Ottawa County

Sentenced Work Abatement Program (SWAP)

Cost-Analysis

June 2007

2007 County Board of Commissioners

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TABLE OF CONTENTS

Sheriff's Office
Sentenced Work Abatement Program (SWAP)

I. Introduction…….……..…….…….….…….….1

II. Fees-For-Service..…….……..1

III. Service Hours…….2

IV. Cost Analysis……..2

V. Conclusion and Recommendations…….……4

Sentenced Work Abatement Program
Cost-Analysis (2006 Program Year)

INTRODUCTION

The Sentenced Work Abatement Program (SWAP), administered by the Sheriff's Office, allows local units of government and non-profit agencies to employ minimum-security inmates for the purpose of performing a variety of work projects. As an incentive, inmates participating in SWAP receive a one day reduction in their jail sentence for every four days of SWAP service.

A 2006 Evaluation of SWAP determined that the program had a total net operating loss of $65,162 during the 2005 program year. After reviewing the Evaluation, the County Board of Commissioners approved a resolution supporting a recommendation that future County funding for SWAP not exceed $20,000 in any fiscal year.

The purpose of this evaluation is to assess the program's existing and projected fees-for-service, the number of service hours billed, and the County's cost to administer the program.

FEES-FOR-SERVICE

Local units of government and non-profit agencies pay an hourly fee-for-service to the County for SWAP services. This hourly fee is based on the salaries of SWAP staff as well as the total number of contractual service hours requested by the agency.

During the first six months of 2006, the hourly rate charged (per inmate) to perform work projects was $4.00 per hour. The overtime rate[1] was $6.00 per hour. At the time the 2006 Evaluation was published, it was expected that the fee-for-service would increase to $4.91 per hour in July 2006. A second rate increase to $5.11 per hour was anticipated in June 2007.

However, in an effort to moderate the concerns of participating agencies regarding the proposed rate increases, the $0.91 increase in the hourly fee-for-service did not occur in July 2006 (**Table 1**). The Sheriff's Office implemented an increase in the hourly rate to $4.50 per hour in June 2007. A second increase to $5.00 per hour is planned for December 2007.

The current overtime rate of $6.00 per hour was increased to $6.75 per hour in June 2007. A second increase to $7.50 per hour is planned for December 2007.

Table 1

Hourly SWAP Fees-for-Service

	Recommended Increase to Fees (2006 Evaluation)	Actual/ Projected Actual Increase to Fees[1]	Difference In Fee Amounts
2006 (January – June)	$4.00	$4.00	$0.00
2006 (July – December)	$4.91	$4.00	- $0.91
2007 (June – November)	$5.11	$4.50	- $0.61
2007 (December)	$5.11	$5.00	- $0.11
2008 (January – December)	$5.24	$5.00	- $0.24

Source: Fiscal Services Department

1. Actual increases are based on an agreement that has been made between County officials and the Sheriff's Office

1. Overtime hours are charged to participating agencies if a SWAP crew provides more than 8 hours of service in one day or if services are provided on Saturdays.

SERVICE HOURS

Each year, participating local units of government and non-profit agencies contract with the County to provide SWAP services. The contract includes an estimated number of service hours needed for the next year.

In 2005, SWAP provided 15,494 fewer hours of service than the hours that were projected in the service contracts (**Table 2**). During the 2006 program year, SWAP provided 17,664 fewer service hours than the projections stated in the contracts.

Table 2

Projected Contract Hours and Actual Hours Provided

	2005	2006	2007 (Projected)	2008 (Projected)
Contract Hours	89,944	90,648	81,360	81,360
Actual Hours	74,450	72,984	73,717[1]	73,717[1]
Difference (Actual & Contract)	**-15,494**	**-17,664**	**-7,643**	**-7,643**

Source: Fiscal Services Department

1. Projected number based on the average number of actual hours provided in 2005 and 2006.

The Sheriff's Office reported several reasons for having fewer service hours provided than anticipated in 2005 and 2006. SWAP crews were not deployed if any of the following situations arose:

- Eligible inmates necessary to assemble a crew were inadequate
- SWAP staff were required to attend in-service training
- SWAP staff were sick or on vacation
- SWAP vehicles required maintenance

Based on the estimated service hours contracted compared to the actual service hours provided in 2005 and 2006, it is projected that SWAP will provide 7,643 fewer hours of service than anticipated in the 2007 and 2008 contract years.

COST ANALYSIS

The total net operating loss of SWAP in 2006 was $101,600. Two factors contributed to this larger-than-anticipated net operating loss. The first factor, as previously mentioned, was the delay in raising service fees in order to moderate the concerns of participating agencies. The second was the deviation between the actual hours of service provided and the contract hours of service requested. The projected net operating loss for 2007 is $83,080. However, the net loss for 2008 will be reduced to $31,859 if the rate increases proposed by the Sheriff's Office for 2007 and 2008 are implemented.

A detailed overview of program expenses and net operating gain/loss is provided in **Table 3**. Additionally, the hourly rate charge that would be necessary for the program to break-even, as well as the hourly rate that would be necessary to avoid exceeding a total net operating loss of $20,000, is included in the table.

Sentenced Work Abatement Program
Cost-Analysis (2006 Program Year)

Table 3

		Actual Cost	Projected Cost				
		2006	**2007 (Jan – May)**	**2007 (Jun – Nov)**	**2007 (Dec)**	**2007 (Total)**	**2008**
Program Revenue							
	Fees For Service (Per Hour)	$4.12 [1]	$4.00	$4.50	$5.00	-	$5.00
	Contract Hours	72,984	33,900	40,680	6,780	81,360	81,360
	Total Revenue (From Fees)[2]	$297,335.00	$135,600.00	$183,060.00	$33,900.00	$352,560.00	$406,800.00
	Reduction in Jail Revenue (Early Release)[3]	($13,132.80)	($5,472.00)	($6,566.40)	($1,094.40)	($13,132.80)	($13,132.80)
Total Program Revenue		**$284,202.20**	**$130,128.00**	**$176,493.60**	**$32,805.60**	**$339,427.20**	**$393,667.20**
Program Expenses							
	Staff Salary[4]	$388,672.56	$177,240.56	$212,688.67	$35,448.11	$425,377.34	$428,396.50
	Transportation[5]	$15,223.50	$6,343.13	$7,611.75	$1,268.62	$15,223.50	$15,223.50
	Reduction in Meal Cost (Early Release)[6]	($18,094.08)	($7,539.20)	($9,047.04)	($1,507.84)	($18,094.08)	($18,094.08)
Total Program Expense		**$385,801.98**	**$176,044.49**	**$211,253.38**	**$35,208.89**	**$422,506.76**	**$425,525.92**
Total Net Loss (Per Year)[7]		**($101,599.78)**	**($45,916.49)**	**($34,759.78)**	**($2,403.29)**	**($83,079.56)**	**($31,858.72)**
Total Net Loss (Per Hour)[8]		($1.39)	($1.35)	($0.85)	($0.35)	($1.02)	($0.39)
Contract Hours	Break-Even Fees for Service (Per Hour)	**$5.47**	**$5.35**	**$5.35**	**$5.35**	**$5.35**	**$5.39**
	$20,000 Annual Net Operating Loss Fees for Service (Per Hour)	**$5.20**				**$5.11**	**$5.15**
Actual Hours	Projected Actual Hours[9]					73,717	73,717
	Break-Even Fees for Service (Per Hour)					**$5.90**	**$5.95**
	$20,000 Annual Net Operating Loss Fees for Service (Per Hour)					**$5.64**	**$5.68**
State Minimum Wage (Per Hour)[10]		$5.59	$7.54	$7.76	$7.76	$7.76	$8.03

Source: Fiscal Services Department and Sheriff's Office

[1] The actual fee-for-service rate for 2006 is higher than the $4.00 per hour fee because it includes actual overtime hours charged at $6.00 per hour

[2] Based on actual revenue ($297,335) for 2006; Projected revenue based on estimated contract hours (81,360) multiplied by the fee-for-service

[3] Because the County jail is not at maximum capacity (462 inmates per day), the early release of SWAP participants results in a reduction in jail revenue (i.e. inmates pay $40 for each day served in jail). This reduction in revenue is a result of jail bed days (3,648) being saved through SWAP; this cost is based on 2006 collection rates for jail stays

[4] Includes Salary & Fringe Benefits (50% of Sergeant's time and 100% of the six correction officers' time)

[5] Based on actual vehicle fuel cost incurred by SWAP vehicles between January and December 2006

[6] Reduction in meal cost calculation based on the average number of jail bed days (3,648) saved in 2006 multiplied by the cost ($4.96) per meal

[7] Determined by subtracting the total program expense from the total program revenue

[8] Calculation determined by dividing the total net loss (per year) by the number of SWAP hours: actual hours (72,984) in 2006, contract hours (81,360) in 2007-2008

[9] Calculated by Planning and Grants based on the average number of actual hours (74,450) provided in 2005 and actual hours (72,984) provided in 2006

[10] Includes FICA, workers compensation, and unemployment

CONCLUSION AND RECOMMENDATIONS

At the present time, SWAP has a net operating loss greater than $20,000 per year. In order for the County to avoid funding an amount greater than $20,000 starting in 2008, it is recommended that the hourly fee-for-service rate be raised to $5.68[1] January 1, 2008, which is still less than the minimum wage of $8.03. Additionally, because program expenses are expected to increase over time in the form of salaries and fringe benefits, it is recommended that the hourly fee-for-service rate continue to be raised each year to offset rising expenses.

1. This rate is based on the actual number of SWAP hours (73,717) projected to be utilized during the 2008 program year.

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