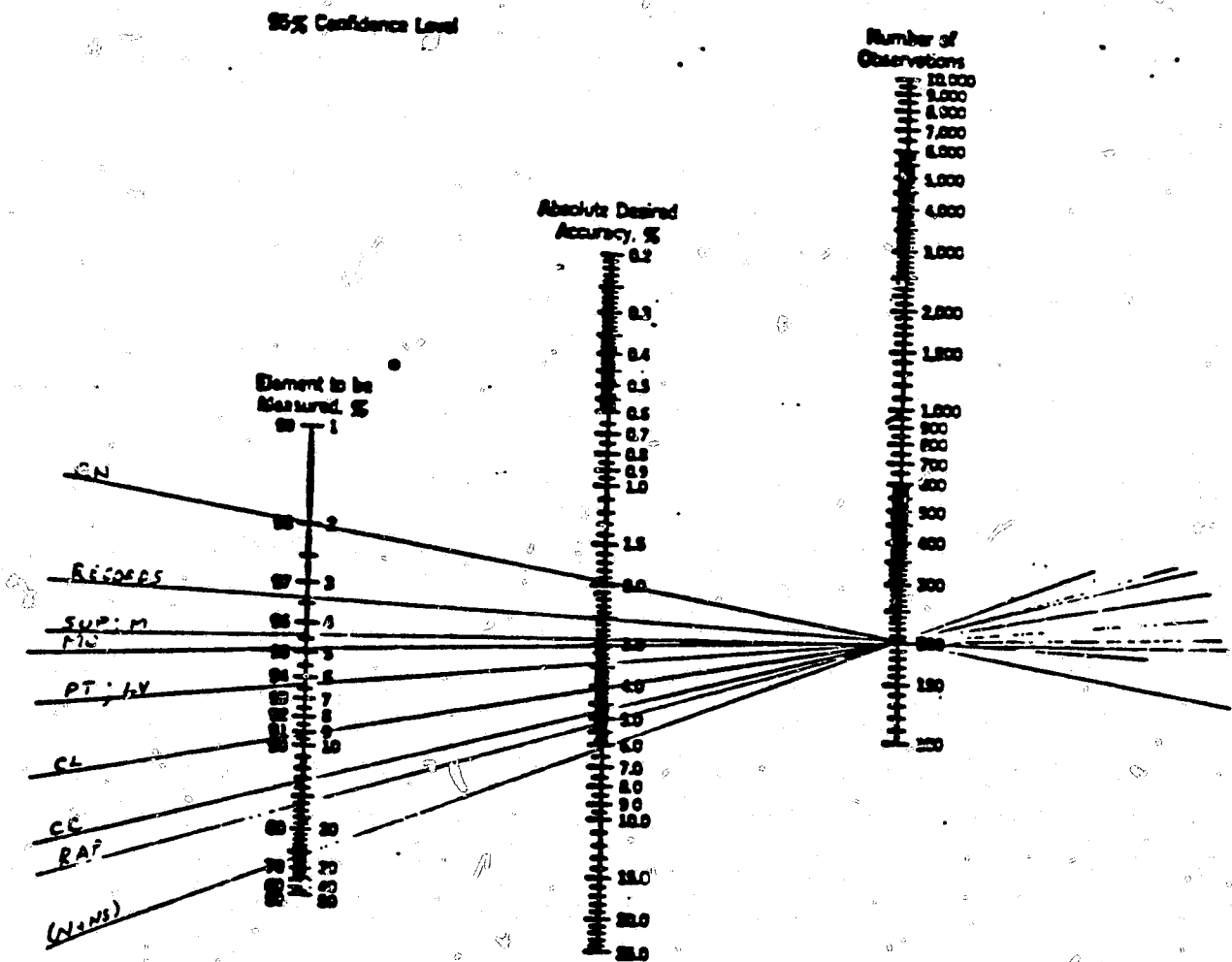
ASSISTANT MANAGER

<u>CODE</u>	<u>TITLE</u>	<u>PERCENTAGE</u>	<u>ACCURACY *</u>	<u>RANGE</u>
N & NS	Non-Productive	26.4%	± 6.0%	20.4% - 32.4%
RAP	Discussions - Staff	16.2%	± 5.2%	11.0% - 21.4%
CC	Control Counseling	13.2%	± 4.7%	8.5% - 17.9%
CL	Clerical	9.3%	± 4.0%	5.3% - 12.3%
PT	Program Transportation	6.4%	± 3.4%	3.0% - 9.8%
LV	Leave Time	6.4%	± 3.4%	3.0% - 9.8%
MO	Management Overhead	4.9%	± 3.0%	1.9% - 7.9%
SUP	Supervision - Staff	4.4%	± 2.8%	1.6% - 7.2%
M	Meetings	4.4%	± 2.8%	1.6% - 7.2%
R	Records	3.4%	± 2.5%	0.9% - 5.9%
CN	Control	2.0%	± 1.9%	0.1% - 3.9%
EC	Employment Counseling	1.0%	---	---
PC	Personal Counseling	1.0%		
S	Searches	1.0%		
		<u>100.0%</u>		

\* At 95% confidence.

ASSISTANT MANAGER

DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY



\*(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

SECRETARY/BOOKKEEPER/ADMINISTRATIVE ASSISTANT

Duties and Responsibilities (Per Duty Statement)

The duties of the secretary/bookkeeper/administrative assistant, hereafter referred to as administrative assistant, consist of typing for all staff, maintaining appointment calendar for the facility manager and assistant manager, performing fiscal functions including budget preparation and payroll, maintaining accounts receivable and accounts payable, answering the telephone and ordering supplies.

Work Schedule

Administrative assistants generally work between the hours of 8:00 a.m. and 5:00 p.m. None of the administrative assistants we observed worked during the evening or during the weekend.

Study Results

The study results indicate that approximately 60.3% of the administrative assistant's time is devoted to clerical and recordkeeping activities with the breakdown being 44.5% clerical and 15.8% records. (See Page 22.) Administrative assistants were occasionally observed performing miscellaneous labor, taking resident counts, and conducting searches, however, this only amounted to a total of 1.1%. Total nonproductive time amounted to 11.7%. The remaining 27% was devoted to program transportation, control counseling, "work-related" discussions with staff members, control functions, and leave time.

SECRETARY/BOOKKEEPER/ADMINISTRATIVE ASSISTANT

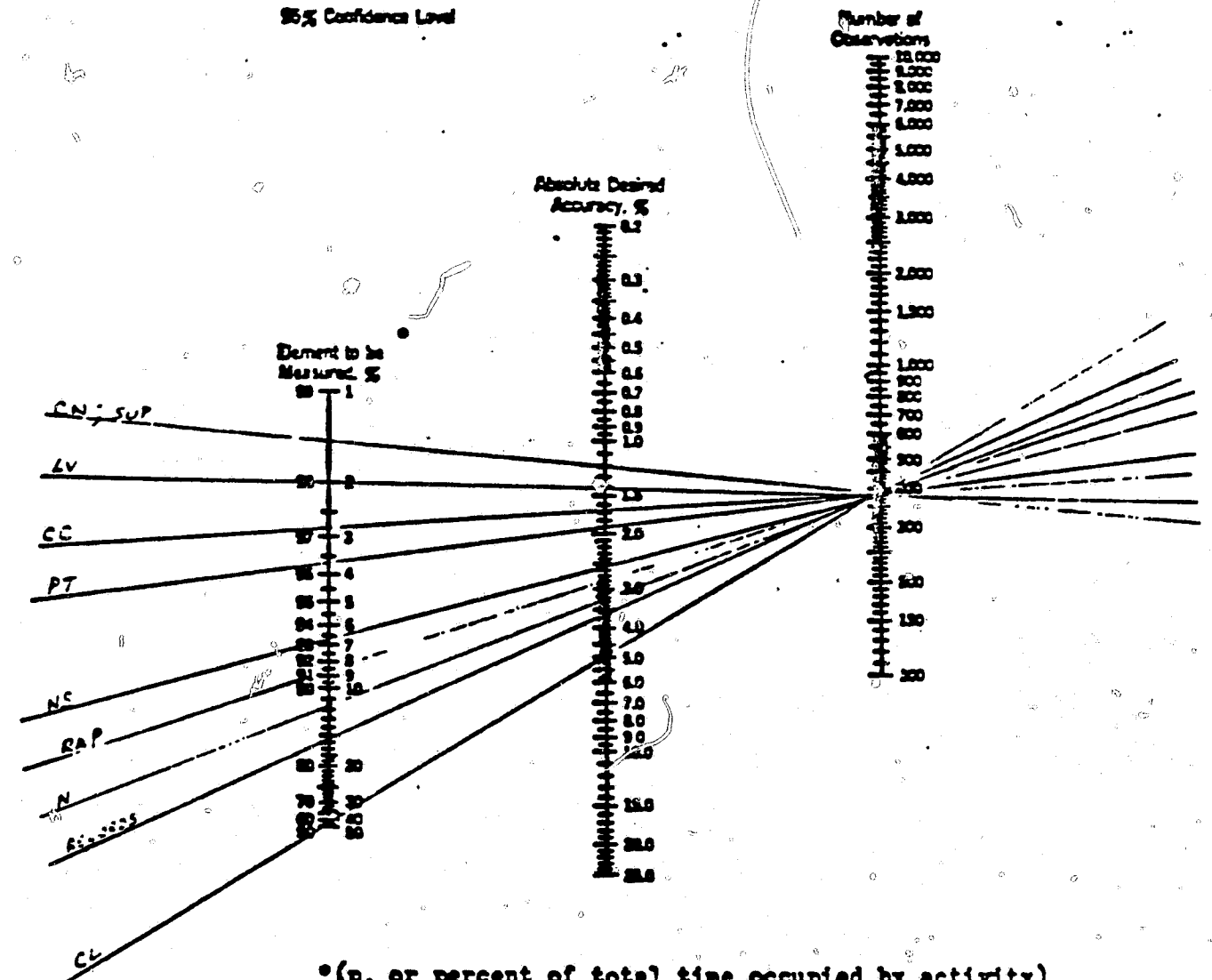
<u>CODE</u>	<u>TITLE</u>	<u>PERCENTAGE</u>	<u>ACCURACY*</u>	<u>RANGE</u>
CL	Clerical	44.5%	± 5.0%	39.5% - 49.5%
R	Records	15.8%	± 3.6%	12.2% - 19.4%
N	Non-Productive	11.7%	+ 3.2%	8.5% - 14.9%
RAP	Discussions - Staff	8.7%	± 2.8%	5.8% - 11.4%
NS	Non-Productive Stand-By	6.6%	± 2.5%	4.1% - 9.1%
PT	Program Transportation	3.8%	± 1.9%	1.9% - 5.7%
CC	Control Counseling	2.8%	± 1.7%	1.1% - 4.5%
LV	Leave Time	2.0%	± 1.4%	0.6% - 3.4%
CN	Control	1.5%	± 1.2%	0.3% - 2.7%
SUP	Supervision - Staff	1.5%	± 1.2%	0.3% - 2.7%
RC	Resident Counts	0.3		
S	Searches	0.3		
L	Miscellaneous Labor	0.5		
		<u>100.0%</u>		

\* At 95% confidence

SECRETARY/BOOKKEEPER/ADMINISTRATIVE ASSISTANT

**DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY**

95% Confidence Level



\*(p, or percent of total time occupied by activity)

**Nomograph, or Work Sampling Alignment Chart**

JOB DEVELOPER

Duties and Responsibilities (Per Duty Statement)

The job developer is responsible for maintaining contact with and obtaining current job opportunity information from community employers, arranging for residents to obtain proper identification cards, and valid driver's licenses, accessing resident's job and interview skills, and providing training for residents in the use of available job opportunity information.

The job developer is also responsible for providing guidance in the area of transportation scheduling, resume preparation and employment goal clarification.

Work Schedule

The job developers generally work between the hours of 8:00 a.m. and 4:00 p.m. None of the job developers we observed worked during the evening and only one worked during the weekend.

Study Results

Study results indicate that job developers perform a wide range of functions and there does not appear to be any single activity to which the job developers devote a large block of time (see Page 25). The job developers spent 12.7% of their time performing employment counseling, 11.3% performing job development activities and 3.7% on job verification which amounts to only 27.7%.

Nonproductive time amounted to 10.1% and nonproductive stand-by amounted to 5.8% for a total of 15.9%.

The remaining 56.4% of their time was devoted to several different activities some of which included management overhead, staff discussions, clerical activities and program transportation.

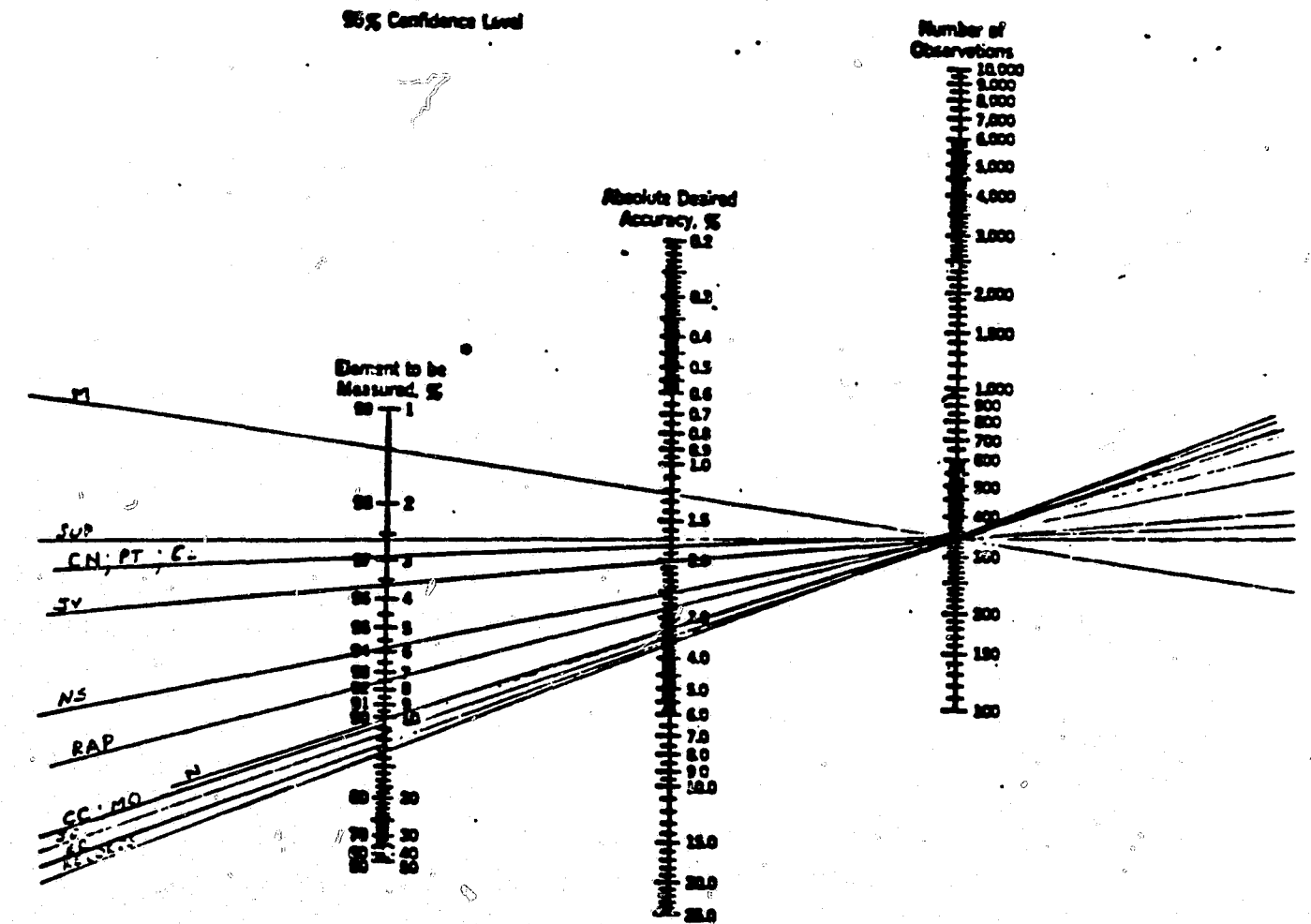
JOB DEVELOPER

<u>CODE</u>	<u>TITLE</u>	<u>PERCENTAGE</u>	<u>ACCURACY</u>	<u>RANGE</u>
R	Records	13.3%	+ 3.6%	9.7% - 16.9%
EC	Employment Counseling	12.7%	+ 3.5%	9.2% - 16.2%
JD	Job Development	11.3%	+ 3.4%	7.9% - 14.7%
CC	Control Counseling	10.7%	+ 3.2%	7.5% - 13.9%
MO	Management Overhead	10.7%	+ 3.2%	7.5% - 13.9%
N	Non-Productive	10.1%	+ 3.2%	6.9% - 13.3%
RAP	Discussions - Staff	7.5%	+ 2.8%	4.7% - 10.3%
NS	Non-Productive Stand-By	5.8%	+ 2.5%	3.3% - 8.3%
JV	Job Verification	3.7%	+ 2.0%	1.7% - 5.7%
CL	Clerical	2.9%	+ 1.8%	1.1% - 4.7%
PT	Program Transportation	2.9%	+ 1.8%	1.1% - 4.7%
CN	Control	2.9%	+ 1.8%	1.1% - 4.7%
SUP	Supervision - Staff	2.6%	+ 1.7%	0.9% - 4.3%
M	Meetings	1.4%	+ 1.2%	0.2% - 2.6%

RC	Resident Counts	0.6%	} 1.5%
PC	Personal Counseling	0.6%	
E	Emergency	0.3%	
		<u>100.0%</u>	

JOB DEVELOPER

**DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY**



(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

SUPERVISING MONITOR

Duties and Responsibilities (Per Duty Statement)

The supervising monitor directly supervises assigned monitors, evaluates job performance of monitors, orients and trains monitors, assists in developing and coordinating work schedules and reviews and edits monitor reports.

Work Schedule

Supervising monitors generally work during the swing shift and occasionally during the graveyard shift. None of the supervising monitors we observed worked during the weekend.

Study Results

The duties of the supervising monitors are not much different from those of the monitors except that they have the additional responsibilities of supervision and management overhead functions and they spend more time in personal counseling of residents. Supervising monitors perform all monitor functions such as searches, urinalysis, resident counts, control counseling, handling emergencies, etc.

Nonproductive stand-by time for supervising monitors is considerably less than that of monitors, 9.8% as opposed to an average of 34.4% for monitors. This is attributed to the fact that supervising monitors have additional responsibilities other than simply monitoring and controlling residents' activities, namely those related to supervision.

SUPERVISING MONITOR

<u>CODE</u>	<u>TITLE</u>	<u>PERCENTAGE</u>	<u>ACCURACY*</u>	<u>RANGE</u>
R	Records	23.7%	+ 5.2%	18.5% - 28.9%
RAP	Discussions - Staff	16.9%	+ 4.5%	12.4% - 21.4%
PC	Personal Counseling	13.5%	+ 4.2%	9.3% - 17.7%
NS	Non-Productive Stand-By	9.8%	+ 3.6%	6.2% - 13.4%
N	Non-Productive	8.3%	+ 3.4%	4.9% - 11.7%
CL	Clerical	7.9%	+ 3.2%	4.7% - 11.1%
SUP	Supervision - Staff	4.5%	+ 2.5%	2.0% - 7.0%
M	Meetings	3.8%	+ 2.3%	1.5% - 6.1%
CC	Control Counseling	2.6%	+ 2.0%	0.6% - 4.6%
LV	Leave Time	1.5%		
S	Searches	1.9%		
UA	Urinalysis	1.9%		
PT	Program Transportation	1.9%		
RC	Resident Counts	0.4%	9.0%	---
E	Emergencies	0.4%		
EC	Employment Counseling	0.7%		
MO	Management Overhead	0.3%		
		<u>100.0%</u>		

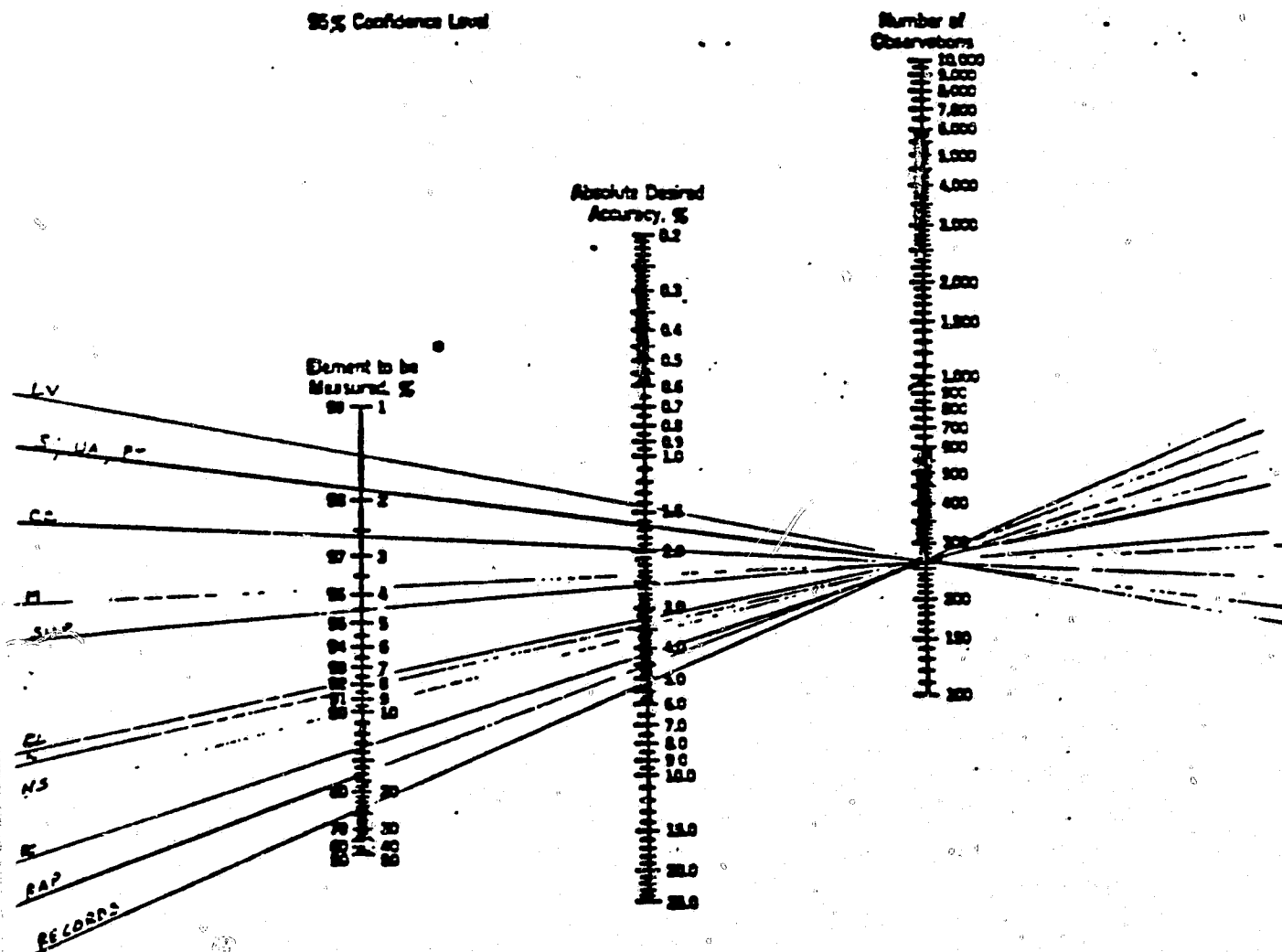
\* At 95% confidence.

SUPERVISING MONITOR

SWING

DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY

95% Confidence Level



(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

MONITORS

Duties and Responsibilities (Per Duty Statement)

Monitors are responsible for maintaining In-Out Logs, taking resident counts, conducting searches of rooms and residents, obtaining urine samples from residents, supervising residents' house maintenance tasks, writing reports, answering the telephone, and making job verification phone calls.

Work Schedule

The staff of all Work Furlough facilities normally includes from one to three monitors per shift, seven days a week. During the weekend, the facilities are staffed exclusively by two monitors and a full or part-time cook.

Study Results

Weekday Monitors

Page 32 shows the study results for weekday/morning shift monitors, weekday/swing shift monitors and the combined average for both shifts. Nonproductive stand-by time ran close to 29% for both the morning shift and swing shift monitors.

For weekday monitors, observations were made in 21 out of the 26 categories but with the exception of Records (21.4%), RAP (10.2%), Clerical (8.6%) and Control Counseling (7.7%), none of the activities involved more than 2.5% (12 minutes) of the monitor's time.

Weekend Monitors

Page 33 shows the study results for weekend/morning shift monitors, weekend/swing shift monitors and the combined average for both shifts. The percentage of nonproductive stand-by time was found to be higher on the weekend, 34.4% as opposed to 28.9%. However, unlike the weekdays, weekend nonproductive time for morning shift monitors was almost double that of the swing shift monitors, 45.8% to 24.7%. The swing shift monitors spent considerably more time performing control and control counseling activities.

As nonproductive time amounted to an additional 11.2%, the total amount of time the monitors were either nonproductive or on nonproductive stand-by amounted to 45.6%. Swing shift monitors, like the weekend monitors, spent the majority of their productive time performing recordkeeping, control, control counseling and in work-related discussions all totaling 37.4%. The remaining 17% involved thirteen additional activities none of which accounted for more than 3% of the monitor's time.

MONITORS - WEEKDAYS

CODE	TITLE	PERCENTAGE			ACCURACY*	RANGE
		MORNING SHIFT	SWING SHIFT	COMBINED AVERAGE		
NS	Non-Productive Stand-By	29.2%	28.7%	28.9%	± 2.3%	26.6% - 31.
R	Records	26.8%	18.5%	21.4%	± 2.1%	19.3% - 23.
RAP	Discussions-Staff	7.1%	11.8%	10.2%	± 1.5%	8.7% - 11.
CL	Clerical	7.1%	9.5%	8.6%	± 1.4%	7.2% - 10.
CC	Control Counseling	6.3%	8.4%	7.7%	± 1.3%	6.4% - 9.
N	Non-Productive	6.7%	8.2%	7.7%	± 1.3%	6.4% - 9.
CN	Control	4.4%	1.4%	2.5%	± 0.8%	1.7% - 3.
M	Meetings	2.9%	1.9%	2.2%	± 0.7%	1.5% - 2.
RC	Resident Counts	1.1%	2.6%	2.1%	± 0.7%	1.4% - 2.
PC	Personal Counseling	0.6%	2.2%	1.6%	± 0.6%	1.0% - 2.
L	Miscellaneous Labor	3.1%	-0-	1.1%	± 0.5%	0.6% - 1.
SUP	Supervision - Staff	}	4.7%	6.8%	6.0%	---
JD	Job Development					
S	Searches					
UA	Urinalysis					
D	Distribution					
E	Emergencies					
PT	Program Transportation					
JV	Job Verification					
F	Food Preparation	}	4.7%	6.8%	6.0%	---
LV	Leave Time					
ED	Employment Counseling					
MO	Management Overhead					
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		

\* At 95% confidence

**MONITORS - WEEKENDS**

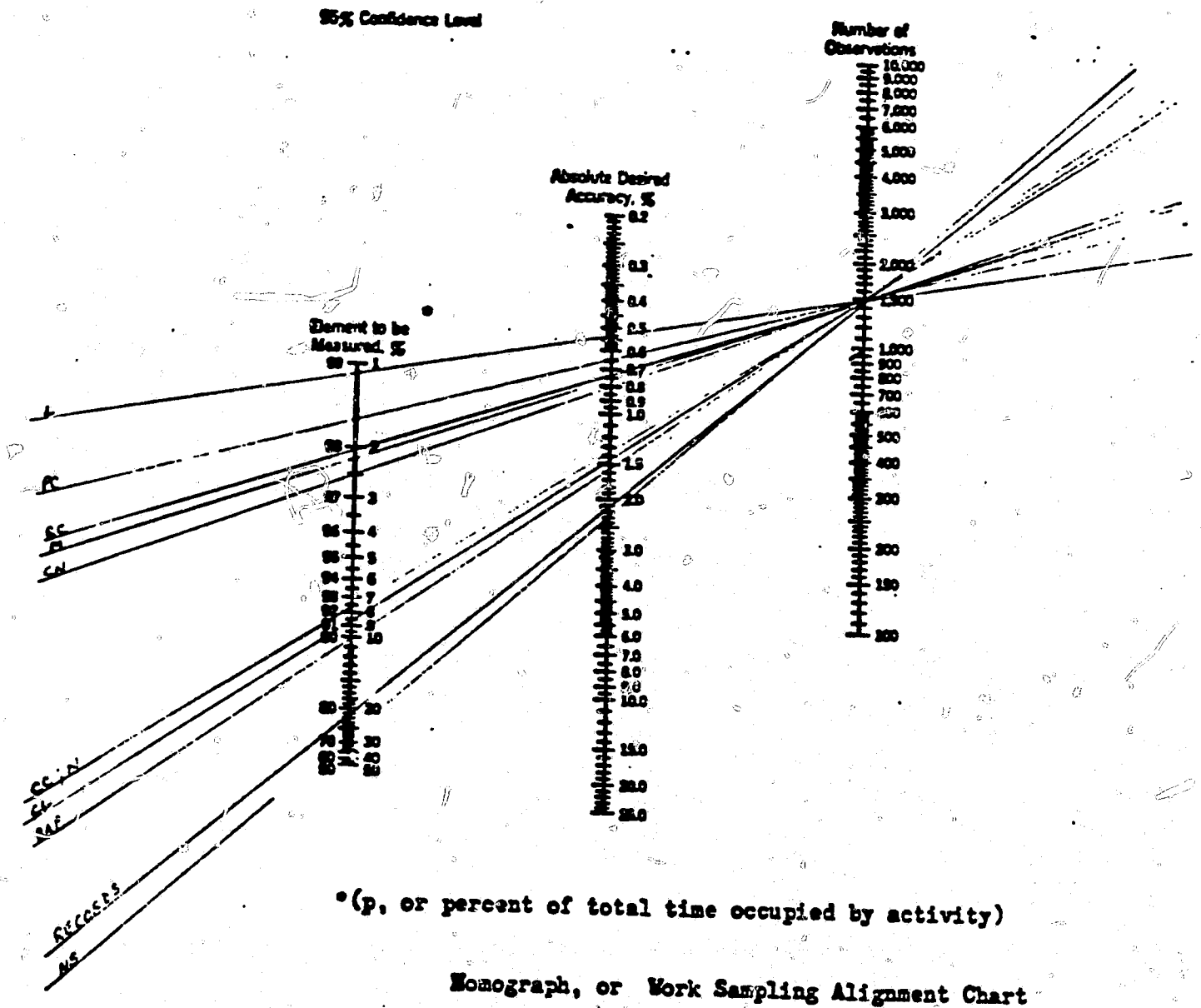
CODE	TITLE	PERCENTAGE			ACCURACY*	RANGE
		MORNING SHIFT	SWING SHIFT	COMBINED AVERAGE		
NS	Non-Productive Stand-By	45.8%	24.7%	34.4%	± 4.2%	30.2% - 38.6%
R	Records	15.0%	18.7%	17.0%	± 3.4%	13.6% - 20.4%
N	Non-Productive	6.1%	15.5%	11.2%	± 2.9%	8.3% - 14.1%
CN	Control	0.9%	14.3%	8.2%	± 2.5%	5.7% - 10.7%
RAP	Discussions - Staff	6.1%	6.4%	6.2%	± 2.2%	4.0% - 8.4%
CC	Control Counseling	1.9%	9.6%	6.0%	± 2.2%	3.8% - 8.2%
PC	Personal Counseling	4.7%	1.6%	3.0%	± 1.5%	1.5% - 4.5%
OJT	On-the-Job Training	3.3%	2.4%	2.8%	± 1.5%	1.3% - 4.3%
CL	Clerical	4.2%	0.8%	2.4%	± 1.4%	1.0% - 3.8%
L	Miscellaneous Labor	4.2%	-0-	1.9%	± 1.2%	0.7% - 3.1%
E	Emergency	-0-	2.8%	1.5%	± 1.1%	0.4% - 2.6%
S	Searches	7.8%	3.2%	5.4%	---	---
UA	Urinalysis					
D	Distribution					
PT	Program Trans.					
RC	Resident Counts					
EC	Employment Counseling					
LV	Leave Time	100.0%	100.0%	100.0%		
F	Food Preparation					

\* At 95% confidence

**MONITORS**

**WEEKDAYS 6:00 am - 11:00 pm**

**DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY**



\*(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

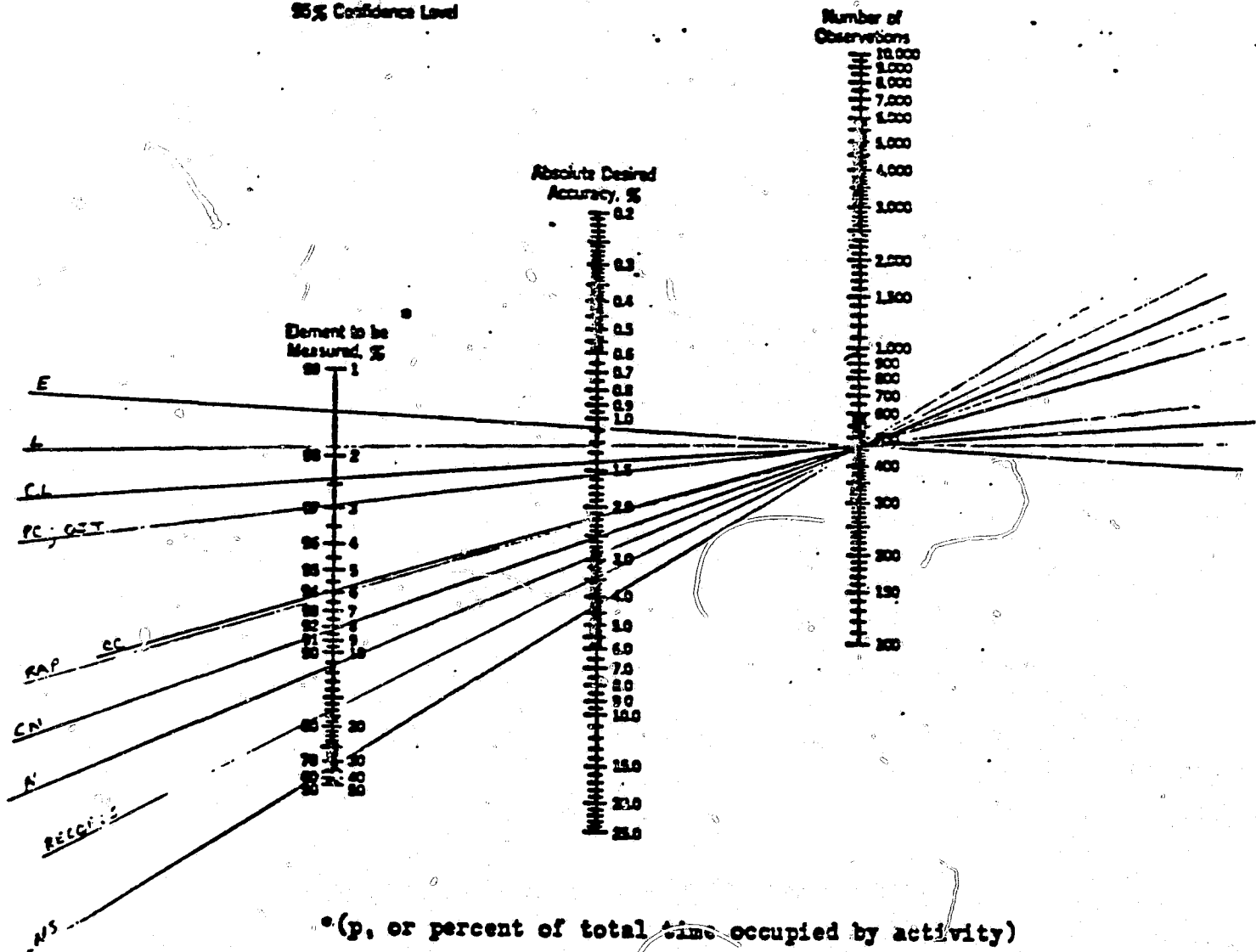


MONITORS

WEEKENDS: 6:00 am - 11:00 pm

DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY

95% Confidence Level



(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

COOK

Duties and Responsibilities (Per Duty Statement)

Duties include preparing three hot meals per day, preparing sack lunches upon request, developing weekly menus, maintaining inventory of food and materials, and purchasing food, materials and supplies.

Study Results

The cooks spent a total of 68.7% of their time preparing and serving meals and cleaning the kitchen and storage areas (see Page 37). Nonproductive and nonproductive standby time amounted to 6.3% and 17.5% respectively and program transportation amounted to 4.1%.

COOK

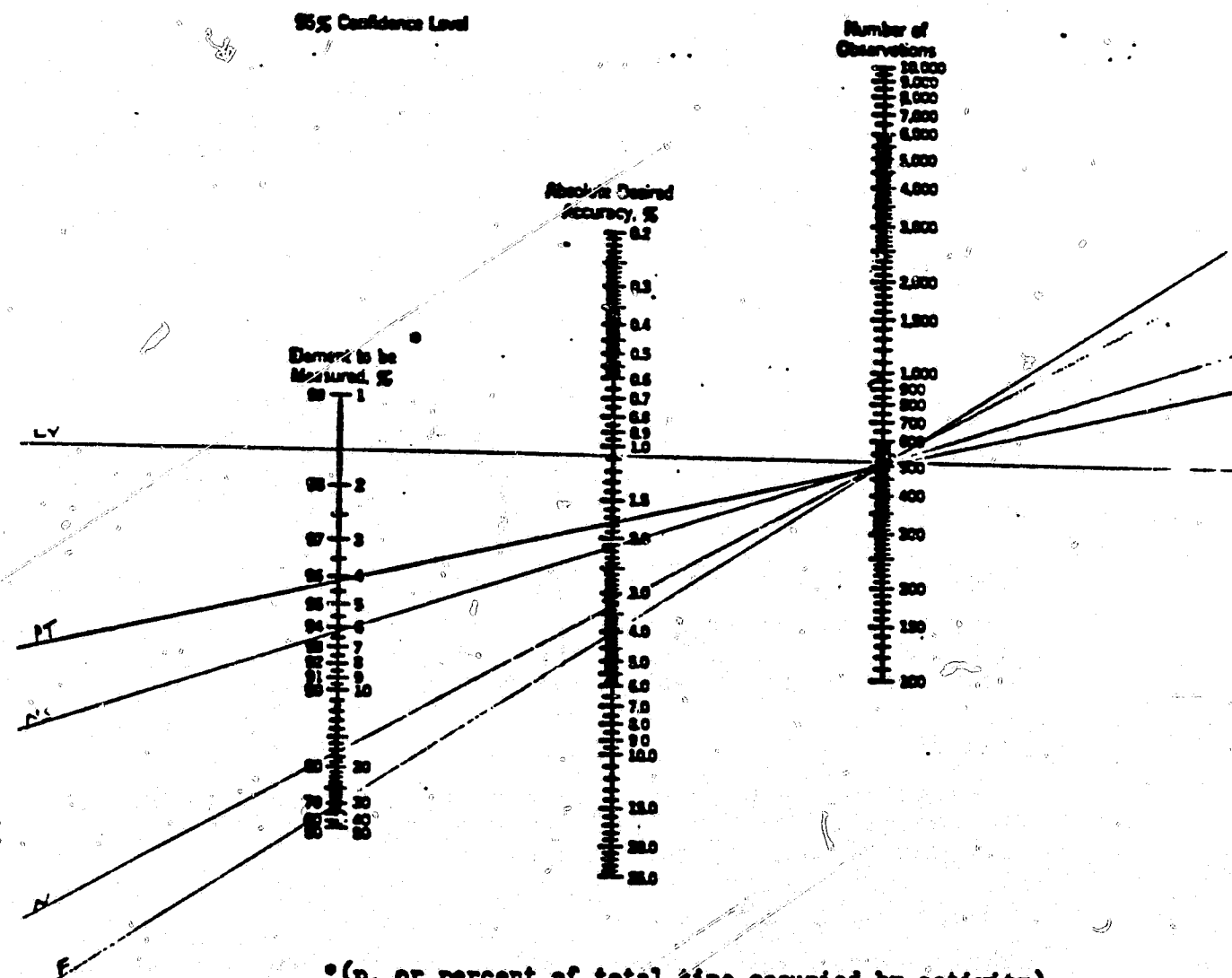
<u>CODE</u>	<u>TITLE</u>	<u>PERCENTAGE</u>	<u>ACCURACY*</u>	<u>RANGE</u>
F	Foor Preparation	68.7%	± 4.0%	64.7% - 72.7%
N	Non-Productive	17.5%	± 3.3%	14.2% - 20.8%
NS	Non-Productive Stand-By	6.3%	± 2.1%	4.2% - 8.4%
PT	Program Transportation	4.1%	± 1.8%	2.3% - 5.9%
LV	Leave Time	1.6%	± 1.1%	0.5% - 2.7%
RAP	Discussions - Staff	0.6%	--	--
E	Emergencies	0.2%		
CC	Control Counseling	1.0%		
		<u>100.0%</u>		

\* At 95% confidence

COOKS

WEEKDAYS 6:00 am - 11:00 pm

DETERMINING SAMPLE SIZE AND/OR DEGREE OF ABSOLUTE ACCURACY



\*(p, or percent of total time occupied by activity)

Nomograph, or Work Sampling Alignment Chart

WORK SAMPLING CODES  
Rate Development Unit

Product Code	Title and Definition
R	<p><u>Records</u></p> <p>All time spent preparing, reviewing, filing and/or routing forms and documents. Includes time spent preparing such forms as 128's, 115's and In-Out Legs. Does not include doing alphabetizing or otherwise redoing information that a clerical person could do.</p>
RC	<p><u>Resident Counts</u></p> <p>All time spent conducting resident counts.</p>
S	<p><u>Searches</u></p> <p>All time spent conducting room searches. Also includes time spent conducting clothes and unclothed resident searches.</p>
UA	<p><u>Urinalysis and Other Testing of Residents</u></p> <p>All time spent obtaining urinalysis and other samples such as breath. Also includes time spent preparing necessary documentation and preparing sample for transport to lab.</p>
CN	<p><u>Control</u></p> <p>Straightforward Do-Don't instructions, checking perimeter and emergency systems, inventorying and securing absent resident's personal belongings.</p>
CC	<p><u>Control Counseling</u></p> <p>Stating expectations, reiterating rules, setting limits--personal interaction W/R. Includes most of the discussion when resident signs out on the In-Out Log.</p>
EC	<p><u>Employment Counseling</u></p> <p>All time spent counseling groups and individual inmates regarding job search and job holding activities. Includes time spent discussing job applications, employment goals, personal goals, conducting mock interviews, etc. Includes time spent preparing for counseling sessions.</p>

Product Code	Title and Definition	Page 2
PC	<p><u>Personal Counseling</u></p> <p>All time spent counseling groups and individual residents regarding family problems, communication problems, budgeting and handling money, etc. Includes time spent preparing for counseling session.</p>	
JD	<p><u>Job Development</u></p> <p>All time spent reviewing and updating job opportunity information. Include time spent telephoning or visiting employment agencies, EDD offices, potential employers, etc.</p>	
JV	<p><u>Job Verification</u></p> <p>All time spent verifying that residents are at their place of employment either by telephone or an actual visit to the work site.</p>	
M	<p><u>Staff Meetings</u></p> <p>All time spent in formal or informal staff meetings to discuss resident problems, new policies and procedures, changes in working hours, etc.</p>	
RAP	<p><u>Discussions</u></p> <p>All time spent in informal discussion about the job. Shift turn-over, phone calls, stretch and coffee time conversations directly related to the job. Excludes general bull sessions.</p>	
SUP	<p><u>Supervision</u></p> <p>All time spent interviewing potential employees, conducting grievance hearings, discussing employee probation reports and individual employee goals, disciplinary action, etc. Doing work schedules and assignment sheets. Code the subordinate being supervised according to the function being discussed.</p>	
PT	<p><u>Program Transportation</u></p> <p>Staff member transporting a resident anywhere including to job. Include as Program Transportation an employee who is transporting himself anywhere while doing a task required by his job.</p>	
CL	<p><u>Clerical</u></p> <p>Answering telephones, transcribing data from one form to another, collecting papers, filing, etc. Exclude interaction with a resident in which the employee does control counseling or control.</p>	

Product Code	Title and Definition	Page 3
D	<u>Distribution</u> All time spent distributing linen, toilet articles, supplies, etc. to residents.	
F	<u>Food Preparation</u> Cooking, organizing meals, cleaning up the food, preparing and storage area; serving food. <u>Not</u> controlling R's; this would be coded CN or CC.	
N	<u>Non-Productive Stand-By</u> This code is used when an employee has the type of job which involves little or no productive activity other than monitoring an entrance/exit, counter, etc. If that employee is on a lunch break or using the restroom use "N".	
E	<u>Emergency</u> Involvement in a special, unexpected incident requiring immediate response by the staff member with his full attention.	
E/S	Processing R to jail/custody.	
E/H	Incident inside the house for which staff does not leave the facility.	
MO	<u>Management Overhead</u> The general planning, directing, controlling and maintaining the quality of operations.	
OJT	<u>On-The-Job Training</u> All time spent in on-the-job training of new employees. Use "OJT" for the trainer. Use the product code describing the work for which the employee is being trained for the trainee.	
L	<u>Miscellaneous Labor</u> All time spent performing such tasks as moping the floors, doing laundry, rearranging furniture, etc.	
INT	<u>Maintenance</u> All time spent performing maintenance activities around the facility.	

Product Code	Title and Definition	Page 4
WP	<u>Work Preparation</u> All time spent receiving work instructions and assignments from supervisor inspecting the facility for possible maintenance needs etc.	
LV	<u>Leave Time</u> Any type of leave taken during the day such as sick leave or vacation.	

SOURCE MATERIALS ON WORK MEASUREMENT

Manpower Administration, "Handbook on Work Measurement Systems - For Use in Measuring Office Occupations", U.S. Department of Labor, April 1972.

Dunnington, R. A. "Utilization of Research Conclusion", Proceedings, 16th Annual Meeting, Industrial Relations Research Assoc., 1963.

Fatora, William H., "Computers and Statistics - How These Two tools Can Measure Indirect Labor", Mill and Factory, August 1966.

APPENDIX 15A

Administrative Functions

Administration

Contract negotiations  
Provide leadership and coordination of all activities of the agency  
Policy formulation  
Establish personnel policies and procedures  
Represent Agency at Public Forums, Funding Agencies, etc.  
Evaluate organizational efficiency  
Implement funding contract regulations  
Monitor contract compliance  
Monitor facility compliance to agency objectives  
Supervise Administrative Staff and Program Directors  
Seek new funding sources  
Monitor budget  
Make or review all new purchases/requests  
Prepare grant requests and foundation requests  
Handle legal issues

Personnel

Recruitment and screening of agency staff  
Make decisions regarding employment and termination of staff  
Disciplinary proceedings  
Orientation and training  
Identification of training needs

Programs

Enhancement of existing service provision  
Identification and development of needed services  
Evaluation of efficiency of services

Fiscal

Establish fiscal policies  
Manage fiscal affairs  
Prepare annual budgets  
Prepare financial statements and reports  
Monitor expenditures and receipts  
Prepare billings  
Payroll  
Banking  
Ensuring compliance with required accounting procedures  
Establish and maintain audit trails  
Update and maintain fiscal manual  
Secure appropriate approval for line changes from funding sources  
Work with CPA/auditors

Secretary/Clerical

Relieve administrator of routine office details  
Maintain confidential and administrative files  
Screen a variety of visitor and telephone calls and where appropriate, refer to other staff members or personally provide authoritative information on established agency programs and policies  
Arrange meetings for administrator  
Independently or in accordance with general instructions, compose correspondence on a wide range of subjects requiring a thorough knowledge of the policies and procedures of the office  
Perform general office duties such as typing, dictation, transcription, mail and document handling, filing, statistical and other record-keeping, ordering and maintaining supplies, etc.

Examples of Current  
Administrative Staffing Patterns

Orange County Halfway House, Inc.

Executive Director  
Director of Programs  
Director of Finance  
Administrative Secretary

(Central Office)

Facility Director

Volunteers of America - San Diego

Executive Director  
Administrative Assistant  
Office Manager  
Secretary

(Central Office)

Facility Director

Eclectic Communications, Inc.

Executive Director  
Accountant  
Administrative Secretary

(Central Office)

Facility Director

SPAN, Inc.

Executive Director  
Director  
Regional Administrator  
Personnel Investigator  
Senior Accountant  
Junior Accountant  
Administrative Secretary

(Central Office)

Facility Director

APPENDIX 15B  
Page 2

Examples of Current  
Administrative Staffing Patterns

Casa Libre, Inc.

Executive Director  
Executive Secretary/Bookkeeper  
Clerk Typist (No Central Office)

Facility Director

Model Ex-Offenders

Executive Director  
Administrative Assistant  
Administrative Secretary (No Central Office)

Facility Director

Harbour Area Halfway House, Inc.

Director  
Administrative Assistant (No Central Office)

APPENDIX 15C

California Department of Corrections  
Classifications and Pay Ranges for Fiscal Year 1981-82

<u>Classification</u>	<u>Administrative Function</u>	<u>Salary Range</u> Minimum-Maximum
Parole Administrator III	Administration/Programs	\$2,879-3,481
Parole Administrator II		2,814-3,398
Parole Administrator I		2,621-3,167
Administrative Assistant II	Programs/Administrations	2,073-2,501
Administrative Assistant I		1,724-2,173
Senior Accounting Officer	Fiscal	2,073-2,501
Accounting Officer		1,724-2,073
Accountant I		1,322-1,724
Senior Account Clerk		1,145-1,463
Account Clerk II		1,025-1,290
Executive Secretary I	Secretary/Clerical	1,310-1,559
Secretary		1,166-1,426
Office Technician (Gen)		1,145-1,344
Office Assistant II (T)		989-1,290
Office Assistant I (T)		921-1,062
Assistant Clerk		785- 896

APPENDIX 15D

Wage Survey - U.S. Department of Labor  
Bureau of Labor Statistics  
Los Angeles - Long Beach Area, October 1981

<u>Classification</u>	<u>Administrative Function</u>	<u>Salary Range Minimum-Maximum</u>
Executive Director	Administration	Not Available
Administrative Assistant	Programs/Administration	Not Available
Accounting Clerk IV	Fiscal	1,032-1,470
Accounting Clerk III		1,056-1,445
Accounting Clerk II		946-1,285
Accounting Clerk I		761- 961
Secretary III	Secretary/Clerical	1,276-1,665
Secretary II		1,100-1,366
Secretary I		1,032-1,643
Typist II		841-1,223
Typist I		810-1,010

APPENDIX 15E

International Halfway House Association  
Salary Survey - August, 1980

<u>Title</u>	<u>East</u>	<u>Mid-West</u>	<u>South</u>	<u>West</u>	<u>Overall Average</u>
Executive Director	\$25,000	\$26,907	\$21,900	\$33,646	\$26,319
Assistant Executive Director	28,500	16,966	—	25,326	22,917
Director of Operations	18,000	16,966	—	19,074	19,074
Program Director	14,500	16,275	14,400	19,500	16,168
Controller	18,000	13,033	—	18,500	16,511
Program Developer	—	14,000	—	—	14,000
Unit Administrator	—	14,000	14,000	18,000	15,633
Assistant Unit Administrator	—	—	—	16,000	16,000
Treatment Coord./Head Counselor	15,250	11,314	—	17,440	14,688
Counselor	14,000	10,600	10,900	15,471	12,742
Facility Suprv/Desk Attendant	11,522	8,500	7,920	11,666	9,904
Accountant	—	8,966	—	17,000	12,983
Bookkeeper	8,100	8,750	000	12,000	9,616
Office Clerk	—	7,280	—	13,666	10,473
Executive Secretary	9,000	11,050	11,400	12,733	11,045
Secretary	8,100	9,584	—	13,200	10,294
Clerk/Typist	7,500	7,500	—	9,000	8,000
Cook	—	7,433	8,300	11,250	9,994
Janitor/Maintenance	—	9,600	—	12,000	10,800
Contract Manager	14,000	—	—	—	14,000



APPENDIX 15F

California Department of Developmental Services, F.Y. 1981-82  
Base Pay for Administrative Staff  
Day Training and Activity Centers (DTAC's)

<u>Position</u>	<u>Administrative Function</u>	<u>Program Size</u>	<u>Salary Range* Minimum-Maximum</u>
Director	Administration	Large	2,059-2,327
Director		Medium	1,776-1,989
Director		Small	1,264-1,600
Bookkeeper or Service	Fiscal	Large	1,200-1,450**
Bookkeeper or Service		Medium	981-1,199
Bookkeeper or Service		Small	750- 950**
Secretary & Clerical	Secretary/Clerical	Large	990-1,064
Secretary & Clerical		Medium	904- 990
Secretary & Clerical		Small	782- 904

\* Based on FY 80-81 salaries and increased 9% to estimate FY 81-82 levels; salaries include 22% benefits.

\*\* Estimated.

APPENDIX 15G

California Private RWF Facilities  
Current Salary Ranges for Administrative Classes

<u>Position</u>	<u>Administrative Function</u>	<u>Program Size</u>	<u>Salary Range Minimum-Maximum</u>
Executive Director	Administration	Large	3,000-3,481
Executive Director		Medium	2,500-3,250
Executive Director		Small	1,500-2,625
Admin. Assistant II	Program/Admin.	Large	2,800-3,398
Admin. Assistant I		Medium	1,150-2,300
Admin. Assistant I		Small	950-1,500
Senior Accountant	Fiscal	Large	1,200-1,800
Junior Accountant		Large	700- 900
Director of Finance		Medium	1,900-2,075
Bookkeeper		Medium	900-1,250
Bookkeeper		Small	450- 900
Executive Secretary	Secretary/Clerical	Large	950-1,250
Secretary		Medium	850-1,125
Office Manager		Medium	550- 700
Secretary		Small	- - -

Staff Benefits Survey

<u>Residential Care &amp; Related Fields</u>	<u>Benefits</u>
Residential Care Facilities - FY 1979-80	16.67%
Regional Centers - FY 1980-81	20.47
California Health Facility Survey of Medical Nursing Homes - FY 1980-81	23.74
Day Training Activity Centers - FY 1980-81	22.00
Private Re-Entry Work Furlough Facilities - FY 1980-81	17.20

Median = 20.47%

Mean = 20.02%

Calculation of "Other Costs" Percentage

<u>Program</u>	<u>Administrative Costs</u>	<u>Salaries &amp; Benefits</u>	<u>Other Costs (Col 2 - Col 3)</u>	<u>Percent of Salaries &amp; Benefits (Col 3 ÷ Col 2)</u>
VOA - L. A. FY 81-82	\$ 755,504	\$ 697,588	\$ 57,916	
VOA - Oakland FY 81-82	361,549	233,832	127,717	
VOA - San Diego FY 81-82	168,624	70,162	98,462	
SPAN, Inc. FY 80-81	249,000	186,617	62,383	
E.C.I. FY 1981	139,912	80,114	59,798	
Turning Point	89,376	69,851	19,525	
<b>TOTALS</b>	<b>\$1,763,965</b>	<b>\$1,338,134</b>	<b>\$425,831</b>	<b>31.82%</b>

Alternative 4  
Computation of Administrative Cost Percentage

<u>Program</u>	<u>Direct Cost of Salaries &amp; Benefits</u>	<u>Administrative Cost</u>	<u>%</u>
VOA - Oakland (West)	\$ 274,646	\$ 68,279	24.86%
VOA - San Diego	230,220	50,481	21.93
SPAN - Upland	214,087	37,008	17.93
SPAN - Pasadena	223,498	46,597	20.85
ECI - Marvin Gardens	117,060	49,791	28.12
VOA - Los Angeles	238,924	63,402	26.54
VOA - Oakland (East)	209,926	45,190	21.53
Turning Point	100,287	19,815	19.76
ECI - Santa Barbara	<u>96,436</u>	<u>23,232</u>	<u>24.09</u>
TOTAL	<u>\$1,765,084</u>	<u>\$403,795</u>	<u>22.77%</u>

Median % = 21.93%

Mean % = 22.77%

APPENDIX 16B

Alternative 4  
Computation of Annual Administrative Overhead Costs

Bed Size	(1) Monthly Cost of Salaries and Benefits <u>1/</u>	(2) Annual Cost of Salaries and Benefits <u>2/</u>	(3) Annual Administrative Costs <u>3/</u>
1-10	\$ 5,494	\$ 15,928	\$15,012
11-15	7,239	86,928	19,780
16-25	10,170	122,040	27,789
26-32	13,471	161,652	36,808
33-40	16,310	195,720	44,565
41-50	16,765	201,180	45,809

1/ From Salaries and Benefits Cost Report

2/ Column 1 times 12 months

3/ Column 2 times 22.77%

APPENDIX 16C

Alternative 4  
Computation of Administrative Overhead Rate

Bed Size	(1) Average Residents <u>1/</u>	(2) Annual Resident Days at 90% Occupancy <u>2/</u>	(3) Annual Administrative Cost <u>3/</u>	(4) Component Cost <u>4/</u>
1-10	9.0	3,284.99	\$ 15,012	\$ 4.57
11-15	13.5	4,927.49	19,780	4.01
16-25	22.5	8,212.48	17,789	3.38
26-32	28.8	10,511.89	36,808	3.50
33-40	36.0	13,139.97	44,565	3.39
41-50	45.0	16,424.96	45,809	2.79

1/ At 90% occupancy

2/ Column 1 times 30.4166 days times 12 months

3/ From Appendix 13-B, Column 3

4/ Column 3 divided by Column 2

**Alternative 5  
Regression and Correlation Analysis**

**Purpose of Regression and Correlation Analysis**

Regression analysis refers to the techniques for the derivation of an equation by which one of the variables, the dependent variable, may be estimated from the other variable of variables, the independent variable(s).

Correlation analysis deals with the measurement of the closeness of the relationships which are described in the regression equation.

Simple regression and correlation analysis performs the two functions mentioned above and produces two results. First, it produces the regression equation which describes the "average relationship" between the two variables and is used to produce estimates of the dependent variable from given values of the independent variable. Second, it produces an evaluation of the closeness of the relationship between the two variables.

**Application**

A commonly used procedure for allocating administrative overhead costs for government contracts or simply for internal cost accounting purposes is to compute administrative overhead costs based on a percentage of direct salaries and benefits.

Correlation analysis was performed to determine whether or not a relationship exists between administrative costs and the cost of salaries and benefits for RWF facility staff and to measure the degree of the relationship.

**Step 1:** Classified the independent variable (X) and the dependent (Y);

X - salaries and benefits  
Y - administrative costs

**Step 2:** The salaries and benefit costs and the corresponding administrative overhead costs for nine programs were plotted on a scatter diagram (Page 17-B). The (o)'s represent the actual values of X and Y.

- Step 3: The regression line equation was computed. Using the regression line equation, administrative costs (Y) can be estimated for any given value of salaries and benefits (X).
- Step 4: The regression line equation was used to compute the points on the regression line.  $Y_c$ , the estimated value of Y was computed for each value of X.
- Step 5: The points on the regression line were plotted on the scatter diagram and are represented by the small (x).

The picture presented by the scatter diagram serves to illustrate visually the nature and degree of the relationship. Examination of the scatter diagram tells, first, whether or not the relationship is sufficiently close for the correlation analysis to be worth carrying forward, and second, whether the relationship is adequately described or approximated by a straight line.

If the results of the correlation analysis indicate that a relationship exists, the regression line can be used to estimate the value of Y (administrative costs) for given values of X (salaries & benefits). For example, given an annual salary and benefits cost of \$140,000, the administrative costs are estimated to be \$31,500 (see APPENDIX 18-C).

A more accurate estimate of the value of Y can be obtained by using the regression line equation which was computed from the sample data:

$$\text{Regression line equation } Y_c = -2,320.47 + .24506x$$

where  $Y_c$  = the estimated value of Y

and, X = cost of salaries and benefits

If salaries and benefits = \$140,000

$$Y_c = -2,320.47 + .2406 (\$140,000)$$

$$Y_c = -2,320.47 + 33,684$$

$$Y_c = \$31,363.53$$

- Step 6: The standard error of the estimate was computed. The sample standard error of the estimate measures the variability of the observed points about the regression line and was computed to be \$6,462.58. The population standard error of the estimate measures the "badness" of estimates made from the regression line and was computed to be \$7,327.88.

- Step 7: The correlation coefficient (r) was computed. The correlation coefficient is a measure of the amount of association between the dependent and independent variables. It is limited to values between -1 and 1. A value of  $r = 0$  means there is no linear relationship between X and Y in the sample; for values of r different from 0, if its sign is positive, the relationship is inverse; in other words, small values of X tend to be associated with large values of Y. The closer the r value is to 1, the greater the correlation.

Computation of the correlation coefficient indicated a positive correlation between salaries and benefit costs and administrative overhead. The resulting computation was  $r = .759$  which indicates a fairly strong correlation.

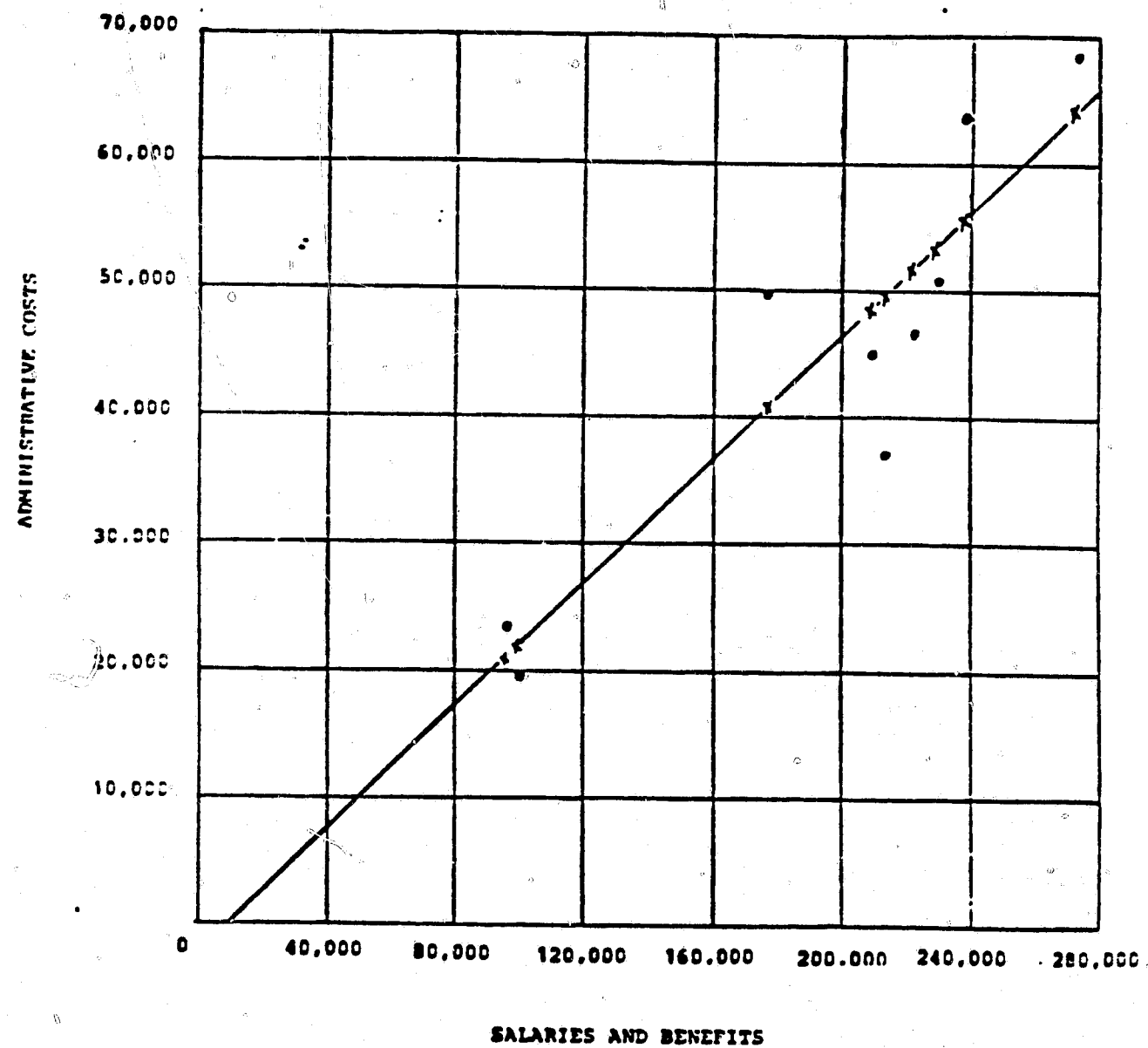
- Step 8: The coefficient of determination ( $r^2$ ) was computed. The coefficient of determination is interpreted as a percentage of the total variation in the Y-values that is associated with variation in the X values.

The computed value for the coefficient of determination  $r^2 = .576$ . This indicates that approximately 57.6% of the variation in administrative costs is associated with variation in the cost of salaries and benefits.

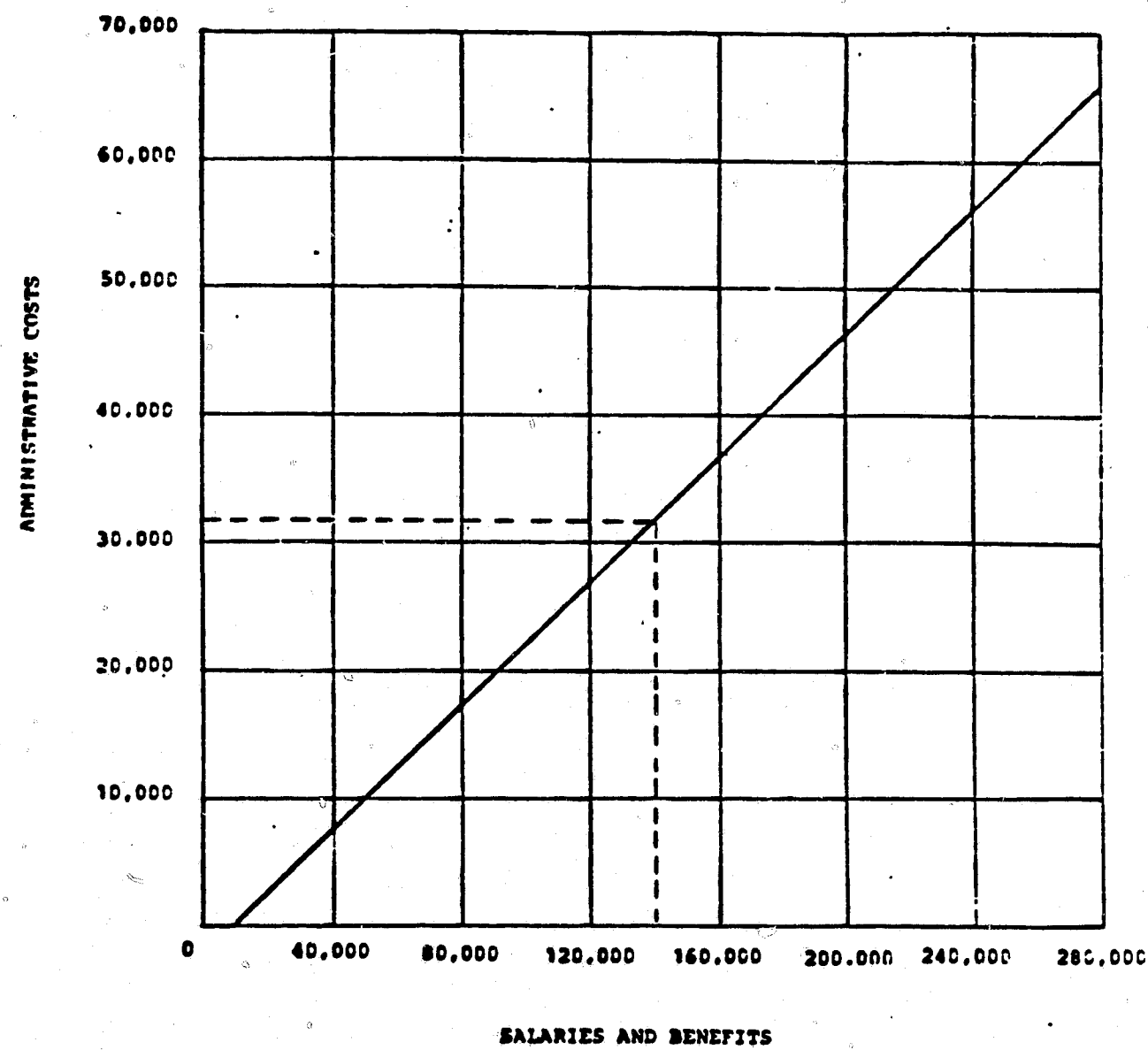
- Step 9: Used the Student's t Distribution to test the significance of the correlation coefficient. The Student's t Distribution is used to determine whether the correlation observed in the sample is due to chance, in which case, there is no real correlation in the population.

The result of the t test indicates that the value of the correlation coefficient is too great to be attributed to chance. As a result, it can be concluded that there is correlation between administrative overhead and the cost of salaries and benefits for RWF staff.

SCATTER DIAGRAM



SCATTER DIAGRAM



Alternative 5  
Recommended Computation of Annual Administrative Costs

Bed Size	(1) Monthly Cost of Salaries and Benefits <u>1/</u>	(2) Annual Cost of Salaries and Benefits <u>2/</u>	(3) Annual Administrative Costs <u>3/</u>
1-10	\$ 5,494	\$ 15,928	\$13,542
11-15	7,239	86,868	18,580
16-25	10,170	122,040	27,042
26-32	13,471	161,652	36,573
33-40	16,310	195,720	44,770
41-50	16,765	201,180	46,083

- 1/ From Salaries and Benefits Cost Report
- 2/ Column 1 times 12 months
- 3/ Computed using the regression line equation:  $Y_c = -2,320.47 + .2406(x)$  where  $Y_c$  = estimated annual administrative costs (Column 3) and  $x$  = annual cost of salaries and benefits (Column 2).

Alternative 5  
Recommended Computation of Administrative Overhead Rate

Bed Size	(1) Average Residents <u>1/</u>	(2) Annual Resident Days at 90% Occupancy	(3) Annual Administrative Cost <u>2/</u>	(4) Component Cost <u>3/</u>
1-10	9.0	3,284.99	\$ 13,542	\$ 4.12
11-15	13.5	4,927.49	18,580	3.77
16-25	22.5	8,212.48	27,042	3.29
26-32	28.8	10,511.89	36,573	3.48
33-40	36.0	13,139.97	44,770	3.41
41-50	45.0	16,424.96	45,083	2.81

- 1/ At 90% occupancy
- 2/ From Column 3 above, Annual Administrative Costs
- 3/ Column 3 divided by Column 2

Maximum Staff Allocation  
1 - 10 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:  
= 10 beds @ 90% x \$4.12 per diem x 30.4166 day  
= \$1,128 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$2,621	0.15	\$ 393
Secretary/Bookkeeper	1,375	0.24	<u>318</u>
Total Salaries			\$ 711

Benefits:	Reimbursement
Employee Benefits @ 20.02%	<u>142</u>
Total Salaries & Benefits	\$ 853

Other Costs:	Reimbursement
Operating Expenses @ 31.82% of Salaries & Benefits	<u>271</u>
Total Administrative Cost	<u>\$1,124 per month</u>

<sup>a/</sup> Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.



Minimum Staff Allocation  
1 - 10 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 7 beds @ 90% x \$4.12 per diem x 30.4166 day  
= \$789 per month

Cost Allocation

<u>Salaries:</u>	<u>Base Salary</u>	<u>P.E.</u>	<u>Reimbursement</u>
Executive Director	\$2,621	0.15	\$ 393
Secretary/Bookkeeper	1,330	0.24	<u>260</u>
Total Salaries			\$ 653
<u>Benefits:</u>			
Employee Benefits @ 20.02%			<u>131</u>
Total Salaries & Benefits			<u>\$ 784 per month</u>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

Maximum Staff Allocation  
11 - 15 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 15 beds @ 90% x \$3.77 per diem x 30.4166 days  
= \$1,548 per month

Cost Allocation

<u>Salaries:</u>	<u>Base Salary</u>	<u>P.E.</u>	<u>Reimbursement</u>
Executive Director	\$2,621	0.15	\$ 393
Admin. Assistant	1,500	0.15	225
Secretary/Bookkeeper	1,350	0.27	<u>364</u>
Total Salaries			\$ 982
<u>Benefits:</u>			
Employee Benefits @ 20.02%			<u>197</u>
Total Salaries & Benefits			\$1,179
<u>Other Costs:</u>			
Operating Expenses @ 31.82% of Salaries & Benefits			<u>375</u>
Total Administrative Cost			<u>\$1,554 per month</u>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17H

Minimum Staff Allocation  
11 - 15 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 11 beds @ 90% x \$3.77 per diem x 30.4166 days  
= \$1,135 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$2,621	0.15	\$ 393
Secretary/Bookkeeper	1,350	0.24	<u>324</u>
Total Salaries			\$ 717
<b>Benefits:</b>			
Employee Benefits @ 20.02%			<u>144</u>
Total Salaries & Benefits			\$ 861
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			<u>274</u>
Total Administrative Cost			<u>\$1,135 per month</u>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17I

Maximum Staff Allocation  
16 - 25 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 25 beds @ 90% x \$3.29 per diem x 30.4166 days  
= \$2,252 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$2,800	0.15	\$ 420
Admin. Assistant	1,825	0.20	365
Secretary/Bookkeeper	1,550	0.40	<u>620</u>
Total Salaries			\$1,405
<b>Benefits:</b>			
Employee Benefits @ 20.02%			<u>281</u>
Total Salaries & Benefits			\$1,686
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			<u>536</u>
Total Administrative Cost			<u>\$2,222 per month</u>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17J

Minimum Staff Allocation  
16 - 25 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 16 beds @ 90% x \$3.29 per diem x 30.4166 days

= \$1,441 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$2,621	0.15	\$ 393
Secretary/Bookkeeper	1,475	0.35	516
Total Salaries			\$ 909
<b>Benefits:</b>			
Employee Benefits @ 20.02%			182
Total Salaries & Benefits			\$1,091
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			347
Total Administrative Cost			<u>\$1,438 per month</u>

<sup>a/</sup> Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17K

Maximum Staff Allocation  
26 - 32 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 32 beds @ 90% x \$3.48 per diem x 30.4166 days

= \$3,048 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$3,100	0.15	\$ 465
Admin. Assistant	1,900	0.25	475
Accountant	1,500	0.35	525
Secretary	1,200	0.35	420
Total Salaries			\$1,885
<b>Benefits:</b>			
Employee Benefits @ 20.02%			377
Total Salaries & Benefits			\$2,262
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			720
Total Administrative Cost			<u>\$2,982 per month</u>

<sup>a/</sup> Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17L

Minimum Staff Allocation  
26 - 32 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 26 beds @ 90% x \$3.48 per diem x 30.4166 days  
= \$2,477 per month

Cost Allocation

<u>Salaries:</u>	<u>Base Salary</u>	<u>P.E.</u>	<u>Reimbursement</u>
Executive Director	\$2,800	0.15	\$ 420
Admin. Assistant	1,900	0.20	380
Secretary/Bookkeeper	1,600	0.45	<u>720</u>
Total Salaries			\$1,520
<u>Benefits:</u>			
Employee Benefits @ 20.02%			<u>304</u>
Total Salaries & Benefits			\$1,824
<u>Other Costs:</u>			
Operating Expenses @ 31.82% of Salaries & Benefits			<u>580</u>
Total Administrative Cost			<u>\$2,404 per month</u>

<sup>a/</sup> Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17M

Maximum Staff Allocation  
33 - 40 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 40 beds @ 90% x \$3.41 per diem x 30.4166 days  
= \$3,734 per month

Cost Allocation

<u>Salaries:</u>	<u>Base Salary</u>	<u>P.E.</u>	<u>Reimbursement</u>
Executive Director	\$3,300	0.20	\$ 660
Admin. Assistant	2,200	0.20	440
Accountant	1,600	0.45	720
Secretary	1,300	0.40	<u>520</u>
Total Salaries			\$2,340
<u>Benefits:</u>			
Employee Benefits @ 20.02%			<u>468</u>
Total Salaries & Benefits			\$2,808
<u>Other Costs:</u>			
Operating Expenses @ 31.82% of Salaries & Benefits			<u>894</u>
Total Administrative Cost			<u>\$3,702 per month</u>

<sup>a/</sup> Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17N

Minimum Staff Allocation  
33 - 40 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 33 beds @ 90% x \$3.41 per diem x 30.4166 days  
= \$3,080 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$3,100	0.20	\$ 620
Admin. Assistant	2,000	0.20	400
Accountant	1,500	0.35	525
Secretary	1,125	0.35	394
<b>Total Salaries</b>			<b>\$1,939</b>
<b>Benefits:</b>			
Employee Benefits @ 20.02%			388
<b>Total Salaries &amp; Benefits</b>			<b>\$2,327</b>
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			740
<b>Total Administrative Cost</b>			<b><u>\$3,067</u> per month</b>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

APPENDIX 17O

Maximum Staff Allocation  
41 - 50 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 50 beds @ 90% x \$2.81 per diem x 30.4166 days  
= \$3,846 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$3,481	0.20	\$ 696
Assistant Director	2,300	0.20	460
Accountant	1,675	0.45	754
Secretary	1,300	0.40	520
<b>Total Salaries</b>			<b>\$2,430</b>
<b>Benefits:</b>			
Employee Benefits @ 20.02%			486
<b>Total Salaries &amp; Benefits</b>			<b>\$2,916</b>
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			928
<b>Total Administrative Cost</b>			<b><u>\$3,844</u> per month</b>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and position equivalents should be considered estimates.

Minimum Staff Allocation  
41 - 50 Beds<sup>a/</sup>

Monthly Reimbursement for Administrative Overhead:

= 41 beds @ 90% x \$2.81 per diem x 30.4166 days  
= \$3,154 per month

Cost Allocation

Salaries:	Base Salary	P.E.	Reimbursement
Executive Director	\$3,200	0.20	\$ 640
Assistant Director	2,200	0.20	440
Accountant	1,465	0.35	513
Secretary	1,125	0.35	394
Total Salaries			\$1,987
<b>Benefits:</b>			
Employee Benefits @ 20.02%			398
Total Salaries & Benefits			\$2,385
<b>Other Costs:</b>			
Operating Expenses @ 31.82% of Salaries & Benefits			759
Total Administrative Cost			<u>\$3,144 per month</u>

a/ Because of the inexact nature of the data available, these staff allocations, salaries and positions equivalents should be considered estimates.

INDIVIDUALS

Helen Brown Dorsey, Director of Correctional Programs, Pioneer Cooperative Affiliation; Vice President, International Halfway House Association.

Linda McBroom, Contract Auditor, Federal Bureau of Prisons.

Gene Knoefel, Supervisor, Long-Term Care Rate Unit, Department of Health Services.

Margaret Lamb, Program Specialist, Long-Term Program, Department of Rehabilitation

Arthur McDonald, Executive Director, Eclectic Communications, Inc.; Regional Director, International Halfway House Association.

Harvey DeMeneces, Executive Director, Orange County Halfway House, Inc.

Robert Pratt, Director, Special Services Division, Volunteers of America -Los Angeles.

RATE STUDIES

Health and Welfare Agency, "Residential Care Rate Study - FY 1981-82," Department of Developmental Services, March 1982.

Health and Welfare Agency, "Cost Study of Providing Selected Types of Alcoholism Services in Publicly-Funded Programs within California," Ernst & Ernst for the then Office of Alcoholism, December 1976.

Health and Welfare Agency, "Day Training and Activity Centers - Standards and Rates," Department of Developmental Services, March 1981.

REFERENCE BOOKS

Richmond, Samuel B., "Statistical Analysis," Copyright 1964, the Ronald Press Company, New York.

Clark, Charles T. and Schkade, Lawrence L., "Statistical Analysis for Administrative Decisions," Copyright 1974, South-Western Publishing Co., Cincinnati, Ohio.

Federal Publication: "A Guide for Non-Profit Institutions" Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contracts with the Department of Health, Education and Welfare, Document OASC-5 U.S. Government Printing Office Washington, D.C. 20402, August 1974.

Facility Lease/Use Cost  
List of Data Sources

<u>Organization</u>	<u>Contact Person</u>	<u>Date Contracted</u>	<u>Results</u>
Coldwell Banker Coldwell Banker Coldwell Banker	Mike Cogan Jeff Phair Appraisal and Data Bank	1-17-82 2-1-82	Data has been purchased from Real Estate Data Incorporated.
State Dept. Gen. Svs/Real Estate	George Dutra Dwight Weathers Leasing Officers	1-27-82 2-1-82 2-1-82	No information available. Information on square foot costs.
State Board of Reclamation	—	1-27-82	No information available.
State Dept of Housing and Community Development	Richard Hanlon	1-27-82	Information on SMSA median rent, median value and HUD fair market rent.
Real Estate Data, Inc.	Steve Myefsky	1-27-82	Has specific data bank for sale.
HUD, Sacramento Office	Sam Reed, Appraiser	1-27-82 3-8-82	Supplied HUD trend analysis of appreciation rate.
HUD, San Francisco	Chuck Fellows Bill Rogena	2-1-82	No information but recommended contact with Multi-Family Housing Development.
First Interstate Bank, L.A.	Research & Planning	1-29-82	No information.
UCLA Graduate School of Management	Prof. Middleach, Dept. of Real Estate	1-29-82	No information.

Security Pacific Bank, L.A.	Ron Research Library	1-29-82	No information.
California Real Estate Assoc., L.A.	Jewel Singer	1-29-82	No information
State Dept. General Services, Space Management	Lane Richmond Jack Muira Dave Yorston Ken Raymond	2-1-82	Information on square footage cost allocations, adequacy of use of square footage vs. space utilization.
State Dept. of Alcohol & Drugs	Richard Rante	3-8-82	Methods of determining space cost allocations.
HUD Economist, San Francisco	Marilyn Haase	3-4-82	HUD fair market and SMSA median rent to value relationship.
CSUS Real Estate Institute School of Business and Public Admin.	Dr. Robert Fountain Dr. Craig Stanley	1-25-82	Rent relationship to market demands, cost allocation methods.
State Lands Commission	Steve Skelsky	2-2-82	Microfiche data on appraised values.
Department of Finance	Bill Schoelling	3-26-82	Interpretation of SMSA medians.
State Board of Equalization, Statistics	Jeff Reynolds	3-26-82	Median value for residential rental property and gross income multiplier.
American Institute Real Estate Appraisal Library	Barbara High	3-25-82	Gross income multiplier information.
Franchise Tax Board			No information.



**END**