

Cost/Benefit Analysis of Privatizing Prisoner Transportation Public Act 154 of 2003 – Section 406

OBJECTIVE

The Michigan Department of Corrections (MDOC) is required by Public Act 154 of 2003 Section 406 to conduct a cost/benefit analysis of privatizing prisoner transportation services. The objective was to ascertain whether the private sector could provide comparable services, and at what cost, while maintaining the safety and security requirements necessary to ensure public safety. This analysis includes those transportation costs resulting from a prisoner's initial incarceration and placement at a facility, as well as subsequent transfers between facilities due to vertical movement (new security classification, departures, waivers, etc.) and horizontal movement (transfers to the same security level but different facility). It does not include costs to transport prisoners for medical reasons, court appearances, or parole or discharge (to a bus station, etc.). Costs of transporting prisoners to/from work assignments were totally disregarded because it is not handled by Corrections Transportation Officers (CTOs) but rather by routinely assigned Corrections Officers at the facilities, which would not change if prisoner transfer services were privatized.

PRISONER TRANSPORTATION

The MDOC's transportation staff are valued employees who perform their duties in an efficient and professional manner. The Department's transportation system consists of four types: prisoner transfers, medical details, court details, and the transportation of paroled and discharged prisoners. There are currently 229.7 authorized Corrections Transportation Officer (CTO) positions, 21.4 Transportation Sergeant positions and 3 regional Transportation Lieutenants. MDOC Policy Directive 04.04.135, Custodial Transportation of Offenders, and the Transportation Manual, give clear and concise security measures and transportation parameters to ensure safety and accountability of the public, staff and prisoners.

In March 2003 the MDOC, independent of any legislative requirement, established a committee to review the Department's transportation operations. The committee reviewed the current operations and submitted recommendations to the MDOC Correctional Facilities Administration Deputy Director and the Regional Prison Administrators. The main focus of the committee was to recommend improvements in the operations to assure the best use of the Department's transportation resources. The committee recommendations included the expanded use of the Department's transportation buses by establishing frequent fixed routes that are pre-arranged, synchronized and dependable.

APPROACH

The MDOC is basing this analysis on the approach that the New York State Department of Correctional Services (NYSDOCS) has taken with their prisoner transportation contract with a private vendor. They currently contract for all routine prisoner transfers, while maintaining transportation vans at each institution for all other types of prisoner transportation. This is due to a contractor having little or no prior notice of the need for such transportation, and the infrequency of movement and resulting inability to establish a routine for these categories of prisoner transportation. Also, this analysis assumes that the MDOC, like the NYSDOCS, would continue to provide its own security staff on all transfer vehicles, even if owned and operated by a private vendor. (This analysis was conducted on transfers of male prisoners only. Due to the close proximity of the female facilities those transfers can be completed by using vans.)

To achieve the assumed improvements recommended by the MDOC committee, bus runs that are inefficient, lengthy and generate high amounts of overtime would be eliminated. In addition, each of the MDOC's nine transportation buses has an average annual fixed cost of approximately \$45,000, and most of them would be eliminated either immediately or through attrition (analysis assumes immediate elimination). Where possible, the MDOC would convert to mini buses capable of carrying no more than 24 passengers. Mini buses have an approximate annual fixed cost of \$15,600. As indicated, the new fixed routes would be set to maximize efficiency. Establishment of these new routes would include exploring the use of geographical "transportation hubs" comparable to those established by the NYSDOCS. Such improvements, along with the introduction and implementation of the computerized prisoner Transfer and Transportation System (TRATS), should be expected to reduce or eliminate transfers currently conducted with vans.

To ensure a viable cost benefit analysis, a set transfer schedule and fixed routes must be assumed to have been established as previously recommended by the MDOC committee. Consequently, this analysis assumes establishment of such fixed routes and also assumes improvements in efficiencies to the MDOC prisoner transportation system that would result in significantly reduced overtime costs.

MDOC staffing includes four CTOs on each bus route, one driver and three to provide security, allowing rotation of driving duties. If a vendor provided the service, the MDOC would provide three CTOs in addition to the civilian driver.

FINDINGS

The current NYSDOCS contract rates were used for comparison purposes only to assist in estimating our costs of contracting for routine prisoner transfer services. The fixed costs for their contract were divided by the total number of miles required for all their fixed routes, both regular and mini buses, to arrive at a calculated rate of \$1.32 per mile. This rate includes only the bus and driver. While we used the rate established in the NYSDOCS contract, it is uncertain that the MDOC would in fact be able to negotiate a similar contract rate. You will find further details of the calculations on the attached spreadsheet.

Based on a survey of male facilities from January 1, 2003 through March 31, 2003, the results indicate a monthly average of 4,725 prisoner transfers. MDOC's schedule would have 16 routes averaging 6,229 miles per week from three transportation hubs, Attachment A. Regions I and II (northern region and southwestern respectively) would utilize two mini buses, while Region III (southeastern region) would utilize two large buses and one mini bus. The calculations include the costs of maintaining one back-up mini bus in Region I and large bus in Region III for statewide use, and a relief factor for the drivers' positions. Based on the attached calculations, the cost for the MDOC to continue to provide all of its own prisoner transportation services would be \$1.99 per mile.

CONCLUSION

While there is a potential for savings to privatize prisoner transportation services based on this analysis, the ability of the MDOC to contract with a private vendor at a rate per mile similar to the NYSDOCS' contractual rate is uncertain. In fact, it is not certain that we could even find an acceptable vendor to comply with all our requirements. Due to minimal cost savings for attracting a private vendor, the MDOC is not actively soliciting bids for prisoner transportation privatization. The MDOC is currently revising their prisoner transportation operations, and once fixed routes are established and operations evaluated, the opportunity to privatize will again be reviewed by MDOC.