



Office of the Federal Detention Trustee
United States Department of Justice
Procurement Division

OFDT Strategic Objective 1.1: Develop and Integrate a Procurement Strategy for the Detention Community

Project Plan: Establish and Implement a Core-Pricing Model (or Core Per Diem Rates) for Inter-Governmental Agreements

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Approvals:

Date: 3/22/06

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This plan was developed and completed by Scott P. Stermer, Chief, Procurement Division; he is also the Project Manager. Implementation is contingent upon approval by the Deputy Trustee and the Trustee. Dissemination is as required and determined by the Division Chief.

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1. Background

The United States Marshals Service (USMS) and Immigration and Customs Enforcement (ICE), and, to a lesser extent, the Federal Bureau of Prisons (BOP), enter into agreements with state and local facilities to house Federal detainees. These agencies manage Inter-Governmental Agreements (IGAs) that vary widely in requirements and costs. The relationships established by these IGAs with state and local governments are paramount to carrying out the function of detention. These IGAs are entered into with the Federal component agreeing to reimburse the state and local governmental entity all actual and allowable costs in accordance with OMB Circular A-87, 28 CFR Part 66 and other applicable Federal statutes and regulations associated with housing of federal prisoners. Pursuant to the authority of section 119 of the Department of Justice Appropriations Acts of 2001 (Public Law 106-553), the law allows the Attorney General to enter into contracts and agreements for any reasonable duration and under any reasonable basis. The Office of the Federal Detention Trustee (OFDT) is the delegated authority for the law. In May 2005, the Trustee requested a review of costs associated with the IGAs and directed that they be standardized for use by all participating agencies. In addition, the Trustee directed that a standardized rate structure be designed and applied to the jails participating in IGAs.

2. Purpose, Scope, Objectives and Performance Measures

The purpose of this project is to develop, evaluate, and refine the methodology to establish core per diem rates for non-Federal detention facilities by the OFDT. This will allow the requirements and costs of housing for detainees to be more predictive for the government as historical trends and set pricing are integrated.

The scope of this project involves developing and implementing policy and procedures for establishing a core pricing model for IGAs that will provide another vehicle and method to more accurately project budget and bed space requirements for out years. This project also will lead to the acceptance of a web-based, automated IGA application that will serve as a tool for Federal detention agencies to identify non-Federal facility capacity. This model will also standardize nationwide pricing for the use of state and local facilities.

The major objectives of this project are:

- Develop a standard methodology for pricing detention services.
- Develop and refine a methodology for pricing adjustments based on economic indicators.
- Develop a fixed-price IGA template.
- Develop a pilot program to test the plan and develop an implementation plan.
- Stabilize government costs and achieve “best value” results government-wide.

The performance measures of this project are:

Strategy	Goal	Output	Baseline for each measure	2006	2007	2008	2009	2010	2011
Establish and implement a core-pricing model (or core per diem rates) for IGAs	90% IGA Based on Core-Rate Model	% IGA Using Core-Rate Methodology	FY04 = 0 FY05 = 3	10%	80%	80%	85%	90%	90%

3. Assumptions and Constraints

- The Federal Government will continue to use state and local jails to augment the housing of Federal detainees.
- Each of the three Federal agencies currently entering into IGAs with state and local jails will require specific additional language to be included in the standard IGA.
- The successful establishment of a standard pricing methodology will not eliminate the requirement to negotiate IGA rates.
- Implementing a standard pricing methodology is a significant operational change, thus there may be strong resistance from some Federal, state, and local officials.

4. Budget

The budget estimate is \$125,000 for training and program contract support and is programmed in the FY 2006/2007 OFDT Operating Budget Plan. The automation budget is located in the IT Division's Electronic Inter-Governmental Agreement Sign-up System Project Plan.

5. References

- Office of the Federal Detention Trustee Strategic Plan 2006-2010, February 2006
- Inter-Governmental Agreement Project Brief (undated)
- Development of IGA Template DRAFT Report October 2005
- White Paper: Moving from Cost Reimbursement to Fixed-Price Agreements (undated)
- Office of the Federal Detention Trustee Information Technology Division Project Plan, Electronic Inter-Governmental Agreement Sign-up System (To Be Published)

6. Definitions and Acronyms

Term	Definition
Inter-Governmental Agreement	Formal agreements between Federal, state, and local agencies to house Federal detainees

Output	The internal activities of a program (i.e. the products and services delivered). What does the program do to achieve its goal or purpose? What does this produce? (identify when it is expected to be produced)
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Acronym	Meaning
BOP	Bureau of Prisons
DHS	Department of Homeland Security
DOJ	Department of Justice
ICE	Immigration and Customs Enforcement
IGA	Inter-Governmental Agreement
OFDT	Office of Federal Detention Trustee
USMS	United States Marshals Service

Table 1. Definitions and Acronyms

7. Project Organization

7.1 External Interfaces

Liaison/Interface	Organization
Cathy Stewart	Federal Bureau of Prisons
Elizabeth Edson	Federal Bureau of Prisons
Tora Bunch	Federal Bureau of Prisons
Carla Flanagan	U.S. Marshals Service
Chuck Coburn	U.S. Marshals Service
Richard Shapiro	U.S. Marshals Service
Vicki Taylor	U.S. Marshals Service
John Washington	U.S. Immigration and Customs Enforcement
David May	Warden Associates, Inc
Fred L. Jones	Warden Associates, Inc
Larry Saunders	Warden Associates, Inc
Valmy Awasom	Warden Associates, Inc

Table 2. Project Interfaces

7.2 Roles and Responsibilities

Role	Responsibilities	OFDT POC
Project Manager	Establish Procedures and Oversee Project Implementation	Chief, Procurement Division
Research & Forecasting	Assist with Methodology Development and Statistical Techniques	Chief, Research & Forecasting

Legal Advice & Counsel	Provide Legal Review & Assistance Throughout Development and Implementation of the Project	General Counsel
IGA Process Automation	Develop Web-based Information System	Chief, Information Technology Division
Budget	Ensure Linkage of Procurement Initiative with the Budget Process	Chief, Budget, Finance, and Forecasting Division

Table 3. Project Roles and Responsibilities

8. Start-up Plan

Planning for the project began in May 2005 when the Trustee requested a review of costs associated with IGAs and directed that IGAs be standardized for use by all participating agencies. In addition, the Trustee directed that a standardized rate structure be designed and applied to the facilities participating in IGAs. The OFDT Procurement Division Chief established and headed a project team with representatives from several agencies (see paragraph 7.1 for other team members). The General Counsel, OFDT, provided legal counsel. The team's mission statement was to "Improve detention budgets and expenditures by developing and implementing a process to establish performance-based IGAs based upon fixed, fair and reasonable prices with adjustments based on a national measure of economic impact." OFDT internal staffing is as indicated in paragraph 7.2 above and the skills required for completion of the project include knowledge of performance-based contracting, IGAs, and performance-based detention standards.

9. Work Plan

9.1 IGA Template Development

The goal was to develop a standard IGA template that would be available electronically and could be tailored to satisfy the special requirements of each agency. There was a consensus in the workgroup that a standard IGA template would greatly improve the current process because many of the active IGAs differ within the same agency and it would save time for legal and other necessary administrative reviews. Following are recommended processes and criteria for developing a fixed-price template for an IGA:

- **Define service level requirements** – This element consists of performing a "functional decomposition" of the activity under discussion – as it exists. The workgroup reviewed the existing IGAs to establish a standard service level requirement. This standard service level may need to be modified to meet the unique requirements of the various agencies. The ultimate goal is to identify the current "outputs." Analysis is performed on the

current outputs to ensure that these requirements are value added and necessary. Non-value added elements are removed as unnecessary.

- **Identify existing performance standards** – The workgroup identified, reviewed, and documented existing performance standards of timeliness and quality. Where there were no existing standards, the workgroup developed sound performance standards that accurately reflect successful performance when met.
- **Document conditions of performance** – Conditions of performance include items such as directed location of performance, time schedules required, reports required, and guiding laws and regulations. Conditions of performance may also include unique operating environments such as climate or security.
- **Identify current and future workload** – The workgroup identified historical workload and projected workload into the future. This is a critical element in the development of fixed-price agreements. Workload is identified to the specific requirement – the outputs.

9.2 IGA Rate Development

The goal here was to develop a pricing and adjustment methodology for fixed-price detention services. There was a consensus in the workgroup that the pricing methodology must be researched thoroughly, tested with actual rates, represent actual geographic and economic clusters, and meet a high level of scientific scrutiny before it would be accepted as a legitimate process. The review process is described as follows:

- **Develop methodology and tools** – Research and review other agencies' and/or private sector approaches in fixed-priced agreements. Determine the cost elements required - labor and non-labor. Review data on current reimbursable cost elements. Develop draft cost methodology and apply to various geographical sites. Compare the resultant price to existing reimbursable price.
- **Develop and refine methodology for pricing adjustments based on economic indicators** – Identify price adjustments in any IGA that extends over calendar or fiscal years. These price adjustments are primarily attributable to labor cost increases. Review and test various economic price adjustment models such as the Consumer Price Index and Department of Labor rates, etc. Develop a process to identify unexpected cost increases beyond those normally expected in a fixed-price agreement.

9.3 Automation of IGA Process

As previously mentioned, this project will lead to the acceptance and use of a web-based, automated IGA application that will serve as a tool for Federal detention agencies to identify non-Federal facility capacity. This automated application process will be embedded in an end-to-end Business Process Management solution that will start with non-Federal facility providers proposing compensation levels for the Federal Government's use of the facility. These proposals will then be checked by IGA specialists and OFDT against the system's automated model of established core rates. OFDT decision authorities, using the automated IGA solution, may

decide after an initial or successive and adjusted proposal to incorporate the proposal in an IGA. The OFDT IT Division Project Plan, Electronic IGA Sign-up System, contains details of the conversion process.

9.3.1 Schedule

Date	Task	Dependency
April 15, 2006	All new IGAs and Rate Increases will be completed by OFDT and USMS under the automated system and electronically distributed to USMS, BOP, and ICE.	OFDT IT Division Implementation Schedule for role out of Electronic IGA Sign-up System.
October 1, 2006	Conversion of existing USMS IGAs begins by Census region. Jailers will be requested to logon to the system and provide information to determine the new core rate. A new IGA will then be issued. A combination of OFDT, USMS, and Contract Staff will be utilized.	Same as above.
October 1 – December 31, 2006	Conversion of Midwest Region.	Same as above.
January 1 – March 31, 2007	Conversion of West and South Regions.	Same as above.
April 1 – June 30, 2007	Conversion of Northeast Region.	Same as above.

Table 4. Implementation Schedule

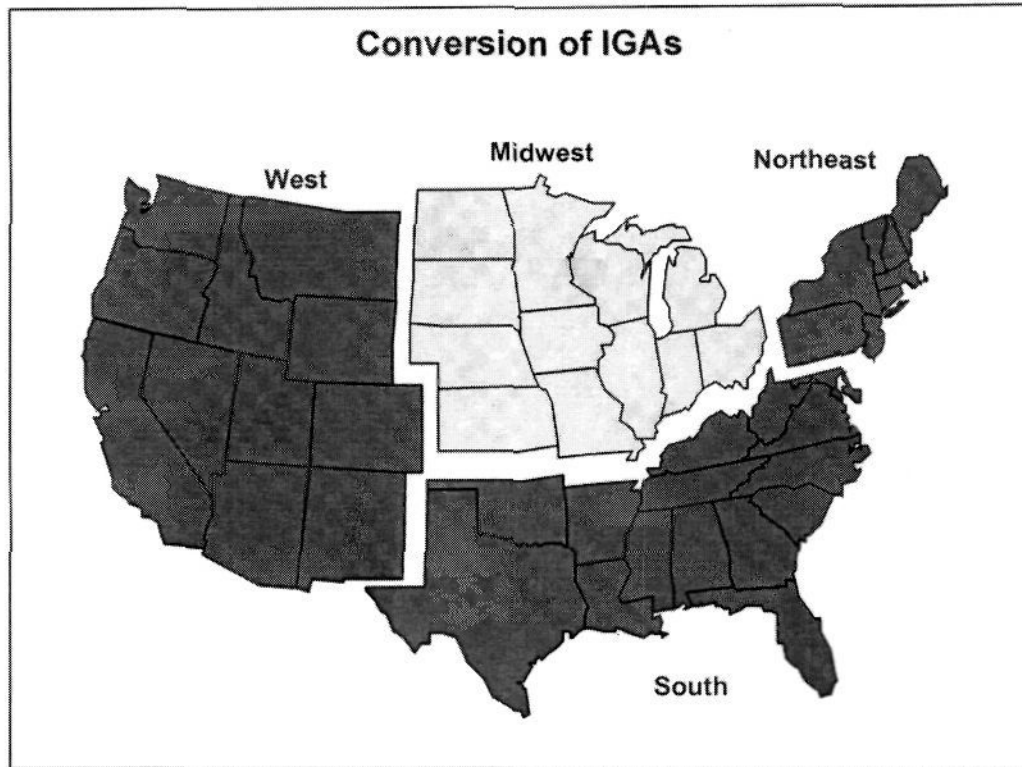


Figure 1. Conversion of IGAs by Region

9.3.2 Project Deliverables

Deliverables	Projected/Finish Date
Standardized Methodology for Pricing of Detention Services	October 2005
Methodology for Pricing Adjustments Based on Economic Indicators	October 2005
Fixed-Price IGA Template	August 2005
Testing of Automated System	April 2006
Total Conversion of Existing IGAs	June 2007

Table 5. Key Project Deliverables

10. Control Plan

The Project Manager will monitor progress of the project, ensuring budget, resources, and schedule allocations are tracked on a monthly basis. Pertinent databases and project management files will be updated as required. Material and travel costs, if any, will be

controlled and monitored by the Project Manager in accordance with OFDT guidelines. The Project Manager will provide twice monthly updates to the Trustee and the Deputy Trustee on the status of the project.

Information	Frequency	From Whom	To Whom	Medium
Status of Project	Bi-Weekly	Project Manager	Trustee, Deputy Trustee, Managers	Verbal Communication, and Bi-Weekly Reports

Table 6. Communication & Control Plan

11. Closeout Plan

This plan is closed when the last deliverable is finalized and total conversion of the IGAs is complete. At the end of the project, all documents, databases, and other records become part of the project management file.

DOCUMENT CONTROL**CHANGE HISTORY**

Revision	Release Date	Description [list of changed pages and reason for change]

Document Storage

This Document was created using Microsoft Word. The file is stored at G:\ODT\Acquisition Desk Book\IGA Project

Document Owner

Chief, Procurement Division, is responsible for developing and maintaining this document