DEPARTMENT OF CORRECTIONS

Policy Number:	**104.101**
Title:	**Per Diem Calculations – Adult**
Effective Date:	**9/4/18**

PURPOSE: To calculate adult operational, statutory, and marginal per diems for the department in a consistent and timely manner each fiscal year.

APPLICABILITY: department-wide

DEFINITIONS:

Average daily population (ADP) – the average daily offender population.

Correctional operations management system (COMS) – an operational database used by the DOC to track offender information from the time the offender enters prison until the offender's sentence expires.

Facility operations costs – includes costs related to incarcerating and providing programming to offenders such as facility staffing, security, plant operations, prison administration, and education.

Marginal operating costs – the cost of adding offenders into existing operations. Increases typically include staffing, food, health care, transportation, clothing, and other offender specific costs necessary to meet the demands of an increased population.

Marginal per diem – the average cost of adding new beds department-wide, including beds added through state bonding projects, as well as through bed rental. It is based on the marginal operating costs related to filling beds and includes health care and certain central office costs. The calculation is used to determine the base adjustment for population increases with Minnesota Management and Budget (MMB) and in completing fiscal notes for the legislature.

Operational per diem – the average daily cost for housing all adult male and female offenders. It includes all general fund expenditures directly related to housing an offender such as facility management, security, food, clothing and linens, staff, education, medical, and behavioral health costs.

Per diem – the cost of operations divided by the ADP divided by the number of days in a year.

Statutory per diem – an adult per diem calculated in accordance with Minn. Stat. § 241.018. This statute includes the annual operational per diem and other central office facility support costs, 65 percent of the department's operations support costs, and capital bonding expenditures. The department is mandated to report this per diem in its biennial performance report and biennial budget document.

PROCEDURES:

A. Operational per diem

1. A target per diem is prepared each fiscal year in October after the annual spending plan and population projections are finalized. A per diem report is published on a quarterly basis that compares the target per diem with actual year-to-date per diem. The operational per diem consists of three separate components: facility operations, health care, and behavioral health costs.

2. Facility operations costs are determined for each adult facility, work release, institution community work crew (ICWC), and bed rental. This component is calculated based on general fund budgets, excluding facility equipment and repair projects, and facility startup and facility expansion costs. Facilities housing both adult and juvenile offenders allocate costs based on offender population projections at the beginning of the fiscal year.
3. The health care component includes the facilities' general fund medical and dental costs and an appropriate portion of contracted offender medical services.
4. The behavioral health component includes the facilities' general fund behavioral health, sex offender, and chemical dependency treatment costs.
5. The adult average daily population (ADP) is obtained from COMS.
6. The operational per diem is calculated and approved, and reports are distributed 30 days after the end of each quarter. The annual operational per diem report is distributed by October 1 following the last day of the fiscal year using final expenditure and encumbrance data from closing.

B. Statutory per diem
1. A statutory per diem is calculated annually after the fiscal year close.
2. The statutory per diem is calculated for each adult facility, work release, ICWC, and bed rental.
3. Capital expenditure information is obtained from Department of Administration, building construction division, normally available around November 1. Total capital expenditures are divided by the total facility ADP and allocated accordingly. Facility equipment and repair projects, facility startup costs, and facility expansion costs are included.
4. Central office facility support and 65 percent of the operations support costs are divided by the total facility ADP and allocated accordingly. These costs are determined using data from the general fund allotment report.
5. The statutory per diem is calculated, approved, and distributed by December 1 of each year for the previous fiscal year.

C. Marginal per diem
1. A marginal per diem is calculated annually.
2. Projected offender population data is obtained from the planning and performance unit by October 15 of each year.
3. Based on the population projections and/or operating cost changes identified in capital bonding projects, financial services staff estimates marginal operating costs, and the potential resulting impact./
4. Financial services staff prepare a marginal per diem document. A meeting with the department's executive budget officer and agency management is scheduled to review and discuss the calculations prior to approval.
5. Prior to the November forecast, MMB approves the marginal per diem document and finalizes the department base adjustment for the upcoming biennium.

D. All per diem calculations and approved per diems are retained in the central office financial services department.

INTERNAL CONTROLS:

A. All calculations and approved per diem documents are retained in the central office financial services department.

ACA STANDARDS: None

REFERENCES: Minn. Stat. § 241.018

REPLACES: Policy 104.101, "Per Diem Calculations – Adult," 3/31/15.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: None

APPROVALS:
Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support