

Table of Contents

A Report on Prison Unit Cost Comparison Texas Department of Criminal Justice

November 1996

Key Points of Report

Executive Summary	1
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Section 1:

Cost Variances Identify Areas of Potential Savings and Other Potential Operating Risks	5
---	---

Opportunities for Savings Exist at Units With High Cost Variances	7
---	---

Units With Low Cost Variances May Indicate Potential Future Risks	8
---	---

Section 2:

Opportunities Exist to Improve Accuracy of Data and Eliminate Duplication of Effort	14
--	----

Unit Expenditure Data Was Not Readily Available	14
---	----

TDCJ Could Not Provide Accurate Square Footage Data on the Units	15
--	----

Data Received Contained Inconsistencies	16
---	----

Section 3:

Not Preparing Budgets at the Unit Level Limits Fiscal Management	16
---	----

Section 4:

True Cost of Industry Operations Cannot Be Determined	17
--	----

Appendices

1 - Objectives, Scope, and Methodology	19
--	----

2 - Background	21
----------------------	----

Table of Contents, concluded

3 - Expenditures - Dependent Factors	22
4 - Unit Demographic Characteristics - Independent Factors	23
5 - Supplemental Information	
5.1 - Construction Costs Vary by Type of Unit	31
5.2 - Texas Compared to Other States	34

Key Points of Report

A Report on Prison Unit Cost Comparison Texas Department of Criminal Justice

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Overall Conclusion

The analysis of prison unit costs has identified units and areas which have higher cost variances. These variances may identify opportunities to reduce expenditures or to alleviate risks associated with potentially inadequate expenditures.

This report presents cost analysis as a management tool to help target units and areas needing more attention by management. This report can help identify areas of cost savings, develop risk analysis, and identify the best unit management practices already in place. Emphasis should be placed on the areas and units with the cost variances, rather than the actual dollar amounts of the variances.

Key Facts and Findings

- Our analysis of 13 cost categories at 57 prison units identified significant variances from expected costs. The most significant variances come from travel and miscellaneous fees and services. Significant variation from the expected cost is an indication of potential risk. Management intends to perform further evaluation of the cost variances. Areas of potential risks generally fall into two categories:
 - High cost variances ranged from 2.5 percent to 37.7 percent. These cost variances indicate areas where cost savings potentially could be realized.
 - Low cost variances ranged from -2.3 percent to -46.3 percent. These cost variances may indicate areas where adequate resources have not been dedicated. Not dedicating appropriate resources can lead to risks such as buildings not being properly maintained or inmates not being properly secured.
- Management needs to improve the accuracy of data maintained, expand the budgeting process to include unit budgets, and better identify industry operation cost.

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Office of the State Auditor

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This audit was conducted in accordance with Government Code, § 321.0123.

Executive Summary

Detail review of cost variances by management will determine where savings can be realized and risks alleviated.

This report presents cost analysis as a management tool to help target units and areas needing more attention by management. This report

can help identify areas of cost savings, develop risk analysis, and identify the best unit management practices already in place.

Our analysis of prison unit costs identified significant variances from expected costs. Regression analysis of data on 13 categories of expenses for 57 prison units run by the Texas Department of Criminal Justice (TDCJ) identified areas of potential savings and other potential operating risks. (Regression analysis predicts expected expenditures, and thus variation from expected cost, through relative comparisons.) Management of TDCJ should determine whether there are opportunities to reduce expenditures, or alternatively, to alleviate risks associated with potentially inadequate expenditures at prison units.

Since expected costs are relative comparisons, emphasis should be placed on the areas and units with the cost variances, rather than the actual dollar amounts of the cost variances.

Because of difficulty in obtaining data, we also recommend improvements in the following areas:

- Eliminate maintaining duplicate information by improving the accuracy of a sole source of data.
- Strengthen unit-level fiscal management and accountability by preparing budgets at the unit level.
- Determine actual industry costs by better distinguishing industry costs from the cost of incarcerating inmates.

Cost Variances Identify Areas of Potential Savings and Other Potential Operating Risks

Management needs to evaluate cost variances to determine where savings can be realized and where risks need to be alleviated. Our analysis of prison unit costs identified significant variances (potential savings and other potential operating risks) from expected costs. The results of our analysis included:

- High cost variances on the 13 cost categories ranged from 2.5 percent to 37.7 percent.
- Low cost variances on the 13 cost categories ranged from -2.3 percent to -46.3 percent.

The most significant cost variances come from miscellaneous fees and services, and travel.

Opportunities Exist to Improve the Accuracy of Data and Eliminate Duplication of Effort

We encountered problems obtaining complete and accurate information from TDCJ. Departments appear to know which data sources are reliable and maintain alternate sources for those that are not, causing an unnecessary duplication of effort and potentially causing confusion as to what is "official" data.

The problems include the following:

- Unit-level expenditure data was not readily available.
- Square footage information on the units could not be obtained.

Executive Summary

- Information received contained inconsistencies.

Not Preparing Budgets at the Unit Level Limits Fiscal Management

The Texas Department of Criminal Justice does not have a budgeting system at the unit level. Preparing unit budgets would permit better fiscal management, improve accountability, and promote efficiency at the unit level.

True Costs of Industry Operations Cannot Be Determined

The manner in which expenditures are charged makes it impossible to determine the actual cost of industry operations. Certain industry costs, such as utilities, support costs, and some salaries, are not captured at a level to distinguish them from the cost of incarcerating inmates. Identifying an actual or reliable cost to produce industry items is essential for management decisions about industry operations.

Summary of Management's Comments

Management generally concurs with the analysis and recommendations contained in this report.

Management states in its comments that it intends to perform further evaluation of the cost variances. Additionally, management has expressed interest in further developing the regression analysis model and applying it to 1996 expenditures.

Summary of Objective, Scope, and Methodology

The objective of this analysis was to provide prison officials with a tool for self-assessment of prison unit costs. Through performing analytical procedures, including regression analysis, our objective was to determine if unit operating expenditures for related functions are within a reasonable range among units.

The scope and methodology primarily included:

A regression analysis of 57 prison units (encompassing more than \$751 million in fiscal year 1995 unit operating expenditures) identified high and low cost variances. This represented 28 percent of total TDCJ expenditures of \$2.7 billion. (Excluded from the analysis were expenditures for prison facilities not operational the entire 1995 fiscal year, privately operated units, Central Administration, capital construction, the State Jail Division, the Parole Division, and the Community Justice Assistance Division.)

The regression model considered 13 dependent factors (expenditure categories) and 17 independent factors (unit characteristics). Through mathematical relationships between the expenditure amounts and the unit characteristics, regression analysis can reasonably predict a unit's expenditure for a category.

The cost variance is the amount in which the actual expenditure differs from the predicted amount. A high cost variance could be an indication of opportunities for savings. Conversely, a low cost variance may indicate the deferral or elimination of necessary expenditures, leading to future risks such as inadequately maintained buildings.

Executive Summary

Recent Reports Issued by the State Auditor's Office

An Audit Report on Purchasing and Contract Administration of the Texas Department of Criminal Justice (SAO Report No. 97-006, issued October 8, 1996).

Cost Variances Identify Areas of Potential Savings and Other Potential Operating Risks

Our analysis of prison unit cost has identified significant variances from expected costs. Based on 57 units and 17 unit characteristics, regression analysis predicts, through relative comparisons, the expected expenditure for a unit. When actual costs exceed expected costs, this may be an indication of excess spending, such as unexplained travel costs or security staffing levels. Conversely, if actual costs are lower than expected, this may indicate potential underspending or the deferral of necessary expenditures, leading to risks such as inadequately maintained buildings or understaffed security levels. Total high cost variances amounted to \$37 million and low cost variances totaled \$46 million. The expressed amounts help quantify the cost variance. However, the expected costs are based on the relative comparisons of costs among units rather than specifically determined appropriate costs. For this reason, emphasis should be placed on the areas and units with the cost variances—not the actual dollar amounts.

We believe the management of the Texas Department of Criminal Justice (TDCJ) should determine whether there are opportunities to reduce expenditures or to alleviate risks associated with potentially inadequate expenditures. Since a cost variance is the unexplained portion of an expenditure amount after making allowances for the varying characteristics of the unit, the larger the unexplained amount (defined as the cost variance as a percentage of total expenditures) the more significant the cost variance. We believe opportunities to achieve cost savings and alleviate risks are most likely to occur from the categories as ordered in Figure 1, page 6. (See Figure 4, page 10, for cost variances by unit and expenditure category)

In Figure 1, the units which make up the high cost variance for any single category are different from those units which make up the low cost variance. Ultimately, management will need to evaluate the specific units causing the cost variance within the cost category. Figure 1 includes the three units for each category with the most significant cost variance.

Figure 1

Cost Variances by Category in Order of Significance
 (Includes three most significant units making up cost variance)

High Cost Variance			Low Cost Variance					
Dollars (in thousands)	% of category expenditure	EXPENDITURE CATEGORY	% of category expenditure	Dollars (in thousands)				
Torres Unit \$367	37.69%	MISCELLANEOUS FEES AND SERVICES	-46.32%	Michael Unit (\$125)				
Clements Unit 346				Coffield Unit (117)				
Mt. View Unit 110				Terrel Unit (110)				
All Others 578				All Others (1,370)				
Goree Unit 30	29.91%			TRAVEL	-29.91%	Holiday Unit (7)		
Diagnostic Unit 15						Pack I Unit (7)		
Lynaugh Unit 11						Ferguson Unit (6)		
All Others 63						All Others (99)		
Daniel Unit 16	29.71%					CONSTRUCTION	-32.99%	Clements Unit (13)
Terrell Unit 12								Jester III Unit (9)
Eastham Unit 12								Smith Unit (9)
All Others 71								All Others (93)
Garza East 49	26.03%	TELECOMMUNICATION	-23.16%					Huntsville Unit (17)
Garza West 42								McConnell Unit (16)
Wynne Unit 33								Stiles Unit (12)
All Others 125								All Others (176)
Ramsey III Unit 143	19.79%			FURNISHINGS AND EQUIPMENT	-19.79%			Terrell Unit (94)
Ellis I Unit 107								Robertson Unit (79)
Michael Unit 74								McConnell Unit (75)
All Others 584								All Others (660)
Darrington Unit 21	19.75%					FUELS	-19.75%	Clements Unit (19)
Brisco Unit 18								Gatesville Unit (11)
Coffield Unit 16								Huntsville Unit (10)
All Others 72								All Others (87)
Hughes Unit 205	15.05%	HAZARD PAY	-17.24%					Hobby Unit (143)
Jester III Unit 104								Ramsey I Unit (125)
Powledge Unit 101								Garza East (73)
All Others 749								All Others (1,069)
Garza East 122	14.39%			MAINTENANCE AND OPERATING SERVICES	-18.67%			Clements Unit (197)
Garza West 117								Robertson Unit (125)
Darrington Unit 115								Coffield Unit (118)
All Others 729								All Others (965)
Garza East 14	11.97%					OTHER EMPLOYEE COSTS	-14.70%	Robertson Unit (15)
Garza West 14								Coffield Unit (12)
Gurney Transfer 6								Clements Unit (8)
All Others 50								All Others (68)
Diagnostic Unit 705	9.27%	CONSUMABLES	-11.70%					Michael Unit (497)
Estelle Unit 586								Clements Unit (447)
Garza East 470								Hughes Unit (422)
All Others 1,702								All Others (3,004)
Huntsville Unit 712	8.88%			UTILITIES	-10.62%			Eastham Unit (515)
Hughes Unit 415								Coffield Unit (474)
Boyd Unit 269								Ferguson Unit (463)
All Others 2,333								All Others (3,006)
Clements Unit 3,290	3.98%					SALARY	-5.18%	Coffield Unit (3,866)
Mt. View Unit 2,536								Hobby Unit (3,334)
Jester III Unit 2,467								Wynne Unit (3,117)
All Others 14,480								All Others (19,297)
Coffield Unit 271	2.48%	FOOD	-2.29%					Terrell Unit (145)
Clements Unit 256								Huntsville Unit (138)
Robertson Unit 107								Wynne Unit (137)
All Others 1,170								All Others (1,251)
\$37,083	4.94%			TOTALS	-6.16%			(\$46,251)

About the Regression Methodology

Regression analysis predicts, through mathematical relationships of the units' expenditures and characteristics, an expenditure amount for a unit. Therefore, the amount by which the actual expenditure exceeds the predicted is the *high* cost variance. Conversely, the amount by which the predicted expenditure exceeds the actual is the *low* cost variance.

A *high* cost variance could be an indication of excess spending while a *low* cost variance may indicate the deferral or elimination of necessary expenditures.

Appendix 1 presents the methodology used in this analysis. It is an integral part of understanding the cost variances identified and determining where savings can be realized and risks alleviated.

The cost variance information should help executive management, central management, wardens, and internal auditors identify concerns and develop decisions. Unexplained cost variances can be used to help:

- Management and internal auditors identify areas of cost savings
- Management identify the best management practices being used
- Management identify areas where costs have been reduced to a level which could cause future risk
- Internal auditors develop risk analysis
- Management facilitate budgeting and operating decisions

- Management during the unit budgeting process

Section 1-A:

Opportunities for Savings Exist at Units With High Cost Variances

Opportunities for savings exist in the areas where high cost variances are identified. The State Auditor's Office analysis of prison unit costs has identified those risk areas and units with potential inefficiencies. A regression analysis of expenditures totaling \$750,848,900 at 57 prison units in 13 cost categories has identified \$37,082,970 in high cost variances.

The cost variances should be viewed as a starting point for unit operating and budgeting decisions. Since the cost variances are based on a regression analysis model, and specific, unique situations cannot be factored into the model, actual cost savings realized by each unit will vary.

High Cost Variances at TDCJ Facilities - Based on the high cost variance at a unit as a percentage of total unit operating expenditures (salary was excluded due to the large amounts overshadowing the other categories), we believe opportunities to achieve cost savings are most likely to occur in the units identified in Figure 2 (page 8). Since salary may be impacted by unit design and legal constraints, which could not be incorporated into the model, salary cost variances should be reviewed independently. (See salary cost variances in Figure 4, page 10.)

Figure 2

Total Operating Costs (excluding salary)	High Cost Variance	Facility	Cost Variance as a Percentage of Total Costs (excluding salary)
\$3,262,574	\$1,124,758	Diagnostic Unit	34.47%
\$894,930	\$204,316	Jester I Unit	22.83%
\$2,118,075	\$432,759	Jester III Unit	20.43%
\$1,694,891	\$342,148	Mt. View Unit	20.19%
\$4,229,823	\$845,934	Huntsville Unit	20.00%
\$5,839,308	\$1,091,591	Estelle Unit	18.69%
\$4,421,865	\$790,910	Garza East - Transfer Facility	17.89%
\$4,002,127	\$697,444	Garza West - Transfer Facility	17.43%
\$2,496,364	\$417,595	Hilltop Unit	16.73%
\$2,511,334	\$376,303	Torres Unit	14.98%

Section 1-B:

Units With Low Cost Variances May Indicate Potential Future Risks

Units which have a low cost variance in a cost category may be an indication that appropriate resources are not being dedicated which could cause future risks. This may include risks such as higher maintenance costs in future years or safety concerns if security expense is unreasonably low. Management needs to evaluate the appropriateness of having a low cost per inmate for an expenditure category. The same regression analysis which identified the high cost variances in Section 1-A (page 7) identified \$46,251,366 in low cost variances. Low cost variances can also identify units and areas where there is efficiency. These can be used as benchmarks for other units. However, having an unexplained large low cost variance is not necessarily good.

For example, having an extremely low cost per inmate (causing a low cost variance) in the maintenance and operating services category may indicate the unit is not adequately maintaining its facilities. Or, having a low cost per inmate in salary expenditures could lead one to question if the inmates are properly secured. Finally, a low cost could be an indication that the unit is reporting the expenditures in an inappropriate cost category.

Low Cost Variances at TDCJ Facilities - Based on the low cost variance at a unit as a percentage of total unit operating expenditures (salary was excluded due to the large amounts overshadowing the other categories), we believe the highest risks of

appropriate resources not being dedicated to a cost category are most likely to occur in the units identified in Figure 3. Since salary may be impacted by unit design and legal constraints which could not be incorporated into the model, salary cost variances should be reviewed independently. (See salary cost variances in Figure 4, page 10.)

Figure 3

Total Operating Costs (excluding salary)	Low Cost Variance	Facility	Cost Variance as a Percentage of Total Costs (excluding salary)
\$809,468	\$228,518	Diboll Detention Center	28.23%
\$2,245,185	\$591,535	Hobby Unit	26.35%
\$2,075,185	\$438,971	Ramsey II Unit	21.15%
\$4,308,232	\$833,681	Ellis I Unit	19.35%
\$650,322	\$116,073	Jester II Unit	17.85%
\$4,959,160	\$865,275	Eastham Unit	17.45%
\$861,154	\$141,041	Tulia Detention Center	16.38%
\$875,235	\$140,561	Cotulla Detention Center	16.06%
\$5,532,224	\$865,483	Michael Unit	15.64%
\$3,418,631	\$533,411	Ramsey I Unit	15.60%

Management's Comment to Section 1:

TDCJ agrees that regression analysis is a valuable tool that can identify unexplained cost variances in a timely manner. We also agree that variances derived from a regression analysis model should only be viewed as a beginning point for further analysis and evaluation. In order to continue this evaluation process, we request your assistance through the provision of a detailed definition of the methodology used to apply the independent variables identified in the Prison Unit Cost Comparison Model. This information will enable us to proceed with the variance analysis as recommended. In the course of this analysis we intend to refine current factors and develop additional factors in the cost comparison model and apply this model to 1996 expenditures. Assistance from the State Auditor's Office may be required.

Figure 4

Cost Variances By Unit

High Cost Variances Noted Without Parentheses

Low Cost Variances Noted With (Parentheses)

Facility	Average Number of Inmates	Total Unit Operating Expenditures	Total High Cost Variance	Total (Low) Cost Variance	Cost Variances			
					Salary	Hazard Pay	Other Employee Costs	Miscellaneous Fees and Services
Beto I Unit	3,301	\$26,719,350	\$515,940	(\$1,193,823)	(\$1,050,709)	\$35,180	(\$7,246)	\$90,326
Boyd Unit	1,309	9,583,874	567,127	(205,904)	\$215,178	(\$40,178)	\$2,508	\$13,501
Briscoe Unit	1,265	9,366,749	565,914	(97,354)	\$240,082	(\$27,390)	(\$935)	\$18,805
Central Unit	898	9,096,624	245,153	(344,976)	(\$260,756)	\$13,923	\$3,304	(\$25,717)
Clemens Unit	1,066	10,377,632	294,418	(80,924)	\$43,888	(\$37,694)	(\$1,497)	\$8,487
Clements Unit	3,083	29,878,796	3,911,843	(749,789)	\$3,290,363	\$9,839	(\$8,233)	\$346,255
Coffield Unit	3,850	30,024,280	293,452	(4,817,625)	(\$3,865,853)	(\$64,860)	(\$11,942)	(\$116,946)
Cotulla Detention Center	587	3,511,579	0	(786,259)	(\$645,698)	(\$12,921)	(\$296)	(\$7,255)
Daniel Unit	1,311	8,920,967	164,626	(135,462)	(\$9,139)	(\$22,875)	(\$2,057)	(\$37,909)
Darrington Unit	1,739	17,776,021	1,493,859	(275,686)	\$1,173,073	(\$61,750)	\$3,160	\$45,088
Diagnostic Unit	1,112	11,281,074	2,068,935	(59,133)	\$944,178	\$72,383	(\$2,006)	\$55,903
Diboll Detention Center	585	3,473,683	8,191	(834,404)	(\$605,886)	\$6,970	\$437	(\$16,791)
Eastham Unit	2,349	20,030,132	483,077	(2,841,555)	(\$1,976,280)	(\$64,540)	\$3,102	(\$74,952)
Ellis I Unit	2,173	18,063,972	192,390	(1,817,295)	(\$983,615)	\$30,844	(\$850)	(\$101,943)
Estelle Unit	2,333	20,944,467	1,702,598	(113,993)	\$611,008	\$95,930	(\$5,039)	(\$101,454)
Ferguson Unit	2,380	18,676,734	68,349	(2,008,989)	(\$1,337,073)	\$11,468	\$1,404	(\$72,016)
Ft Stockton I Unit	581	3,367,686	10,271	(889,591)	(\$783,397)	(\$18,278)	(\$4,242)	(\$7,398)
Garza E. - Transfer Facility	2,150	15,389,308	790,910	(1,164,358)	(\$1,000,723)	(\$73,087)	\$14,279	(\$44,949)
Garza W. - Transfer Facility	1,992	14,916,863	697,444	(344,710)	(\$166,165)	(\$62,477)	\$14,083	(\$56,714)
Gatesville Unit	1,879	21,913,736	121,137	(1,812,133)	(\$1,517,659)	\$24,217	(\$2,571)	\$14,554
Goree Unit	1,031	11,160,092	1,016,307	(203,448)	\$882,595	\$40,111	\$1,493	\$35,420
Gurney Transfer Facility	1,900	13,714,575	56,036	(328,123)	(\$43,016)	\$40,144	\$6,191	(\$40,125)
Havins Unit	488	4,749,634	98,139	(81,579)	\$30,517	(\$6,136)	\$1,104	(\$6,239)
Hightower Unit	1,313	9,330,114	338,776	(323,506)	\$298,264	\$31,137	\$829	(\$37,110)
Hilltop Unit	933	10,214,630	417,595	(812,572)	(\$766,273)	(\$16,519)	(\$2,077)	\$9,467
Hobby Unit	1,273	9,894,685	57,393	(3,925,219)	(\$3,333,683)	(\$142,560)	(\$4,421)	(\$11,936)
Holliday Transfer Facility	1,901	14,584,315	821,621	(250,906)	\$654,045	\$62,697	\$937	(\$54,671)
Hughes Unit	2,867	26,179,369	2,698,164	(640,111)	\$2,053,868	\$204,988	(\$1,252)	\$24,207
Huntsville Unit	1,597	15,459,348	845,934	(556,028)	(\$222,158)	\$3,923	\$3,895	\$97,530
Jester I Unit	305	3,831,754	313,069	(13,704)	\$108,752	\$20,315	(\$1,596)	(\$8,694)
Jester II Unit	344	3,418,240	510,620	(116,073)	\$491,268	\$7,981	\$3,811	(\$9,697)
Jester III Unit	964	9,804,013	2,899,419	(106,629)	\$2,466,660	\$103,862	(\$1,649)	\$35,580
Jordan Unit	981	7,513,763	713,432	(62,619)	\$506,561	(\$28,020)	(\$4,961)	(\$28,367)

See Appendix 3, page 22, for Detailed Description of Cost Variance Categories.

Figure 4
Cost Variances By Unit, continued
 High Cost Variances Noted Without Parentheses
 Low Cost Variances Noted With (Parentheses)

Cost Variances								
Fuels	Food	Consumables	Construction	Telecommunication	Utilities	Travel	Maintenance and Operating Services	Furnishings and Equipment
\$838	\$94,173	(\$128,830)	(\$667)	(\$6,371)	\$230,279	\$5,528	\$7,228	\$52,388
(\$2,604)	\$66,712	(\$101,729)	\$534	(\$772)	\$268,692	(\$3,966)	(\$13,287)	(\$43,366)
\$18,085	\$18,823	(\$66,129)	\$9,314	\$3,292	\$198,367	\$1,000	\$58,147	(\$2,900)
(\$3,484)	\$5,864	\$28,337	(\$2,415)	\$11,003	\$182,172	\$552	(\$23,469)	(\$29,135)
\$2,141	\$72,952	\$95,056	\$5,165	(\$5,535)	(\$31,838)	(\$4,361)	\$22,079	\$44,651
(\$18,692)	\$256,042	(\$447,439)	(\$13,244)	(\$4,592)	(\$50,731)	\$9,343	(\$197,406)	(\$9,452)
\$16,101	\$271,178	(\$135,912)	(\$4,742)	\$469	(\$474,065)	\$5,703	(\$117,726)	(\$25,580)
(\$722)	(\$32,457)	(\$50,222)	(\$578)	(\$7,275)	(\$10,551)	(\$776)	(\$7,388)	(\$10,119)
(\$2,411)	(\$9,632)	(\$49,720)	\$15,659	(\$772)	\$121,731	(\$947)	\$22,435	\$4,801
\$20,603	\$105,142	(\$36,268)	\$1,272	(\$7,817)	(\$167,122)	(\$2,730)	\$114,995	\$30,527
(\$5,263)	(\$40,683)	\$705,255	\$1,560	(\$11,182)	\$218,146	\$14,826	\$2,971	\$53,713
(\$1,538)	(\$29,947)	(\$52,885)	\$785	(\$7,402)	(\$81,210)	(\$3,079)	(\$15,907)	(\$19,759)
\$604	(\$111,746)	\$467,845	\$11,526	(\$8,657)	(\$515,319)	(\$5,369)	(\$52,822)	(\$31,870)
(\$2,604)	\$34,961	(\$308,624)	(\$4,658)	(\$2,241)	(\$407,372)	(\$5,387)	\$19,386	\$107,198
\$13,706	\$100,175	\$585,666	\$535	(\$1,882)	\$194,807	(\$5,617)	\$74,184	\$26,589
(\$5,022)	\$45,251	(\$48,810)	\$10,225	(\$1,681)	(\$463,125)	(\$6,178)	(\$39,781)	(\$35,305)
(\$1,217)	(\$47,215)	\$4,291	\$4,084	(\$6,327)	(\$7,861)	\$1,897	(\$6,740)	(\$6,914)
\$5,758	(\$40,590)	\$469,594	(\$469)	\$48,997	\$72,013	(\$4,540)	\$121,755	\$58,514
\$15,643	(\$54,682)	\$355,239	\$3,090	\$42,496	\$101,216	(\$4,672)	\$116,837	\$48,841
(\$10,994)	(\$75,314)	\$15,509	(\$4,560)	(\$4,391)	(\$177,817)	(\$268)	\$66,857	(\$18,560)
\$5,135	\$19,564	(\$79,217)	\$2,092	(\$9,159)	(\$26,281)	\$29,897	(\$71,990)	(\$16,802)
(\$1,491)	(\$26,578)	(\$82,397)	(\$2,017)	\$9,701	(\$89,757)	(\$3,390)	(\$30,497)	(\$8,855)
(\$340)	(\$14,098)	(\$34,611)	\$153	\$331	\$66,034	(\$640)	(\$9,105)	(\$10,409)
\$1,398	\$7,147	(\$88,380)	(\$7,596)	(\$1,436)	(\$97,335)	(\$950)	(\$58,958)	(\$31,741)
\$2,851	\$67,959	\$122,615	(\$3,320)	(\$1,991)	\$169,259	(\$3,390)	\$45,444	(\$19,002)
(\$1,769)	(\$42,365)	(\$22,238)	\$167	\$1,286	(\$329,688)	(\$4,029)	\$55,940	(\$32,529)
(\$4,610)	(\$91,188)	\$64,679	(\$3,465)	\$227	\$39,035	(\$6,849)	(\$58,051)	(\$32,070)
(\$3,024)	(\$67,479)	(\$422,083)	(\$5,715)	(\$7,729)	\$415,101	(\$2,392)	(\$80,971)	(\$49,467)
(\$9,815)	(\$137,562)	(\$159,175)	(\$89)	(\$16,863)	\$711,765	(\$4,589)	\$28,820	(\$5,777)
\$2,410	\$30,404	\$19,794	(\$3,414)	\$8,942	\$46,762	\$778	\$58,487	\$16,424
(\$849)	\$7,559	(\$4,163)	(\$917)	(\$2,963)	(\$51,792)	(\$1,592)	(\$34,378)	(\$9,722)
\$2,757	\$100,380	\$153,342	(\$9,407)	(\$1,694)	(\$89,209)	(\$2,105)	\$36,838	(\$2,565)
\$996	\$104,257	\$52,526	\$6,791	\$745	(\$1,271)	\$1,091	\$35,715	\$4,750

See Appendix 3, page 22, for Detailed Description of Cost Variance Categories.

Figure 4

Cost Variances By Unit, continued

High Cost Variances Noted Without Parentheses

Low Cost Variances Noted With (Parentheses)

Facility	Average Number of Inmates	Total Unit Operating Expenditures	Total High Cost Variance	Total (Low) Cost Variance	Cost Variances			
					Salary	Hazard Pay	Other Employee Costs	Miscellaneous Fees and Services
Lewis Unit	1,309	\$9,505,516	\$436,538	(\$228,533)	\$390,479	\$16,172	(\$1,771)	(\$37,657)
Luther Unit	1,269	9,870,889	136,022	(265,334)	\$11,708	\$46,755	(\$1,491)	(\$36,319)
Lynaugh Unit	1,225	8,185,419	237,537	(519,284)	(\$313,227)	(\$50,228)	\$3,875	(\$35,047)
McConnell Unit	2,859	22,441,643	9,236	(1,329,830)	(\$756,471)	(\$67,234)	(\$1,205)	(\$91,421)
Michael Unit	3,076	25,606,244	479,244	(865,483)	\$270,063	\$71,023	(\$730)	(\$124,568)
Middleton Transfer Facility	1,925	13,003,189	7,525	(1,113,642)	(\$716,749)	(\$60,885)	\$1,443	(\$55,663)
Mt. View Unit	597	10,042,859	2,878,058	(18,611)	\$2,535,910	\$69,732	\$4,219	\$109,680
Pack I Unit	1,396	10,851,520	627,301	(293,435)	\$399,289	\$65,837	(\$410)	\$85,551
Powledge Unit	1,059	9,303,395	1,603,526	(87,286)	\$1,474,087	\$101,361	(\$1,269)	(\$487)
Ramsey I Unit	1,687	13,191,251	17,046	(2,767,546)	(\$2,234,134)	(\$124,777)	(\$2,685)	\$17,046
Ramsey II Unit	1,075	9,568,274	78,544	(1,487,302)	(\$1,048,331)	(\$61,046)	(\$72)	\$2,264
Ramsey III Unit	1,556	12,640,155	1,086,635	(168,644)	\$839,795	\$33,314	(\$3,037)	\$12,223
Retrieve Unit	984	9,392,942	270,820	(142,529)	\$163,427	(\$1,479)	\$1,590	\$12,277
Roach Unit	1,575	11,997,278	1,074,744	(141,092)	\$972,503	\$10,874	(\$1,597)	(\$45,031)
Robertson Unit	2,731	21,501,940	137,415	(1,247,590)	(\$855,066)	(\$72,930)	(\$14,695)	(\$46,480)
Sayle Unit	494	4,842,306	112,390	(66,828)	(\$2,683)	(\$6,974)	\$1,861	(\$6,316)
Smith Unit	1,297	8,516,920	20,708	(555,891)	(\$399,656)	(\$50,072)	(\$1,790)	(\$37,504)
Stevenson Unit	1,309	8,582,245	85,648	(588,601)	(\$281,140)	(\$35,666)	(\$487)	(\$27,226)
Stiles Unit	2,868	23,106,740	7,309	(734,984)	(\$272,803)	(\$60,658)	\$4,133	(\$59,274)
Terrell Unit	2,765	23,385,916	1,230,764	(588,663)	\$972,685	(\$10,164)	(\$5,897)	(\$109,577)
Torres Unit	1,300	9,096,508	376,303	(384,571)	(\$167,606)	(\$11,224)	\$973	\$367,090
Tulia Detention Center	583	3,240,340	2,897	(1,022,287)	(\$881,246)	(\$20,010)	(\$1,849)	(\$7,454)
Wallace Unit	1,273	9,747,904	978,406	(97,088)	\$732,806	(\$32,621)	(\$1,129)	(\$36,810)
Wynne Unit	2,600	20,059,448	206,213	(3,541,833)	(\$3,116,737)	(\$64,396)	\$5,272	(\$104,175)
TOTALS	90,652	\$750,848,900	\$37,082,970	(\$46,251,366)				

See Appendix 3, page 22, for Detailed Description of Cost Variance Categories.

Figure 4
Cost Variances By Unit, concluded
 High Cost Variances Noted Without Parentheses
 Low Cost Variances Noted With (Parentheses)

Cost Variances								
Fuels	Food	Consumables	Construction	Telecommunication	Utilities	Travel	Maintenance and Operating Services	Furnishings and Equipment
\$462	(\$13,486)	(\$117,324)	(\$4,655)	(\$3,700)	\$29,426	(\$157)	(\$18,038)	(\$31,745)
(\$1,196)	\$48,522	(\$35,936)	(\$1,707)	(\$9,182)	(\$151,861)	(\$5,776)	\$29,037	(\$21,865)
(\$2,395)	(\$58,517)	\$152,901	(\$4,393)	\$13,347	(\$55,476)	\$11,165	\$4,128	\$52,122
\$529	(\$44,738)	(\$180,159)	\$3,833	(\$16,307)	(\$33,784)	\$4,874	(\$63,511)	(\$75,000)
(\$8,550)	\$39,108	(\$496,635)	(\$4,913)	\$6,038	(\$227,314)	(\$2,774)	\$18,615	\$74,398
(\$4,537)	(\$50,292)	(\$130,301)	\$771	\$762	(\$27,434)	\$4,549	(\$49,114)	(\$18,666)
(\$5,039)	\$13,507	\$37,464	\$4,376	\$364	\$102,807	(\$1,129)	(\$1,521)	(\$10,922)
(\$2,300)	\$59,446	(\$77,739)	(\$5,943)	(\$11,399)	(\$174,653)	(\$6,593)	\$17,178	(\$14,397)
(\$1,720)	(\$20,165)	(\$36,434)	(\$266)	(\$6,610)	(\$16,513)	(\$3,821)	\$22,588	\$5,489
(\$2,538)	(\$105,806)	(\$209,667)	(\$1,176)	(\$8,115)	(\$5,768)	(\$5,949)	(\$52,536)	(\$14,394)
(\$5,617)	(\$119,947)	(\$12,710)	\$675	(\$3,658)	(\$196,603)	(\$4,973)	(\$34,344)	\$75,605
(\$651)	\$8,780	(\$70,094)	(\$3,808)	(\$11,952)	(\$75,273)	(\$3,830)	\$49,982	\$142,542
(\$2,579)	(\$2,159)	\$48,948	(\$5,918)	(\$4,078)	(\$97,320)	(\$4,260)	(\$24,736)	\$44,579
(\$610)	\$56,981	(\$7,900)	(\$2,348)	\$5,387	(\$75,505)	\$3,209	(\$8,102)	\$25,791
(\$6,066)	\$107,385	(\$31,976)	(\$8,600)	(\$8,255)	\$21,709	\$8,321	(\$124,889)	(\$78,633)
\$3,429	\$1,405	(\$15,015)	\$5,468	\$763	\$99,465	(\$561)	(\$13,475)	(\$21,803)
\$1,961	(\$32,118)	\$9,875	(\$9,267)	\$4,997	\$2,903	\$972	(\$15,754)	(\$9,731)
(\$2,191)	(\$15,861)	(\$115,749)	\$6,534	\$25,737	(\$91,848)	(\$420)	\$53,377	(\$18,015)
\$742	(\$32,605)	(\$97,781)	(\$3,110)	(\$12,243)	(\$107,552)	\$2,434	(\$76,886)	(\$12,072)
(\$205)	(\$145,420)	(\$209,815)	\$11,973	\$2,943	\$242,853	\$311	(\$13,853)	(\$93,733)
\$4,943	(\$35,298)	(\$124,334)	\$887	(\$90)	(\$8,674)	\$2,410	(\$21,468)	(\$15,878)
(\$2,755)	(\$36,802)	(\$21,294)	(\$144)	(\$6,881)	(\$40,123)	\$1,148	(\$3,728)	\$1,749
\$5,842	\$60,769	\$74,521	\$3,233	\$27,642	\$27,405	\$8,867	(\$26,529)	\$37,322
(\$1,537)	(\$136,660)	(\$60,569)	\$516	\$33,140	\$167,285	(\$817)	(\$37,703)	(\$19,239)

See Appendix 3, page 22, for Detailed Description of Cost Variance Categories.

Section 2:

Opportunities Exist to Improve Accuracy of Data and Eliminate Duplication of Effort

Opportunities exist to improve the accuracy of information on the units and to eliminate duplication of effort in the collection and maintenance of this information. During this project, we encountered problems obtaining complete and accurate information from the Texas Department of Criminal Justice. Departments appear to know which data sources are reliable and maintain alternate sources for those that are not. This causes an unnecessary duplication of effort and potentially causes confusion as to what is “official” data.

The problems include the following:

- Unit-level expenditure data was not readily available
- Square footage information on the units could not be obtained
- Information received contained inconsistencies

If TDCJ is maintaining data which is not used, efforts to collect and maintain the information should be ceased. If data is used and necessary, TDCJ should ensure the data is accurate and up-to-date, so duplication of effort does not occur.

Section 2-A:

Unit Expenditure Data Was Not Readily Available

When obtaining expenditure data at the unit level (charges which are specifically identifiable to the unit, exclusive of arbitrary and administrative allocations), five data sets were needed before arriving at the information used in our analysis. Inaccuracies and incompleteness in the initial four data sets were identified by both TDCJ financial operating personnel and state auditors. Due to the complexity of how unit information is captured, it was difficult for TDCJ to completely and accurately compile the data requested. Inaccurate and untimely information leads to ineffective and inaccurate management decisions.

Management’s Comment to Section 2-A:

Final information provided to the State Auditor’s Office for use in the analysis is complete, accurately defined, and represents actual 1995 expenditures. Concurrent with the initiation of this project, Financial Operations was in the process of developing information system queries to extract unit level operational costs. Consequently, several data sets were generated during the development of a final data set that satisfied both the requirements of the State Auditor’s Office and Financial Operations. With the development of these queries behind us, standard, requestable information files are now available in LONESTARS, the agency’s financial information system. Additionally, we are in the early implementation stages of

ADPICS (Advanced Purchasing and Inventory Control System), a companion product to LONESTARS that will enhance the collection and availability of primary cost information.

Section 2-B:

TDCJ Could Not Provide Accurate Square Footage Data on the Units

TDCJ was unable to provide accurate square footage information. Square footage information was a significant factor which could have been included in the regression analysis discussed in Section 1 of this report (page 5). This factor could have further explained the variances in costs. Due to the fact that reliable information could not be obtained in a timely manner, this factor could not be used.

The Asset Management Division of the General Land Office identifies and evaluates all state-owned real property. TDCJ is responsible for reporting property information to the Asset Management Division. When we obtained data relating to TDCJ, numerous inaccuracies were noted. Some examples include the following:

- A Dorm-300 man block was listed at one square foot
- The Clements Unit (3,000 inmates) was listed at 3,803 usable square feet
- Numerous Unit IDs had no square footage assigned
- Some properties were listed more than once

TDCJ does use square footage of units to do cost allocations, such as utility costs. The square footage available for the allocation does not tie to the General Land Office's database, and is only available on a limited number of units. It is apparent that there is duplication of effort to maintain square footage information for allocation purposes since the information supplied to the General Land Office is not complete and accurate.

TDCJ should eliminate the need for duplication of effort by properly maintaining a sole source of updated and reliable data.

Management's Comment to Section 2-B:

TDCJ recognizes this as a problem and agrees with the assessment by the State Auditor's Office that a sole source of information should be maintained. The agency's Asset Management System has the capacity to store this information, and in most cases the information is available. Financial Operations, Facilities, and Property Management staff have discussed the maintenance of square footage information and action to update information files has been initiated. Additionally, a meeting with the General Land Office Asset Management Division is scheduled to discuss the need for and feasibility of an electronic interface to their database. This interface will allow mass update of existing records and eliminate manual data reporting in the future.

Section 2-C:

Data Received Contained Inconsistencies

Classification of units (such as prison, transfer, or substance abuse facility) obtained from financial operations was inconsistent with that obtained from the financial information system. The description of the units received from TDCJ personnel contradicted the information on the financial information system. In all cases, the financial information system was incorrect. Since the system is not kept up-to-date, personnel maintain their own source of necessary information, duplicating work and data. There are risks that the “outdated” information on the system will be relied upon.

Management’s Comment to Section 2-C:

The data referred to above is not financial or numeric descriptive information but rather text information found in the agency’s financial system index/organization profile. Although found on the financial system, this information is not used nor was it ever intended to be used as an authoritative source for classification of institutional facilities. However, upon review we found that 3% (67 of 2,584) of the text descriptions were in need of revision. Of the 67 corrections, 21 modifications reflected a change in institutional classification. In the future, the agency Classification Department will notify Financial Operations of any changes in unit classification to provide for immediate revision of descriptive text.

Section 3:

Not Preparing Budgets at the Unit Level Limits Fiscal Management

TDCJ does not have a budgeting system at the unit level. Preparing budgets at the unit level would permit better fiscal management. Currently, TDCJ uses a centralized budgeting approach, developing budgets at a higher level or program level. However, this allocation-based method of budgeting does not allow for direct input, control, or monitoring of unit expenditures from the wardens and unit managers. This lack of unit involvement limits accountability and does not promote efficiency at the unit level.

According to TDCJ management, only 16 percent of unit expenditures are controlled by decisions made at the unit level. The remaining amounts are quasi-fixed due to salaries and overhead amounts allocated to the units. For example, security personnel, which makes up the most significant portion of salary expenditures, have legal requirements which must be met. The minimum number of security personnel depends on the unit design and number of inmates at the unit. Unit management does not have control over these factors; therefore, the units have little control over security salary expenditures. However, they do have some control over nonsecurity personnel.

Beginning in fiscal year 1997, TDCJ began to implement *Unit Supply Budgets: A Controlled Approach to Inventory Consumption*, which will allow greater accountability and control of supply expenditures at the unit level. Supplies account

for 3 to 4 percent of total operating costs at a unit (or about 25 percent of “unit controllable” costs). TDCJ plans to incorporate the remaining portion of “unit controllable” costs into future unit budgets. These will include food, maintenance, and utilities.

TDCJ’s efforts to implement the Unit Supply Budget are commendable. We further encourage TDCJ to implement a unit budget system for all operating areas. Further enhancement of the ability to monitor and assess expenditure activity at the unit level will instill greater accountability and promote efficiency.

Management’s Comment to Section 3:

As reported, TDCJ is implementing a Unit Supply Budget for fiscal year 1997. Agency executive management has recognized the need for unit level decision-making in regard to fiscal management in order to provide for better accountability and to promote efficiency at the unit/customer level. This agency has chose a progressive approach to unit level budget implementation. As the financial tracking/reporting and organizational/functional issues are resolved, and the experience base developed, the unit based budget will be expanded to include other unit controllable expenditures.

Section 4:

True Costs of Industry Operations Cannot Be Determined

The manner in which expenditures are charged makes it impossible to determine the actual cost of industry operations. Certain industry costs are not captured at a level to distinguish them from the cost of incarcerating inmates:

- Utilities are not separately metered
- Support costs (such as payroll runs) are not charged to industry operations
- Other costs such as freight, sales transactions, and some salaries are not distinguished between internal and external products

Texas Correctional Industry operates out of two funds: the General Revenue Fund for products to be used by the Institutional Division and the Industrial Revolving Fund for products intended for outside markets. In practice, internal and external product costs are not necessarily distinguished, causing a “commingling” of expenditures. Technically, appropriated funds are inappropriately being used for industry expenditures; however, the Industrial Revolving Fund is charged for certain expenditures eligible to be paid from appropriated funds. In the aggregate, it does not appear the General Revenue Fund is supplementing the Industrial Revolving Fund.

Because costs are not specifically captured to distinguish product costs from incarcerating costs, reliability of a product’s actual cost is questionable. Identifying an actual or reliable cost to produce items is essential for management decisions about industry operations. If TDCJ could have funds appropriated directly to the Industrial

Revolving Fund, the Texas Correctional Industries could operate solely from the Revolving Fund. All appropriate expenditures should then be charged directly to the Revolving Fund. This will also allow for industries to be more effectively monitored.

Management's Comment to Section 4:

Implementation of the industrial manufacturing system designed and developed by JD Edwards and Associates in Texas Correctional Industries should alleviate the cost accounting concerns described above. The projected completion date for this project is August 31, 1997. Additionally, the agency's Utilities and Energy Management department is in the process of implementing independent metering for industrial facilities. A system to record and allocate indirect overhead or support costs such as accounting, payroll, and data services is presently in place. With an accurate manufacturing cost accounting system, concerns of commingling industry sales receipts and general fund appropriations will no longer be an issue so long as the exchange of general fund appropriations for internally consumed industry produced goods remain equitable.

Objectives, Scope, and Methodology

Objectives

The objective of this analysis was to provide prison officials with a tool for self-assessment of prison unit costs. Through performing analytical procedures, including regression analysis, our objective was to determine if unit operating expenditures for related functions are within a reasonable range among units.

Scope

A regression analysis was performed on 57 prison units encompassing more than \$751 million in expenditures. The regression model considered 13 dependent factors (expenditure categories) and 17 independent factors (unit characteristics). Additional procedures were performed in the areas of unit budgeting, industry monitoring, departmental staffing levels, construction costs, and state comparisons.

Methodology

This report was developed with the intention of determining whether related expenditures are within a reasonable range among prison units. A database of information was created to perform various analytical procedures, including regression analysis. The expenditure amounts and unit characteristics used were obtained from the Texas Department of Criminal Justice (TDCJ). The accuracy of these amounts and characteristics are the responsibility of TDCJ's management. The information obtained from TDCJ was not subsequently audited.

This analysis did not compare the quality or effectiveness of operations and confinement services provided by the various units.

The regression analysis was performed with the aid of StatSoft Inc. STATISTICA software. The regression model only included those units which were operational for the entire 1995 fiscal year. Certain other units were excluded because the independent factors could not capture the uniqueness of their operations. Certain expenditure types were also excluded since they were not expenditures common to most units. The dependent factors analyzed are defined in Appendix 3 (page 22). The independent factors used are listed in Appendix 4 (page 23).

Regression analysis can predict what a unit's expenditure for a category should be based on the independent factors. Through mathematical relationships between the dependent factor (expenditure amounts) and the independent factors (unit characteristics) included in the model, a reasonable prediction can be made. By including appropriate independent factors, regression analysis will make allowances for the varying characteristics so unit expenditures can be compared.

The cost variance is the amount of expenditure which has not been explained after making allowances for all the independent factors. The amount which the actual expenditure exceeds the predicted is the *high* cost variance. Conversely, the amount which the predicted expenditure amount exceeds the actual is the *low* cost variance.

Due to either the availability of information or the timeliness of obtaining information, all independent factors cannot be included in the model. Some examples of characteristic which may have enhanced the regression model (and should be considered for future analysis) are unit square footage, inmate turnover, utility rates, and employee seniority. Another characteristic which is difficult to include in the regression model is the impact of legal constraints on expenditures. Legal constraints may have a more significant impact on the expenditures of one unit than another.

Further analysis of the cost variances will determine what portion of the cost variance is justifiable and what portion of actual savings can be realized.

Appendix 5 (page 30) includes Supplemental Information related to:

- A comparison of unit construction costs between Prison Units, State Jail Facilities (Mode I and II), and Private Units
- A comparison of characteristics of Texas' correctional facilities system to other states

Other Information

The information in this report did not result from an audit. Consequently, *Government Auditing Standards* and generally accepted auditing standards did not apply.

This review was performed by the following members of the State Auditor's Office staff:

- Duane J. McNaney, CPA (Project Manager)
- Dana Jung
- Bernie Gilmore, CPA (Audit Manager)
- Craig D. Kinton, CPA (Director)

We would like to thank the TDCJ's Financial Operations' staff for working with the State Auditor's Office in compiling the data used in this analysis.

Background

The overall mission of the Texas Department of Criminal Justice (TDCJ) as outlined by Texas Government Code, Section 493.001, is to exercise responsibility for the confinement, supervision and rehabilitation of felons; the development of a system of state and local punishment, supervision and rehabilitation programs and facilities; and the reintegration of felons into society after release from confinement. In addition, the Texas Department of Criminal Justice strives to insure effective fiscal responsibility and to comply with laws and court-mandated requirements.

TDCJ was appropriated \$3.7 billion for the 1994-1995 biennium and \$4.5 billion for the 1996-1997 biennium. TDCJ is made up of four divisions: Community Justice Assistance Division, Institutional Division, Parole Division, and the State Jail Division. Our analysis concentrated primarily on the Institutional Division, which in fiscal year 1995 operated fifty-one prison units, eight substance abuse facilities, sixteen transfer facilities, seven private prisons, four psychiatric facilities, one boot camp facility, and five work camp facilities throughout the state.

Expenditures - Dependent Factors

The cost categories in which cost variances were determined in Section 1 (page 5) of this report were developed by categorizing TDCJ's agency object codes into similar cost groups. Expenditure amounts by agency object code for each unit were obtained from Financial Operations. These amounts were not subsequently audited.

Salary - salaries and wages of security and nonsecurity personnel (full-time and part-time); does not include hazardous pay, or benefits (health insurance, state paid social security and retirement, workers' compensation, or unemployment benefits)

Hazard Pay - hazardous duty pay earned in addition to the employee's salary

Other Employee Costs - training fees, and emoluments and allowances; does not include benefits (health insurance, state paid social security and retirement, workers compensation, or unemployment benefits)

Miscellaneous Fees and Services - medical services, professional contracts, architectural services, and legal fees

Fuels - gasoline, diesel, propane, and lubricants

Food - staples, bread, dairy, meats, fresh produce, and eggs

Consumables - personal items for wards of the State, medical supplies, drugs, chemicals, periodicals, computer supplies, parts, consumable supplies, and postage

Construction - hardware, windows, doors, fencing, lumber, concrete, electrical materials, plumbing materials, paints, etc.; does not include items for capital construction, and primarily items are for renovations

Telecommunication - communication service and parts, telecommunication maintenance and repairs, and monthly and long distance charges

Utilities - electric, gas, water, and waste

Travel - in-state and out-of-state travel, mileage, meals, lodging and incidental expenses

Maintenance and Operating Services - maintenance and repairs of buildings, roads, and grounds; purchased operating services, printing services, funeral expenses, and miscellaneous fees and services

Furnishings and Equipment - purchase, rental, and repairs of furnishings and equipment

Unit Demographic Characteristics - Independent Factors

Figure 5 (page 26) includes the demographic characteristics used as the independent factors in our regression analysis of unit expenditures in Section 1 of this report (page 5). The demographic information was obtained from various sources at the Texas Department of Criminal Justice. This information was not subsequently verified or audited.

Unit Age (Days) - Number of days beds have been on-line through fiscal year 1995

Average Inmate Age - The average inmate age at the facility as of August 31, 1995

Average Inmate Number - The average number of inmates at the facility during fiscal year 1995

Miles from Huntsville - The distance to TDCJ headquarters, Huntsville; units located in Huntsville were assigned a value of five miles

Number of Security Employees - The number of security employees as of August 31, 1995

Number of Nonsecurity Employees - The number of nonsecurity employees as of August 31, 1995

Total Number of Employees - The number of total employees as of August 31, 1995

Unit Security Level - The unit security classification (Minimum, Medium, High/Close, Maximum, Special Use, or Multi) as of August 31, 1995

Inmate Gender - Male or Female inmates

Inmates Classified Minimum - The number of inmates classified minimum at the facility as of August 31, 1995

Inmates Classified Medium - The number of inmates classified medium at the facility as of August 31, 1995

Inmates Classified High/Close - The number of inmates classified High/Close at the facility as of August 31, 1995

Inmates Classified Maximum - The number of inmates classified maximum at the facility as of August 31, 1995

Inmates Classified Special - The number of inmates classified Mental Health or SAFI/IPTC (Substance Abuse Felony Punishment/In-Prison Therapeutic Community) at the facility as of August 31, 1995

Number of Industry Staff - The number of TDCJ personnel staffed in industry operations at the facility at August 31, 1995

Unit Type - The units were categorized in the following types: prison, prototype, transfer facility, reception facility, or substance abuse facility

Inmate Category - The units were categorized based on the overall makeup of inmates as follows:

- A - 100 percent Minimum
- B - >80 percent Minimum and No Maximum or Special Needs
- C - >80 percent Minimum with Maximum or Special Needs
- D - <80 percent Minimum with <15 percent Maximum and Special Needs
- E - <80 percent Minimum with >15 percent Maximum and Special Needs
- F - >15 percent Special Needs
- G - 100 percent Special Needs

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Figure 5
Unit Demographic Characteristics - Independent Factors

Facility	Unit Age (Days)	Average Inmate Age	Average Inmate Number	Miles From Huntsville	Number of Security Employees	Number of Nonsecurity Employees	Total Number of Employees	Unit Security Level
Beto I Unit	5490	27.47	3301	78	537	216	753	Max
Boyd Unit	1110	39.21	1309	76	215	86	301	Med
Briscoe Unit	1320	28.68	1265	259	217	68	285	Med
Central Unit	31110	27.62	898	76	202	86	288	Med
Clemens Unit	33540	24.74	1066	115	217	92	309	Close
Clements Unit	1980	35.04	3083	475	740	282	1022	Max
Coffield Unit	10890	32.3	3850	78	751	188	939	Max
Cotulla Detention Center	1140	31.44	587	273	87	24	111	Min
Daniel Unit	2190	38.4	1311	343	219	60	279	Med
Darrington Unit	27600	33.61	1739	94	393	178	571	Max
Diagnostic Unit	11280	32.79	1112	5	180	139	319	Med
Diboll Detention Center	1110	30.49	585	57	87	22	109	Med
Eastham Unit	28230	37.35	2349	29	510	139	649	Max
Ellis I Unit	10860	40.6	2173	5	446	246	692	Max
Estelle Unit	4050	37.34	2333	5	450	299	749	Close
Ferguson Unit	11970	25.16	2380	23	457	133	590	Max
Ft Stockton I Unit	1140	30.31	581	429	85	23	108	Min
Garza E. - Transfer Facility	570	31.89	2150	208	363	89	452	Med
Garza W. - Transfer Facility	480	31.74	1992	208	378	65	443	Med
Gatesville Unit	5430	34.93	1879	138	531	190	721	Multi
Goree Unit	31140	34.9	1031	5	226	142	368	Med
Gurney Transfer Facility	630	31.79	1900	78	361	106	467	Med
Havins Unit	420	31.35	488	429	112	34	146	Min
Hightower Unit	1980	29.23	1313	61	210	74	284	Med
Hilltop Unit	5190	32.76	933	138	236	146	382	Med
Hobby Unit	2100	33.23	1273	90	227	101	328	Med
Holliday Transfer Facility	600	30.79	1901	5	359	115	474	Med
Hughes Unit	2040	33.33	2867	136	623	188	811	Max
Huntsville Unit	32619	39.5	1597	5	321	121	442	Close
Jester I Unit	32610	33.65	305	83	73	52	125	Med
Jester II Unit	32610	40.45	344	83	74	33	107	Med
Jester III Unit	4740	41.19	964	83	191	107	298	Med
Jordan Unit	1050	39.15	981	455	181	59	240	Med

See Appendix 4 Text (page 23) for Column Description Detail.

Figure 5

Unit Demographic Characteristics - Independent Factors, continued

Inmate Gender	Inmates Classified Minimum	Inmates Classified Medium	Inmates Classified High/Close	Inmates Classified Maximum	Inmates Classified Special	Number of Industry Staff	Unit Type	Inmate Category
Male	2,309	222	401	275	0	10	Prison	D
Male	1,227	82	0	0	0	10	Prototype	B
Male	1,137	145	12	0	0	11	Prototype	B
Male	723	0	0	0	163	11	Prison	F
Male	967	13	6	4	0	15	Prison	C
Male	1,906	267	321	18	444	0	Prison	F
Male	2,590	313	132	892	0	36	Prison	E
Male	588	0	0	0	0	0	Trans	A
Male	1,314	0	0	0	0	11	Prototype	A
Male	1,246	124	16	216	0	6	Prison	D
Male	1,214	0	0	0	0	0	Reception	A
Male	485	0	0	0	0	0	Trans	A
Male	1,573	251	246	267	0	9	Prison	D
Male	1,682	88	21	385	0	37	Prison	E
Male	1,732	207	132	26	185	12	Prison	D
Male	1,519	282	483	94	0	20	Prison	D
Male	582	0	0	0	0	0	Trans	A
Male	2,245	0	0	0	0	0	Trans	A
Male	2,142	0	0	0	0	0	Trans	A
Female	1,386	47	47	26	360	0	Prison	F
Male	1,016	12	14	11	0	0	Reception	C
Male	1,900	0	0	0	0	0	Trans	A
Male	0	0	0	0	496	0	Substance	G
Male	1,211	109	0	0	0	12	Prototype	B
Female	893	29	5	0	0	12	Prison	B
Female	1,082	121	71	0	0	9	Prototype	B
Male	1,893	0	0	0	0	0	Trans	A
Male	1,852	289	250	486	0	18	Prison	E
Male	1,447	28	19	15	10	14	Prison	C
Male	0	0	0	0	297	5	Substance	G
Male	324	0	0	0	0	0	Prison	A
Male	932	0	0	0	0	0	Prison	A
Male	894	93	3	0	0	9	Prototype	B

See Appendix 4 Text (page 23) for Column Description Detail.

Figure 5

Unit Demographic Characteristics - Independent Factors, continued

Facility	Unit Age (Days)	Average Inmate Age	Average Inmate Number	Miles From Huntsville	Number of Security Employees	Number of Nonsecurity Employees	Total Number of Employees	Unit Security Level
Lewis Unit	1830	29.23	1309	68	218	78	296	Med
Luther Unit	4740	28.09	1269	39	219	79	298	Med
Lynaugh Unit	360	37.38	1225	429	229	53	282	Med
McConnell Unit	1080	32.57	2859	208	607	155	762	Max
Michael Unit	2880	35.74	3076	78	629	182	811	Max
Middleton Transfer Facility	600	31.45	1925	273	362	85	447	Med
Mt. View Unit	7260	35.76	597	136	241	89	330	Close
Pack I Unit	4320	42.11	1396	39	251	104	355	Med
Powledge Unit	4770	42.06	1059	78	216	80	296	Med
Ramsey I Unit	31380	40.67	1687	95	311	174	485	Med
Ramsey II Unit	31380	36.75	1075	95	220	76	296	Close
Ramsey III Unit	4320	41.28	1556	95	292	113	405	Med
Retrieve Unit	27360	40.57	984	109	216	94	310	Close
Roach Unit	1470	27.99	1575	370	229	80	309	Med
Robertson Unit	1080	29.53	2731	273	613	114	727	Max
Sayle Unit	390	31.66	494	240	113	33	146	Min
Smith Unit	1050	26.52	1297	402	224	57	281	Med
Stevenson Unit	480	38.02	1309	153	219	58	277	Med
Stiles Unit	810	38.4	2868	96	645	147	792	Max
Terrell Unit	660	26.38	2765	39	641	140	781	Max
Torres Unit	960	26.63	1300	234	226	65	291	Med
Tulia Detention Center	1170	31.8	583	445	85	18	103	Min
Wallace Unit	480	26.85	1273	331	248	67	315	Med
Wynne Unit	20970	39.48	2600	5	450	132	582	Max

See Appendix 4 Text (page 23) for Column Description Detail.

Figure 5

Unit Demographic Characteristics - Independent Factors, concluded

Inmate Gender	Inmates Classified Minimum	Inmates Classified Medium	Inmates Classified High/Close	Inmates Classified Maximum	Inmates Classified Special	Number of Industry Staff	Unit Type	Inmate Category
Male	1,247	63	0	0	0	15	Prototype	B
Male	1,225	6	12	6	0	11	Prison	C
Male	1,266	60	0	0	0	0	Prototype	B
Male	1,900	167	243	478	0	13	Prison	E
Male	2,186	201	203	492	0	16	Prison	E
Male	1,947	0	0	0	0	0	Trans	A
Female	470	25	44	34	27	8	Prison	D
Male	1,376	2	1	0	0	0	Prison	B
Male	1,063	0	0	0	0	23	Prison	A
Male	1,659	4	2	37	0	15	Prison	C
Male	693	46	138	0	201	0	Prison	F
Male	1,552	20	3	0	0	0	Prison	B
Male	739	121	83	0	0	0	Prison	D
Male	1,392	162	7	0	0	8	Prototype	B
Male	1,618	274	300	507	0	14	Prison	E
Male	0	0	0	0	504	0	Substance	G
Male	1,188	103	0	0	0	6	Prototype	B
Male	1,244	70	3	0	0	0	Prototype	B
Male	1,781	196	384	472	30	16	Prison	E
Male	1,521	479	338	503	0	0	Prison	E
Male	1,143	165	12	0	0	9	Prototype	B
Male	583	0	0	0	0	0	Trans	A
Male	1,149	88	17	0	0	7	Prototype	B
Male	2,317	128	70	90	0	48	Prison	C

See Appendix 4 Text (page 23) for Column Description Detail.

Construction Costs Vary by Type of Unit

The construction cost of prison unit beds varies depending if the facility is a Prison Unit, State Jail Facility (SJF), or a Private Unit. The average cost per prison beds constructed in the last five years is:

Prison Unit	-	\$24,902
Private Unit	-	\$22,600
Mode I SJF	-	\$18,874
Mode II SJF	-	\$18,270

The facilities are distinguished by the following four categories:

- **Prison Unit** - Units operated by the Institutional Division of TDCJ; excludes transfer, substance abuse, psychiatric, intermediate sanction facilities, as well as hospitals, and boot and wilderness camps.
- **Private Unit** - Units under the responsibility of the Institutional Division which are operated by a private vender.
- **Mode I SJF** - Facilities operated by the State Jail Division of TDCJ; the majority which are co-located with existing Institutional Division facilities.
- **Mode II SJF** - Facilities, the Community Justice Assistance Division of TDCJ contracts with Community Supervision, Corrections Departments or counties, for the building, operation, or subcontracting of operations to private vendors.

See Figure 6 (page 32) for the cost per bed of those units constructed within the last five years.

When determining the type of facility to construct, one must take into consideration numerous attributes along with the cost of construction. The two most significant would be inmate type and operating costs. Facilities need to be constructed to meet needs of the types of inmates being sentenced (state jail felon, substance abuse offender, psychiatric needs offender, etc.) so future renovations are not necessary. Yearly operating costs comprise the most significant portion of cost. If a unit is more costly to construct but more economical to operate, savings from operations in future years may outweigh the initial savings from construction costs.

Construction Costs Vary by Type of Unit, continued

Figure 6

Construction Costs

TDCJ Facilities which are less than five years old

Includes: prison units, state jail facilities, and private units

Excluded: detention/transfer, substance abuse felony punishment facilities, pre-release centers, psychiatric units, intermediate sanction facilities, boot camps, wilderness camps, hospitals

Mode	SJF	On line	Budget	Invoiced	Beds	Cost/Bed	Average	Difference
I	Cole *	08-95	\$20,639,625	\$20,385,675	900	\$22,651	\$18,874	\$3,776
I	Woodman *	TBD	\$21,271,626	\$20,094,588	900	\$22,327	\$18,874	\$3,453
I	Sanchez	02-96	\$24,499,625	\$23,101,056	1100	\$21,001	\$18,874	\$2,127
I	Formby *	02-96	\$23,887,872	\$23,090,267	1100	\$20,991	\$18,874	\$2,117
I	Ware *	TBD	\$19,951,626	\$18,802,497	900	\$20,892	\$18,874	\$2,017
I	Dominquez	06-95	\$37,238,000	\$36,868,389	2144	\$17,196	\$18,874	(\$1,678)
I	Gist *	10-94	\$37,160,134	\$36,156,590	2144	\$16,864	\$18,874	(\$2,010)
I	Lopez *	02-96	\$19,749,626	\$19,450,826	1100	\$17,683	\$18,874	(\$1,192)
I	Hutchins	04-95	\$37,653,900	\$35,364,581	2144	\$16,495	\$18,874	(\$2,380)
I	Plane	05-95	\$35,149,900	\$34,419,834	2144	\$16,054	\$18,874	(\$2,820)
I	Atascosita	07-95	\$34,028,374	\$33,154,201	2144	\$15,464	\$18,874	(\$3,411)
* - Co-located with other TDCJ facility								
II	Bradshaw	07-95	\$30,381,605	\$29,906,605	1500	\$19,938	\$18,270	\$1,668
II	Dawson	02-96	\$40,378,228	\$39,489,404	2000	\$19,745	\$18,270	\$1,475
II	Lindsey	09-95	\$18,998,837	\$18,471,180	1000	\$18,471	\$18,270	\$201
II	Bartlett	10-95	\$18,832,447	\$17,644,676	1000	\$17,645	\$18,270	(\$625)
II	Willacy Co.	01-96	\$17,987,280	\$17,619,027	1000	\$17,619	\$18,270	(\$651)
II	Travis Co.	01-96	\$19,315,818	\$17,571,332	1000	\$17,571	\$18,270	(\$699)
II	Top Street	02-96	\$12,104,052	\$11,273,767	667	\$16,902	\$18,270	(\$1,368)

Source for expenditure information - TDCJ Project Cost Sheets

Construction Costs Vary by Type of Unit, concluded

Figure 6

Construction Costs, concluded

TDCJ Facilities which are less than five years old

Includes: prison units, state jail facilities, and private units

Excludes: detention/transfer, substance abuse felony punishment facilities, pre-release centers, psychiatric units, intermediate sanction facilities, boot camps, wilderness camps, hospitals

Prison	On line	Budget	Invoiced	Beds	Cost/Bed	Average	Difference
Stiles Unit	06-93	\$75,550,000	\$75,436,166	2250	\$33,527	\$24,902	\$8,625
Allred Unit	06-95	\$72,619,000	\$70,670,078	2250	\$31,409	\$24,902	\$6,507
Telford Unit	07-95	\$72,048,900	\$70,377,912	2250	\$31,279	\$24,902	\$6,377
Connally Unit	07-95	\$68,405,100	\$67,292,715	2250	\$29,908	\$24,902	\$5,006
Terrell Unit	11-93	\$66,167,000	\$65,960,315	2250	\$29,316	\$24,902	\$4,414
McConnell Unit	09-92	\$68,425,000	\$65,454,880	2250	\$29,091	\$24,902	\$4,189
Robertson Unit	09-92	\$67,271,661	\$65,417,901	2250	\$29,075	\$24,902	\$4,173
Murray Unit	12-95	\$28,000,000	\$25,790,022	1000	\$25,790	\$24,902	\$888
Hodge Unit	03-95	\$26,083,597	\$25,398,244	1000	\$25,398	\$24,902	\$496
Neal Unit	01-95	\$25,398,557	\$25,002,984	1000	\$25,003	\$24,902	\$101
Dalhart Unit	02-95	\$24,975,736	\$24,563,017	1000	\$24,563	\$24,902	(\$339)
Lynaugh Unit	09-94	\$24,131,700	\$23,072,038	1000	\$23,072	\$24,902	(\$1,830)
Stevenson Unit	05-94	\$22,273,365	\$21,672,758	1000	\$21,673	\$24,902	(\$3,229)
Boyd Unit	08-92	\$22,000,000	\$21,053,683	1000	\$21,054	\$24,902	(\$3,848)
Wallace Unit	05-94	\$22,099,000	\$20,989,555	1000	\$20,990	\$24,902	(\$3,912)
Jordan Unit	10-92	\$21,128,266	\$20,125,553	1000	\$20,126	\$24,902	(\$4,776)
Briscoe Unit	01-92	\$19,791,000	\$19,472,232	1000	\$19,472	\$24,902	(\$5,430)
Roach Unit	08-91	\$19,969,500	\$19,282,081	1000	\$19,282	\$24,902	(\$5,620)
Smith Unit	10-92	\$20,357,076	\$19,166,762	1000	\$19,167	\$24,902	(\$5,735)
Torres Unit	01-93	\$20,325,863	\$18,843,285	1000	\$18,843	\$24,902	(\$6,059)
Private	On line	Budget	Invoiced	Beds	Cost/Bed	Average	Difference
Diboll - Private	06-95	\$12,609,160	\$12,584,160	500	\$25,168	\$22,600	\$2,569
Moore - Private	06-95	\$11,790,699	\$11,790,699	500	\$23,581	\$22,600	\$982
Lockhart - Private	08-94	\$10,908,996	\$10,883,996	500	\$21,768	\$22,600	(\$832)
Venus - Private	09-94	\$9,948,500	\$9,940,189	500	\$19,880	\$22,600	(\$2,719)

Source for expenditure information - TDCJ Project Cost Sheets

Texas Compared to Other States

In a survey of 13 states pertaining to fiscal year 1995, Texas ranked highest in two categories: (1) inmates per 100,000 population and (2) percentage change in incarceration per 100,000 from 1994 to 1995. Texas did have one of the lowest ratings for capacity rates and cost per inmate for food. However, in most categories, Texas falls in the mid-range. Some of the information gathered included:

- Percentage of state's budget allocated to corrections
- Annual cost per inmate
- Cost per capita
- Inmates per 100,000 population
- Cost per inmate for: salaries, central administration, professional fees, and food

We did not audit the data provided, nor did we review or compare the quality of confinement services provided by the various states. Refer to Figure 7 (page 35) for the ratings of the categories for each state. The reader will also want to take into consideration that states may account for costs and inmate classifications differently.

Texas Compared to Other States, concluded

Figure 7

Summary Chart - State Comparisons

States	Percentage Of State Budget Allocated to Corrections	Cost Per Capita For Corrections	Annual Operating Cost Per Inmate	Inmates Per 100,000 Population	Percentage Change in Incarceration Rates 1994 - 1995	Cost Per Inmate For Central Administration	Cost Per Inmate For Salaries	Cost Per Inmate For Professional Fees	Cost Per Inmate For Food	Capacity Rates	Projected Increase In Inmate Population Through Year 2000
Alabama	19.08%	\$41	\$9,162	457	3.90%	N/A	N/A	N/A	N/A	107%	26%
Arizona	7.27%	\$84	\$16,347	483	8.00%	\$1,416	N/A	N/A	\$1,013	109%	46%
Florida	3.67%	\$101	\$14,549	435	5.00%	\$1,517	\$6,567	\$3,069	\$802	97%	69%
Georgia	6.51%	\$92	\$17,863	500	15.60%	\$1,700	\$10,589	\$2,656	\$999	103%	22%
Louisiana	3.16%	\$85	N/A	550	6.50%	\$751	N/A	N/A	N/A	101%	N/A
Michigan	14.96%	\$130	\$23,625	401	3.00%	\$684	\$14,223	\$1,762	\$914	N/A	24%
New Jersey	2.49%	\$95	N/A	313	4.80%	N/A	N/A	N/A	N/A	150%	N/A
New York	2.74%	\$99	\$22,500	372	3.70%	\$632	\$17,920	\$2,186	\$649	103%	15%
Ohio	N/A	\$116	\$15,504	378	2.10%	\$1,869	\$8,944	\$1,783	\$1,005	170%	30%
Pennsylvania	4.47%	\$60	\$23,152	424	7.90%	\$598	\$16,993	\$3,187	\$1,005	133%	27%
S. Carolina	5.71%	\$60	\$13,219	497	-1.10%	\$569	\$7,439	\$2,219	\$1,001	N/A	10%
Texas	6.44%	\$115	\$16,206	561	16.30%	\$415	\$7,624	\$2,495	\$655	94%	18%
Virginia	3.20%	\$77	\$16,934	324	13.90%	\$1,266	\$12,022	\$1,201	\$1,291	140%	72%

N/A: Information not readily available
 Source: Survey conducted by the Texas State Auditor's Office and completed by the above states' Departments of Corrections
 Data pertains to fiscal year 1995

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