

## Cost Savings Analysis Summary

### Cost Savings/Cost Avoidance Methodology

Identifying and isolating the economic impact of corrections policy and procedure changes is important and timely. However, experience and the criminal justice literature provide a word of caution. A common mistake is to develop cost analyses using the standard inmate per diem. Put simply, this method takes the corrections budget and divides it by the number of inmate days in a year. For Fiscal Year 2001-02, that number is \$72.84. Using the \$72.84 per diem overestimates the cost savings involved in many procedural changes. This is because many fixed costs in a jail do not hinge on the existence of 1 or even 100 inmates. For instance, if an extra inmate is released today, OCCD does not save \$72.84 from the departure of that inmate. The bulk of the costs involved in running the jail remain in place, despite the fluctuations of the population. A 1996 article from the New England Journal on Criminal and Civil Confinement concludes,

While detaining a defendant in jail is a high expense when measured in terms of the per-defendant cost of the entire jail budget, the marginal cost savings accomplished by the release of an individual defendant is very low. True cost savings could only be accomplished by the release of a large enough number of defendants that jails could reduce capacity and personnel. This number must be large enough to encompass both those defendants whose sheer numbers cause jail overcrowding as well as many others.

As the Jail Oversight Commission was wrapping up its business in the Spring of 2002, Corrections staff, along with OMB, spent many hours developing a marginal per diem model. This model was constructed to include every source of expense that an inmate's incarceration would directly incur in an average day.

The analyses presented in this report include cost savings estimates based on what Orange County Corrections would actually save per inmate affected (\$8.75 for FY 2001-02). Obviously, as the quote above illustrates, there is a point at which the cost savings would escalate. Efforts to pinpoint these enhanced levels of return are ongoing.

What is known, however, is that if the predicted growth of the Orange County Jail's population can be prevented, the county will avoid higher operating costs as well as the cost of constructing new facilities to increase bed space. The end of this document provides an analysis of such cost avoidance.

### Measures and Results

- **Fast Track Felony Case Processing**—No financial impacts are calculated. A new benchmark is identified. An update to the Ninth Circuit's Case Disposition Study is ongoing with completion expected during Summer 2003.
- **Length of Stay for VOP Only Inmates Who Stay Until A Hearing**—Using the JOC report's goals, former state statutes, and Gwinnett County, Georgia's practice of 30-day dispositions, the estimated economic impact is between \$236,309 and \$457,160.

## Cost Savings Analysis Summary (Cont.)

- **Post-Sentence Length of Stay for Inmates Who Are Sentenced To DOC**—A 5-day and a 10-day benchmark are each forwarded, resulting in fiscal impact estimates of \$64,365 and \$144,821.
- **Law Enforcement Agencies’ Use of Notices to Appear**—Hillsborough County provides a benchmark which drives an economic projection of \$229,613
- **Initial Appearance**—The current benchmark of Palm Beach County’s pleas at initial appearances is abandoned (for the purposes of this report) in favor of Palm Beach’s level of non-monetary pretrial releases at or because of initial appearance as well as Baltimore, Maryland’s experiment with bail hearings. The recommended measures are the totality of non-monetary pretrial releases and bond reductions. The combined economic impact estimate from meeting the two standards is \$1,316,000.
- **Bond Hearings Within 5 Days**—No economic projection is made as most of this analysis is wrapped into the initial appearance section of the report. Several benchmarks are considered, including Volusia County’s jail arraignment between 3 and 5 days after booking.
- **Length of Stay for Inmates With Mental Health Issues**—A national mental health average length of stay extrapolated from a National Institute of Corrections study is used to develop an estimated cost savings of \$1,548,820.

### *Annual Cost Savings Associated With Meeting Identified Benchmarks*

Measure	Estimated Annual Bed Days Saved	Estimated Annual Dollars Saved
Reducing VOP Length of Stay to 20 Days	39,627	\$346,735
Reducing Length of Stay for Fully Sentenced DOC Inmates to 5 Days	16,551	\$144,821
Enhanced Use of Notices to Appear	26,242	\$229,613
Increased Non-Monetary Releases Via Initial Appearance	150,400	\$1,316,000
Reducing Length of Stay for Mental Health Inmates	177,008	\$1,548,820
<b>Total Savings</b>	<b>409,828</b>	<b>\$3,585,991</b>