

**Department of Human Services
Office of Youth Services**

REPORT TO THE TWENTY-SECOND LEGISLATURE
A Report Pursuant to Act 90, SLH 2001

January 2003

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The Office of Youth Services (OYS) is submitting this report in response to Act 90, Session Laws of Hawaii 2001, which calls for an annual report regarding utilization of the contracting process set forth in Part II, Privatization, of Act 90.

- A. An itemization of all services that were out-sourced or subjected to the processes set out in the chapter on privatization.

The OYS utilized the process set forth in the chapter on privatization for the procurement of residential services for female juvenile offenders incarcerated at the Hawaii Youth Correctional Facility (HYCF).

- B. Justification that standards for determination were met.

OVERVIEW

One of the missions of the HYCF is to provide a safe, secure, and humane environment with appropriate programs and staffed by trained personnel that meet the needs of all youth, in particular, young female offenders housed within the HYCF. Historically, attempts were made to provide a separate facility or unit to house young female offenders. However, when the male population increased and overcrowding occurred, the female unit was utilized to also house, separately but within the same building, adolescent males. Invariable, the lack of physical space and the loss of privacy was compounded by the lack of specific programs for the female population.

The majority of girls are incarcerated for lesser offenses (e.g., parole violation and shoplifting) as compared to boys (e.g., robbery, theft, and assault). By co-mingling the population, the HYCF is at risk of allowing young girls to mix with males who are committed for more serious offenses. The result of co-mingling the population has been that the young females are being denied privacy, space, and more importantly appropriate services. To correct his situation, existing structures on the grounds of the HYCF were renovated to separate the female population from the male population.

In order to provide appropriate and effective rehabilitative services to the incarcerated female offenders, the overall philosophy, mission, and objectives of the program must be accepted and practiced by all staff. Services and decisions related to the operations of the program must be focused on the needs and best interests of the female offender. In

addition, it is important to have all staff actively participate in the rehabilitation effort, including staff responsible for the care, safety, control, and supervision of the female offenders. Because of the greater flexibility inherent in the private sector in hiring and retaining employees, as compared to the more stringent civil service rules that government must abide by, the OYS believes that private agencies are better able to assure that all employees adhere to a common mission and philosophy.

More importantly, gender-specific programs for girls must focus on the unique developmental needs of the female juvenile offender. More often than boys, services for girls must address issues such as low self-esteem, negative self-image, suicide, running away, and sexual, physical and mental abuse. Females, in particular, desire the development of positive inter-personal relationships with others. Females need to feel safe, secure, and comfortable in expressing their innermost thoughts and feelings. This would require that the program's staff be available at all times to address a youth's needs, whether it is 4 p.m. or 2 a.m. To assure that services are provided in a timely manner, program staff must be trained to provide a wide range of interventions and services to youths. Private providers are better able to assure that their staff are cross-trained, versatile, and flexible in their job duties to handle a variety of situations. Such a process will alleviate much of the anxiety and behavioral problems that develop due to delays in service provision. Services provided on a segmented basis hinders the youth's rehabilitation process and may cause youth to regress further into anti-social behaviors.

In addition to the improved quality of services, it is anticipated that a private agency will be able to provide the requested services at a lower cost than the state. It is estimated that the cost for the state to operate the girls residential program will be approximately \$746,313 per year for staff only, including fringe benefits. We estimate that a private provider will be able to operate the program for approximately \$418,000 per year for staff costs and fringe benefits. It is estimated that the state could save up to \$328,313 per year by utilizing a private provider for the requested services.

PRIVATIZATION DETERMINATION AND STANDARDS

Pursuant to Act 90, SLH 2001, Part II, Privatization, the OYS has reviewed the factors to consider in determining the feasibility of contracting with a private entity for the provision of a secure residential program for incarcerated female juvenile offenders committed to the HYCF. The following are our comments regarding each factor. In essence, Act 90 requests that the state agency consider whether contracting with the private agency will:

1. Jeopardize the government's ability to provide the service if the private entity fails to perform, or the contract becomes unprofitable or impossible for a private entity to perform.

Contracting with a private agency will not jeopardize OYS' ability to provide the service if the private entity fails to perform. The HYCF has previously provided for the care and incarceration of the female wards. The HYCF is capable of providing the necessary security and housing for the incarcerated female juvenile offenders should the need arise.

2. Impact on any employee covered by civil service laws; provided that the impact shall not prevent the procurement of services pursuant to this chapter.

Procurement will not affect any civil service employee's employment status. No civil service employee will be in jeopardy of losing their jobs. However, because the number of wards under the direct supervision of HYCF civil service employees will decrease, there is a possibility that the number of overtime hours that civil service employees perform will also decrease accordingly.

3. Affect the nature of the service the agency needs, including whether:

- a. The service is self-contained or part of a larger service delivery system.

The contracted service, residential services for incarcerated female wards, is part of a larger juvenile justice system. However, for the most part, the contracted service will be self-contained except for those particular services that can be readily shared with other agencies, such as medical and dental services, substance abuse counseling, etc. Such services are already being provided at the HYCF and sharing of these resources will increase the cost-effectiveness of the service delivery system and decrease the overall cost of the contracted services.

- b. The service is geographically dispersed.

The contracted service is not geographically dispersed. Services will be provided at one location – a renovated structure on the grounds of the HYCF.

- c. The service is a core or ancillary government service and if in-house resources are available or needed.

The contracted service is a core government function - the care and incarceration of committed juvenile offenders. Except for those shared services described in 3a above, in-house resources are currently not available or necessary to provide the required services to the female wards.

- d. Government control is necessary.

Direct government control is not necessary. However, because of our legal obligation to assure that services are provided in a cost-efficient, effective and safe manner, government oversight over the contracted service must continue.

- e. Government accountability can be shared.

Although the OYS and the HYCF are ultimately responsible for the care of our committed youths, the contracted private entity, via the purchase of service and contracting processes, can share responsibility and accountability for the care and incarceration of the female youth committed to the HYCF.

- f. Governmental authority will be diluted.

Government authority will not be diluted. As stated above, the OYS and the HYCF are ultimately responsible for the care and incarceration of our committed youths. Through the purchase of service and contracting processes, the OYS will continue to monitor and maintain control over the services provided. Ultimate authority to commit a youth to the HYCF remains with the Family Courts. Authority to keep a youth confined or released into the community remains with the Family Courts and the HYCF.

- 4. Increase the potential for achieving cost savings, including:

- a. The need to abandon or repurchase capital improvements or equipment that are not fully depreciated.

There will be no need to abandon or repurchase capital improvements or equipment. All capital improvements were completed prior to contracting with a private provider. In addition, all equipment purchased by the private provider with State funds will remain the property of the State; thus depreciation and use of the equipment may continue.

- b. The extent to which the service is available in the private sector marketplace.

Services relating to the care and incarceration of juvenile offenders are available in the private sector marketplace. Many states have already utilized the private sector to provide for the care and incarceration of juvenile offenders. In addition, there are numerous private sector agencies, here and on the Mainland, who are currently providing residential program services to female offenders.

- c. The extent to which federal or state restrictions may reduce private sector interest in providing or performing the needed or required service.

It is anticipated that neither federal nor state restrictions will significantly reduce private sector interest in providing or performing the needed or required service.

- 5. Affect the extent to which the services are needed or required, and how the criteria to select a service provider can be described in objective specifications.

Contracting with a private entity will not affect the extent to which the services are needed or required. It is the responsibility of government to assure that youth under its jurisdiction are provided appropriate programs and services so they may become productive members of our community. Such programs and services will be needed whether provided by a private entity or government agency.

The process to evaluate and select a service provider will be described in the request for proposals. The evaluation of proposals received in response to the request for proposals will be conducted comprehensively, fairly, and impartially. Structural, quantitative scoring techniques will be utilized to maximize the objectivity of the evaluation. An evaluation committee of designated reviewers selected by the state purchasing agency shall review and evaluate proposals submitted. The committee will be composed of individuals with experience in, knowledge of, and program responsibility for program service and financing. Established criteria and points are given to each section of the proposals submitted.

- C. The cost of services obtained through the process set forth in the chapter on privatization.

The total cost for services obtained through the process set forth in the chapter on privatization is \$202,222.00 (estimate).

- D. Copies of all contracts entered into under the chapter on privatization.

A copy of the agreement for services relating to the chapter on privatization is enclosed as Exhibit A.

- E. An accounting of civil service employees displaced as a consequence of the chapter on privatization.

No civil service employee was displaced as a consequence of the chapter on privatization.

A private agency was contracted in Fiscal Year 2002 to provide security and programmatic services to the female juvenile offenders incarcerated at the HYCF. Unfortunately, due to program implementation difficulties, the agency contracted to provide these services suspended operations in November 2002. The OYS and the HYCF will continue to investigate the viability of a public/private initiative in providing effective institutional care for females committed to the youth correctional facility.

Act 90 is attached as Exhibit B.

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