

**ALASKA LEGISLATURE**

**1421**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996**

We did not receive full benefit information for the privately run facility in Tennessee. In the area of retirement, the state contributes more than the maximum of 6 percent paid by CCA. It would be difficult to say, however, which retirement plan ultimately provides the most financial benefits to its members.

## PART 5: COST SAVINGS POTENTIAL OF PRIVATIZING CORRECTIONS INSTITUTIONS AND FACILITIES

Although the two case studies indicate that savings from privatization are possible, they do not provide good estimates of the range of potential savings in Washington for two reasons:

- The costs to the states to operate prisons in Louisiana and Tennessee are less than in Washington, even after adjusting for cost of living differences. This is true regardless of whether the prison is state-run or privately run.

When private companies indicate they could save Washington State large percentages in prison operating costs, it is likely they are referring, at least in part, to savings that would come from adopting an approach to operations more like one of these other states. Privatization would be one means of changing operations to realize savings, and might still have the potential for savings that are more directly related to privately run operations per se (e.g., through efficiencies in the procurement of supplies).

- Both states designed and built their prototype facilities, which means that the private companies were not in a position to achieve potential savings through lower development costs had they built the facilities, or through differences in design that might lower operating costs.

In order to provide decision-makers with more information about potential cost savings, we conducted operational cost comparisons between similar facilities in Washington, Louisiana, and Tennessee, and a capital cost comparison of facilities in Washington and Florida.

Florida offers a good example of a large, new, multi-custody facility that is designed, is being built, and will be operated, by a private company (Wackenhut).

### INTERSTATE OPERATIONAL COST COMPARISON

- Difficulties in making comparisons

From state to state, budgeting practices are different enough to make interstate comparisons of prison costs difficult. For example, in Washington, prisoners' medical costs are included in DOC's budget, but are not allocated proportionately to all the facilities that utilize the medical services. In Louisiana, chronic and major medical service costs are borne by charity hospitals. From our discussions

with Louisiana officials, it apparently would not be possible to allocate these costs to the state prisons.

- Study approach focuses on areas that can be compared

The approach we took in making the interstate comparisons was to focus on those areas of facility operations for which we were able to collect cost data and make direct comparisons. For Washington and the two other states, the per diem amounts shown in Exhibit 1 (below) represent approximately 85 percent of direct facility per diem costs excluding debt service. Indirect costs, such as headquarters overhead and general government overhead, are not included in direct facility costs and therefore are not reflected in these numbers.

- Choice of Airway Heights as Washington's facility

For the Washington facility, we chose the Airway Heights Corrections Center in Spokane. Among the two newest multi-custody prisons in Washington (McNeil Island is the other one), Airway Heights has the most efficient housing unit design, and it is the prototype for the new 1,936 bed facility planned for Grays Harbor.

We used Airway's costs at a capacity of 1,424 beds, and made adjustments to the budgets of the Louisiana and Tennessee facilities to show their costs at 1,424 capacities. Adjustments to Airway's budget resulted from assuming that all 256 bed housing units were medium security, and that the minimum security facility was located within the institution's secure perimeter.

- Conservative approach in comparing per diems

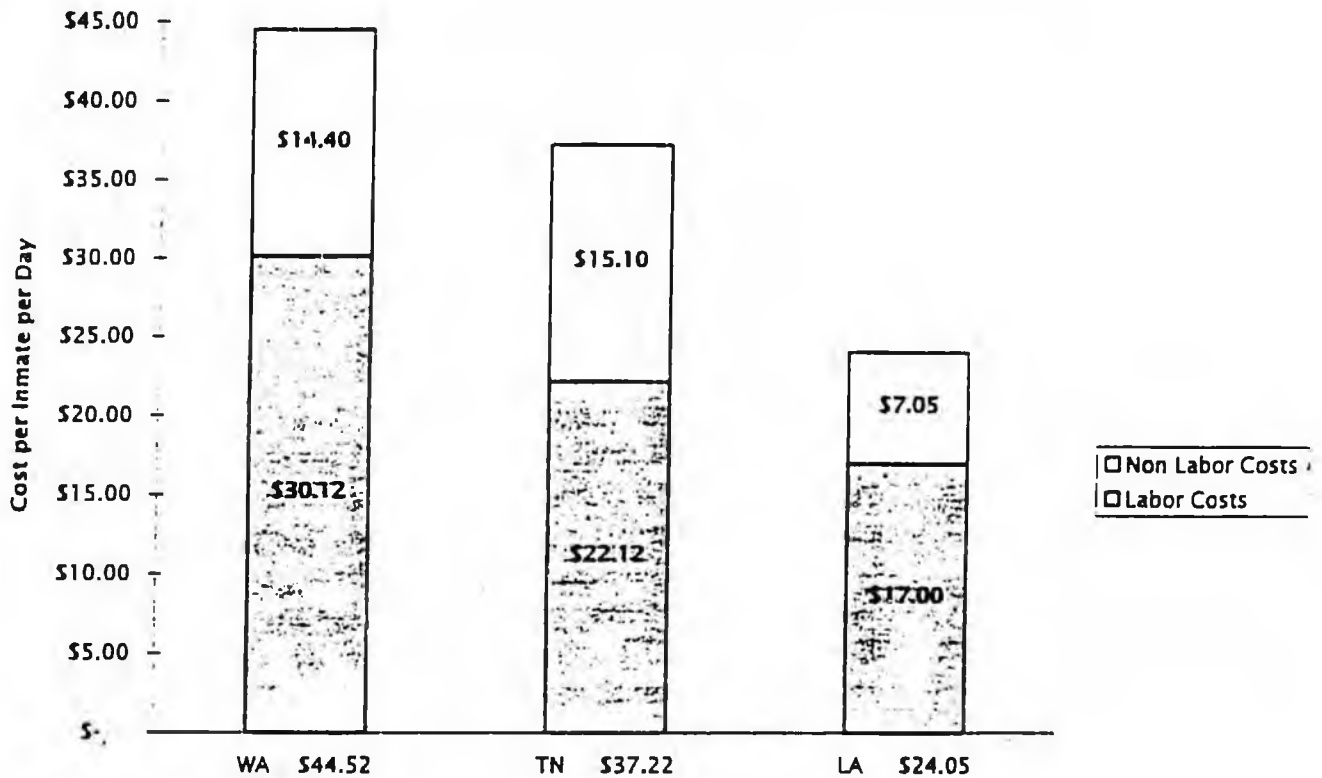
In several instances when we had to make judgment calls about assumptions to use in making adjustments, we chose the assumptions that favored Washington. We did this in order to keep the estimates of cost differences conservative. Thus the spread between Washington's per diem costs and those of the other states may be somewhat understated.<sup>5</sup>

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<sup>5</sup> The major assumptions benefiting Washington were: (1) the inclusion of Seattle in our cost-of-living index increased differences in cost of living, because the cost of living in Seattle is significantly higher than the average for the rest of the state; (2) in adjusting capacities upward and downward to create budgets for 1424 bed facilities in Louisiana and Tennessee,

### Exhibit 1

#### Comparable Per Diem Costs for a 1424 Bed Prison, FY1996 Dollars Adjusted for Cost of Living Differences



Source: LBC data, 1995

Excludes medical costs, overhead and debt service.

we used worst-case scenarios for cost impacts; and (3) we assumed that staffing at Airway Heights, that is beyond what is required for 1424 beds, would be absorbed with the 512 bed expansion (bringing the facility to 1936 beds), and therefore we did not assume that the current additional staffing would be permanent.

- What are the elements of Washington's higher labor costs?

In comparison to Louisiana's facility, the difference in Washington's cost is due to more FTEs, higher salaries, higher benefits, and employees with more longevity.

In comparison to Tennessee, the difference in Washington's cost is due mainly to higher salaries, higher benefits, and employees with more longevity.

- What are the differences in FTE totals?

The Washington facility has 389 FTEs compared to 343 for Louisiana and 387 for Tennessee. However, these are not perfect comparisons because some contracted personnel might not be counted as FTEs. One example where contracting skews the comparison is in the case of educational programs. Washington shows fewer staff for education (5 FTEs) than Tennessee (22 FTEs) because of the use of contractors.

- What areas of operations show major staffing differences?

Both Louisiana and Tennessee have more staff assigned to security than Washington. This is generally due to a more efficient housing unit design and security staffing plan at Airway Heights, and in the case of Louisiana, to the fact that Louisiana has more guard towers. Both Louisiana and Tennessee have more work assignments for inmates, which requires additional security posts.

Major areas where Washington has more staff are administration and maintenance (higher than both Louisiana and Tennessee), and Classification and Food Service (higher than Louisiana).

More details on cost differences, including the differences in non labor costs, are included in Appendix 5.

- Are the inmates in the three-state examples similar enough to allow for a fair comparison?

Yes. We looked at demographics, classification and behavior and did not find any documented differences that would effect costs of operations. In other words, if the types of inmates from either of the two comparison state facilities were housed at the Washington facility, no change in operations would be required. Likewise, the current operations at the

other states' facilities could accommodate Washington's inmates. See Appendix 4 for more information on both interstate and intrastate comparisons of inmate demographics and behavior.

## INTERSTATE CAPITAL COST COMPARISON

- Difficulties in making comparisons

Capital cost comparisons from facility to facility and state to state are difficult to develop. Contributing to the difficulty are: unique site conditions; differences in climate and in labor and materials prices; lack of similarity of space programming and inmate mix; lack of uniformity in cost reporting; and differences in timing of capital expenditures. Nevertheless, it is possible to make general comparisons and identify elements contributing to major cost differences.

- Study approach focuses on areas that can be compared

The approach we took in making the interstate comparison was to focus on the major elements contributing to capital cost: Amounts and types of space, unit construction costs, and ancillary construction costs such as design and administration. In developing the comparisons, we eliminated those items unique to the specific project including land, site development, taxes, and unique local costs (e.g., Washington State allocations for art).

- Choice of Grays Harbor as Washington's facility

For the Washington facility, we chose the Grays Harbor Correctional Center in Aberdeen. Site infrastructure and development work for this 1,936 bed facility is underway, and facility design is in the preliminary schematic phase. Site development work can be viewed as a separate project which can be completed independent of the method for procuring the construction of prison facilities.

- Choice of South Bay, Florida facility to be constructed by Wackenhut Corporation.

For the privatized facility, we chose the 1,318 bed South Bay Correctional Facility in Florida. Currently under development, this project provides sufficient similarities in size and inmate mix to allow for broad-level comparisons (i.e., size, cost per bed, unit construction costs). It also offers a financing and ownership model familiar to the State of Washington (i.e., Certificates of Participation with ultimate ownership by the State).

Costs for each facility were adjusted for comparative purposes. As examples, land and site-related costs, taxes, and unique fees were excluded. For the Florida facility, costs were increased by 20 percent to reflect estimated regional labor and material costs differences, by 10 percent to reflect higher costs associated with later construction of the Grays Harbor Facility, and by another 5 percent to provide an allowance for state oversight of the privatized construction. Additionally, reductions were made to the projected cost and size of the Grays Harbor facility to make it comparable to the Florida facility (budget reductions of \$29 million or 20 percent, and space reductions of 154,000 gross square feet or 18 percent, to account for differences in inmate security levels and the fact that Florida space does not include Correctional Industries). More detailed descriptions of all the adjustments made in the comparison are included in Appendix 6.

- How do the adjusted costs of the facilities compare...

...and what explains the difference?

- Different operating concepts explain significant differences in space

Grays Harbor's projected cost per bed, at \$60,400 after adjustments, was approximately double the adjusted cost of \$29,000 for the private facility. The two major explanatory factors for this difference are that the cost per square foot for Grays Harbor is approximately 37 percent higher, and the square footage per inmate (or per bed) is 53 percent higher.

Differences in space are largely explained by different operating and programming concepts. As examples:

- Grays Harbor assumes single cells for close security and segregation, whereas the private facility double-bunks these cells.
- Grays Harbor minimum security beds have relatively high per bed space allocations reflecting the incorporation of service and program space in the housing space, whereas in the private facility program and service space are centralized.
- Other examples of differences are in administration, physical plant (including warehousing), and

dining areas (Florida feeds inmates in housing areas; Grays Harbor provides inmate dining spaces).

- Differences in unit costs

Unit construction costs, as adjusted, include actual construction costs as well as project management, design, permits and fees, and equipment. We did not evaluate the separate components of these costs. We did note that these unit cost differences were similar to total construction cost differences between state and privately developed office building projects reviewed in the LBC study of leasing versus ownership costs.<sup>6</sup>

- Did the approach taken by the state of Florida contribute to the relatively low cost of the private facility?

Most likely, yes. Florida identified key expectations for the facility but did not mandate specifically how the bidders should meet them. For instance, the state identified the mix of inmates to be housed, specifying the ratio of cells to dormitory beds. The state also required that proposers meet all applicable facility and programming standards (e.g., ACA accreditation, building codes, energy analysis), provide minimum program availability (e.g., education) and services (e.g., medical and dental). The State required specification of facility layout, a staffing and operating plan, building finishes and materials, and detailed equipment lists.

Wackenhut's operating and capital cost bid constituted 25 percent of overall scoring. Florida officials noted that Wackenhut had the highest cost proposal among bidders, but met the criterion for a combined capital and operating cost that was at least 7 percent below the calculated benchmark.

- Is the difference in cost between the Washington and Florida facilities explained by privatization?

Not entirely. The private firm's operating philosophy and plan, as reflected in the facility design, contributed to the lower costs. However, there is nothing prohibiting a state government from adopting a similar plan. Privatization is a means by which to implement a different concept that can result in lower costs, but it is not the only means.

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<sup>6</sup> LBC Performance Audit: *Capital Planning and Budgeting: Study of Leasing Versus Ownership Costs*, December 14, 1995.

The substantial difference in unit construction costs could be attributable to a private model that strongly focuses on controlling the total costs of ownership, operating and capital.

- **How important are capital costs in the total cost of owning and operating a prison?**

Our review of the Grays Harbor project indicates that capital costs, after the effects of financing, constitute approximately 18.5 percent of life-cycle costs. This does not include the costs of major repairs and replacements. A conservative estimate of these costs would raise the capital cost percentage to at least 20 percent.

An analysis conducted for the Department of Corrections calculated that the initial cost of the proposed Grays Harbor facility constituted approximately 12.7 percent of total costs. The 12.7 percent calculation underestimated the capital costs percentage because operating costs were overstated and miscalculated in the total cost model.

- **Should capital and operating costs be combined in considering the cost savings potential of privatization?**

For new facilities, yes. In the Florida example, bidders had to meet a 7 percent cost reduction target that was based on a calculation of what the state's total ownership costs would be. Theoretically, a private company might propose to build a facility that would have capital costs higher than the state's capital costs in order to achieve operational efficiencies through design innovations. These operational savings could outweigh the capital costs and result in overall savings.

For the Florida approach to work well, the full costs of state ownership on an annualized basis need to be accurately estimated and compared to bids that are estimated the same way. Appendix 7 contains an explanation and an example of an approach developed by the capital consultant for this study. It is the approach that we would suggest for Washington State in the event that the state would issue RFPs for design, construction and operation of a new prison.

## GENERAL CONCLUSION

- **Would privatization of a prison or prisons result in cost savings to Washington?**

Not necessarily. Much would depend on the care that was taken in estimating the state's costs, and in designing an RFP, choosing a contractor, and executing and monitoring the contract.

Based on the foregoing analysis, it appears that the greatest potential for savings for Washington State would not come from privatization per se, but from changes in operations (and related facility planning) that can be accomplished through privatization or through changes in state policy and practices.

Savings that would be directly related to privatization could come from two sources:

- the ability of a private company to operate outside of state rules and procedures, collective bargaining agreements and the employee compensation system; and
- from competition between private and public facilities within the same prison system.

The ability of a private company to operate a prison differently from a public facility would depend on the degree of flexibility allowed to the private firm under the contract. Ultimately, even if a private facility can operate for less, the state would not necessarily capture any of these savings for itself unless it received responsive bids with per diem costs lower than its own.

## **PART 6: BEST PRACTICES FOR REQUESTS FOR PROPOSALS AND CONTRACTS**

With assistance from the Department of Corrections and the Attorney General, the LBC was asked to evaluate best practices and to develop prototypes for Requests for Proposals (RFPs) and contracts for the privatization of prisons.

The LBC retained the services of a consultant who has extensive legal expertise in these areas. Since it is unknown what, if any, scenario the state might pursue in the area of prison privatization, we asked the consultant to provide comprehensive lists of elements to be addressed in RFPs and contracts. From these lists, the consultant identified the discretionary and essential elements, and offered commentary and analysis of the elements based on best practices, as appropriate.

It was our intent that the consultant's work would provide guidelines and a framework for developing specific RFPs and contracts. Based on the work that has already been completed, and given the legal and contractual expertise that currently exists within state government, we feel that most, if not all, of any additional work needed for actual RFPs and contracts could be accomplished by in-house resources.

We were assisted in this part of our study by a panel that reviewed and commented upon the consultant's draft report. The review panel consisted of staff from the LBC, the Department of Corrections, the AG, the Senate Ways and Means Committee and the House Office of Program Research. The consultant's final report is included in Appendix 8 (RFPs) and Appendix 9 (contracts).

## PART 7: GENERAL GUIDELINES

Our case studies of Louisiana and Tennessee suggest that these states have had positive experiences both in terms of quality of service and cost. However, there are other examples that could be cited of how privatization of correctional facilities has been a failure. Recently, an inmate riot and takeover of a privately run detention center in New Jersey has caused some to conclude that privatization does not work.<sup>7</sup> Our view is that other jurisdictions' experiences with privatization, either positive or negative, are not predictive of what Washington's experience would be. The outcome in this state would depend in large part on the care taken in designing an RFP, choosing a contractor, and in executing and monitoring the contract.

Although this report makes no recommendation on the policy issue of whether to privatize adult correctional facilities, there are numerous issues and obstacles related to privatization that are addressed in the technical appendices. These technical appendices (particularly those concerning legal issues, RFPs and contracts, and estimating annual ownership costs) are designed to be used as guidelines to be followed in the event that privatization is pursued. Similarly, there are five general guidelines that could be followed for minimizing the risk to the state, while promoting cost savings without sacrificing quality. They are:

1. Requests for proposals should set a minimum cost-saving target that must be met for proposals to be considered responsive. The amount of the target and the methodology for establishing it should be approved by the legislature.
2. Requests for proposals should set standards for programs, operations, and/or facility design and construction defined as *what* should be provided; and should allow respondents to be flexible and creative in *how* to meet those standards. The standards should be subject to approval by the legislature.
3. The state should develop a contingency plan for the smooth transition of operations from one private vendor to another, or to the state, in the event of contract expiration or termination.
4. The state should have an on-site monitor at the privately run facility to ensure that the state's responsibilities for inmates are being fulfilled, and that the contractor is in compliance with the contract.

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<sup>7</sup> This was the conclusion of the Washington Public Employees Association in letter dated July 12, 1995 entitled "Prison Privatization Doesn't Work -- The Riot at Esmor Correctional Services INS Center, Elizabeth, NJ, June 18, 1995."

5. The state should design and set criteria for an evaluation of the costs and quality of programs and operations at the privately run facility in comparison to a similar state facility or to established benchmarks. This evaluation should take place after the private facility has had at least one year of operating at full capacity, and should be conducted by an independent party designated by the legislature.

*Private Adult Correctional Facility Census*  
*Seventh Edition*

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## Preface

Established in 1988 for the purpose of conducting policy-relevant research on correctional privatization, the Private Corrections Project at the University of Florida is now internationally recognized as the most authoritative source of information about this innovative means of providing correctional services. The core research goals of the Project require timely and accurate information about contract awards. Originally an informal by-product of meeting this requirement, today the semi-annual publication of the *Private Adult Correctional Facility Census* attracts more interest from the academic, corporate, financial, and political communities than does any other single Project-based initiative.

Those who are or who have been associated with the Private Corrections Project are gratified by so much interest being focused on the *Census* by so large and diverse a group of readers. At the same time, however, the fact that so many readers rely on the *Census* as the authoritative source of information about correctional privatization gives rise to a pressing need to guarantee that the information presented in the *Census* is both comprehensive and valid. It also establishes a responsibility to assure that readers fully understand both what the *Census* contains and what, in effect, it consciously ignores. Thus, in addition to reviewing the key findings of the 7th Edition of the *Census* and describing some significant expansions in the coverage this and future editions of the *Census* will provide, I will use this preface as an opportunity to review some definitional and methodological features of the *Census* that readers should carefully take into account.

### The Census Format & Methodology

First, the *Census* contains information only about the privatization of secure adult correctional facilities. This intentionally narrow focus sometimes has caused previous editions of the *Census* to be misinterpreted by readers for whom "secure adult correctional facilities" is an unfamiliar concept. As used here the concept refers to detention and correctional facilities within which adult prisoners are, with the exception of some relatively isolated work

assignments they may have outside the security perimeter of facilities, confined on a twenty-four hour a day basis. Such prisoners may or may not have been convicted on criminal charges. For example, pre-trial detainees housed in local jails prior to their trials and prisoners housed in facilities being operated under contract with the Immigration and Naturalization Service and the U.S. Marshals Service have not been convicted.

Perhaps more importantly, this focus ignores both secure facilities for juvenile offenders and non-secure facilities for adults (e.g., community corrections centers, halfway houses, work-release centers, and restitution centers) that are operated by private firms. Contracting with the private sector for the management of non-secure correctional facilities was common long before the privatization of secure adult facilities began in the early 1980s. *Census* results, however, have never and do not now indicate the fraction of pre-trial detainees, adjudicated delinquents, and sentenced offenders who are housed in non-secure facilities for which private firms are responsible.

Second, the methodology and reporting format adopted for the *Census* must be fully appreciated. Regarding the methodological issue, data are collected on an international basis toward the end of December and June of each year. This is generally accomplished by my personally contacting one or more top executives of each private corrections management firm, questioning them about recent corporate developments, reviewing data regarding each secure facility their firm operates, and obtaining information from them about developments in other firms they believe would be of relevance to the *Census*. When I have any reservations about the completeness or accuracy of the information those senior executives have provided, I can and do contact facility-level administrators and/or government officials in an effort to assure that what is published in the *Census* is valid. Sometimes it is also possible to cross-validate the information provided by comparing it with various other sources (e.g., corporate press releases, media reports, analyses I receive from brokerage firm analysts, and documents a growing number of firms are obliged to file with the Securities and Exchange Commission).

Regarding the reporting of data, those who review the *Census* data with special care—a group that always includes but is certainly not limited to financial analysts—sometimes report what they perceive to be inconsistencies. Looked at in some ways, these readers are absolutely correct, but the core problem is that they are assuming a bit more by way of exhaustive data analysis than the *Census* is designed to provide. Specifically, each edition of the *Census* depicts where the private corrections management firms are regarding secure adult correctional facility contracts at a particular point in time and how that point in time differs from where they were at an earlier point in time. What the *Census* does not expressly address, however, is a narrow range of adjustments that can take and have taken place within the private corrections industry.

This potential problem is well-illustrated by the fate of Pricor, Inc., a firm that is no longer a component of the industry. At one time the *Census* reported that Pricor would assume management responsibility for six 500-bed minimum security facilities in Texas once their construction was completed. Later it became clear that only one of the six would receive prisoners. The *Census* was revised accordingly. Still later the State of Texas purchased all six facilities and made a policy decision that all six would be publicly rather than privately managed. The *Census* was again revised accordingly, but the *Census* did not overtly direct attention toward the diminishing fortunes of Pricor—although a careful comparison of Pricor's position in the private corrections industry across several editions of the *Census* certainly did document its demise.

The same problem has materialized in a less extreme form in other editions of the *Census*. Indeed, a careful comparison of the results reported here with those of the 6th Edition, for example, will reveal that Capital Correctional Resources no longer operates the parish-level facility it previously operated in Louisiana and that the GRW Corporation has both gained and lost one facility in Texas.

This ebb and flow of activity can be monitored by readers of the *Census*. The monitoring, however, requires a careful consideration of more than a single edition of the *Census*.

## Changes in the Content of the Census

Turning now to adjustments in the scope of the coverage provided by the *Census*, readers will find four changes.

First, many readers have asked that more historical data be provided. The inclusion of what appears here as Figure 1 reflects an effort to respond to that request. Based on a combination of statistical information drawn from prior editions of the *Census* and comparable information published in the 1993 *Annual Report* of the Corrections Corporation of America, Figure 1 graphically depicts historical growth in the private corrections industry as measured by the total number of secure beds for which private firms were responsible.

Second, readers have encouraged more emphasis on adjustments that have been made or are about to be made in the rated capacity of existing facilities. This has been done by printing information on all new contract awards in bold-faced type and by printing information on existing facilities whose size changed by ten percent or more since the last *Census* in italics.

Third, several of the private management firms—Cornell Cox, Inc., the Corrections Corporation of America, Corrections Partners, Inc., Esmor Correctional Services, Inc., the GRW Corporation, and the Wackenhut Corrections Corporation—provide management services for types of correctional facilities that fall beyond the scope of the *Census*. This has resulted in some misinterpretations of *Census* results by, for example, government agencies and more than a few representatives of the financial industry. An effort to clarify the broader roles being played by these firms is provided by the narrative that appears in Appendix B.

Finally, a particularly troublesome problem for those working within as well as those observing developments in correctional privatization is linked to questions regarding the jurisdictions within which full-scale privatization of secure adult facilities is permitted by law. Framing complete and authoritative answers for such questions is exceedingly difficult. To be sure, sometimes the state of existing law can be determined in quite a matter-of-fact manner. In Florida, for instance, one statute expressly authorizes contracting

by the management of county-level facilities, one statute expressly authorizes contracting by the Florida Department of Corrections, and yet another statute expressly authorizes state-level contracting by the Florida Correctional Privatization Commission. All three statutes have been exercised. None of the three has ever been successfully challenged on constitutional or legal grounds.

Suffice it to say that life is not always so simple as it is in Florida. There are isolated jurisdictions that expressly prohibit contracting. There are jurisdictions that expressly authorize contracting by one level of government (e.g., the relevant state agency) but that do not expressly authorize contracting by other governmental entities (e.g., counties). There are jurisdictions where positive or negative assessments of existing legal authority are provided by attorney general opinions rather than by statutes. There are jurisdictions whose statutes are silent with regard to local- and/or state-level contracting. There are many jurisdictions that impose one or more limitations on contracting authority (e.g., limiting contract awards to prisoners with a particular security classification).

Even though a thorough understanding of this issue is of critical importance both to those who would like to make or receive contract awards, there is no authoritative source of up-to-date information on where the private management of one or more types of secure correctional facilities is lawful. Thus, the Private Corrections Project has initiated an on-going research initiative aimed at providing the necessary information. Much of the research was conducted by Mr. Kevin Mayeux, a graduate research assistant with the Project who is also a student at the College of Law of the University of Florida. Importantly, the findings summarized in Appendix C of the *Census* are preliminary. Comments from readers of the *Census* would be both welcomed and greatly appreciated.

### Key Census Survey Findings

The first half of 1993 witnessed unprecedented changes within as well as rapid growth of the private corrections industry. No period in the brief history of correctional privatization comes even remotely close to matching what has transpired since the 6th Edition was published in January.

Regarding changes within the industry, at least five events are especially noteworthy. Several of them are likely to have multiple implications for the future of the correctional privatization industry.

- In February Esmor Correctional Services, Inc. became a publicly-held company and began trading on the NASDAQ exchange under the symbol ESMR. The warm reception accorded Esmor's initial public offering (IPO) rather clearly demonstrates a perception on the part of individual and institutional investors that correctional privatization is becoming an increasingly attractive means of providing for the delivery of correctional services. The same perception clearly contributed to major upward movement in market evaluations of the common stock of the Corrections Corporation of America (CCA). (Prior to the Esmor IPO, CCA, which trades on the NASDAQ under the symbol CCAX, was the only publicly-traded private corrections management firm.)
- In March The Cornell Cox Group was transformed into Cornell Cox, Inc. and announced its acquisition of Eclectic Communications, Inc. (ECI). ECI, the oldest company in the private corrections industry, is now operating as a wholly-owned subsidiary of Cornell Cox, Inc.
- In May the Wackenhut Corrections Corporation (WCC), a wholly-owned subsidiary of The Wackenhut Corporation, filed an S-1 Registration Statement with the Securities and Exchange Commission. The S-1 filing is a prerequisite to the issuance of an IPO by WCC. Presupposing the success of the IPO, WCC, which should begin trading soon on the NASDAQ under the symbol WCCX, will become the third publicly-held private corrections management firm.
- In June the Corrections Corporation of America announced the formation of what it described as "an international strategic alliance" with Sodexo, S.A., a multi-national French firm that, among its many other business involvements, provides a broad array of contract services in five French prisons. The formation of this relationship between CCA and Sodexo is but one of multiple indicators of the growing interest in and attractiveness of correctional privatization on the international scene.

- Also in June there were additional signs of a strengthening of the corporate ties between Correction Management Associates, Inc. (CMA) and Correctional Services Group, Inc. It continues to seem likely that the two companies will merge to form Correctional Partners, Inc. (CPI). In anticipation of that corporate development, this edition of the Census identifies facilities previously shown as being operated by CMA as being operated by CPI.

Regarding contract and contract-related developments that have taken place since the 6th Edition of the Census was published in January, the changes have been significant and the growth has exceeded what many perceived to be the aggressive projections I made in the preface to the 6th Edition. Key illustrations of those developments would certainly include the following items.

- Between 12/31/93 and 6/30/94 the number of secure private facilities rose by 15.07% to 84 and the rated capacity of all secure private facilities rose by 33.64% to 43,508.
- Between 12/31/93 and 6/30/94 the rated capacity of secure private facilities already in operation rose by 6.87% to 26,445 and the actual prisoner population in those facilities rose by 10.77% to 24,677.
- Between 12/31/93 and 6/30/94 the capacity utilization for secure private facilities already in operation rose by 3.64% to 93.31%.
- Between 12/31/93 and 6/30/94 planned expansions, which includes both the construction of new facilities and the expansion of existing facilities, moved upward more sharply than in any previous report. The number of new facilities projected to receive prisoners within the coming 12-18 months rose by 61.54% to 21. Industry-wide capacity increases attributable to both new construction and expansions of existing facilities leaped forward by 118.45% to 17,063 beds.
- The size and number of new contract awards in some jurisdictions are especially noteworthy. In particular, since 12/31/93 Texas has awarded contracts for 5 new state facilities that will have an aggregate rated capacity of 5,500 prisoners (contracts for three 1,000-bed facilities were awarded to the Wackenhut Corrections Corporation, a 1,500-bed contract was awarded to Management and Training Corporation, and

a 1,000-bed contract was awarded to Concept, Inc.).

- At least two jurisdictions that previously had awarded no contracts for the design, construction, and management of secure facilities began doing so rather aggressively. Since 12/31/94 Puerto Rico has awarded a 1,500-bed and a 1,000-bed contract to the Corrections Corporation of America. During the same time period, corporate sources report two 400-bed contract awards in Virginia to Corrections Partners, Inc.
- Florida, which for many years chose not to act on the expressed statutory authority to contract granted to it by the Florida Legislature in the mid-1980s, awarded contracts for two 750-bed state facilities. (One contract was awarded to the Corrections Corporation of America and one contract was awarded to the Wackenhut Corrections Corporation.) Significantly, both Florida contract awards were made by the Florida Correctional Privatization Commission, which was created by the Florida Legislature in 1993, rather than by the Florida Department of Corrections. It is altogether possible that this statutory means of brushing agency resistance to contracting aside will provide a model for legislation in other jurisdictions whose legislative bodies are confronting comparable public agency opposition.

#### Implications for the Future of Correctional Privatization

Six months ago I predicted that "the number of privately managed facilities will increase to between 85-90 by the end of the year" and that "the rated capacity of facilities under contract will increase to between 42,500-45,000." Several representatives of the financial community and more than a few of the private corrections management firms swiftly advanced the opinion that my forecast was too aggressive. I, of course, am so polite and diplomatic that I will refrain from putting too much emphasis on the fact that six months into the calendar year covered by my forecast already finds us with 84 privately managed facilities with a rated capacity of 43,508.

The more interesting questions shift the focus of attention from what already has happened to what

the balance of the year and beyond are likely to bring. Looked at on quite a general level, the only possible conclusion would appear to be that the alternative created by correctional privatization has moved well beyond the "interesting experiment" status it had in the mid-1980s to the proven option position it now enjoys. As I and others have documented in various published studies, the evidence unequivocally demonstrates that--presupposing it exercises reasonable judgment in the preparation of procurement documents, contract preparation, and contract monitoring--government can realistically anticipate operating cost savings in the range of 10-20 percent by contracting with the added benefit of an improvement in the caliber of services it receives.

This general conclusion is easily illustrated by a recent set of contract awards. In December of 1993, the Florida Correctional Privatization Commission issued a request for proposals providing for the private design, financing, construction, and management of two 750-bed medium security state prisons. The controlling statute mandated a cost savings of at least 7 percent below a benchmark price established by the Florida Auditor General. The benchmark price was determined by full-scale audit of costs for the construction and operation of substantially similar facilities constructed and operated by the Florida Department of Corrections.

Each private firm was allowed to submit proposals for one or both of the two facilities. Eight firms submitted a total of twelve proposals. All twelve proposals yielded cost savings of at least the required 7 percent. The contract awards to the Corrections Corporation of America and the Wackenhut Corrections Corporation will yield cost savings to Florida modestly above 10 percent. Further, language in both contracts is such that cost savings equal to or greater than those realized during the initial year of contract performance will persist for the three-year term of the base contracts. Further still, the contracts require prompt award of accreditation by the American Correctional Association, basic services that are at least the equivalent of those provided by the Florida Department of Corrections, and programs in the areas of education, vocational training, and substance abuse education/treatment that are more elaborate than

those presently provided by the Florida Department of Corrections.

Examples like that provided by Florida's recent experience has spawned a growing interest in correctional privatization both within and beyond the boundaries of the United States. Still, it would be unrealistic to expect that the torrid pace of new contract awards witnessed during the past six months will persist in an uninterrupted fashion indefinitely.

My best judgment is that the immediate future will bring more modest numbers of new contract awards coupled with sizable increases in the number of private facilities that are in operation. Those increases are essentially guaranteed by the number of new facilities that are presently under construction.

Importantly, this does not mean that the immediate future will yield no opportunities for significant growth. During the balance of 1994, for example, there are good reasons to anticipate significant contract awards in, on the international scene, Australia and Great Britain and in such American jurisdictions as Arizona, California, Colorado, Florida, Louisiana, Mississippi, Utah, and Virginia. Thus, were I asked to provide a more precise year-end forecast, I would have to estimate that the end of 1994 will reveal 90-95 private facilities with a rated prisoner capacity of 48,000-50,000 prisoners. Even if this upward adjustment of my December 31, 1993 projections proves to be too optimistic, there already is no question whatsoever about 1994 bringing a record increase in all statistical categories monitored by the *Private Adult Correctional Facility Census*.

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June 30, 1994

## Private Adult Facility Census Summary for June 30, 1994

Management Firm	Rated Capacity of All Facilities Under Contract*	# Facilities Under Contract	Rated Capacity of Facilities Now In Operation	Prisoner Populations on 6/30/94	% Occupancy for Facilities in Operation	New Facilities to Open within 12-18 months	Expansion Anticipated Within 12-18 Months
Alternative Programs, Inc.	240	1	240	240	100.00%	0	0
The Hobby Ross Group	872	1	872	868	99.54%	0	0
Capital Correctional Resources	836	1	836	796	95.22%	0	0
Concept, Inc.	4,426	8	1,926	1,876	97.40%	3	2,500
Cornell Cox, Inc.	794	3	794	752	94.71%	0	0
Corrections Corporation of America	13,056	23	8,593	8,251	96.02%	4	4,463
Corrections Partners, Inc.	1,672	4	584	562	96.23%	2	1,088
Corrections Services, Inc.	32	1	32	29	90.63%	0	0
Dove Development Corporation	762	2	762	633	83.07%	0	0
Eden Detention Center	699	1	499	565	113.23%	0	200
Esmor Correctional Services, Inc.	1,170	4	870	845	97.13%	1	300
Group 4 - ICS	300	1	300	300	100.00%	0	0
The GRW Corporation	244	2	244	244	100.00%	0	0
Management & Training Corporation	2,400	3	450	425	94.44%	2	1,950
Mid-Tex Detention, Inc.	1,236	3	736	744	101.09%	1	500
North American Corrections	633	1	489	489	100.00%	0	144
U.S. Corrections Corporation	2,918	6	1,650	1,465	88.79%	2	1,268
The Villa at Greeley, Inc.	400	1	0	0	N/A	1	400
Wackenhut Corrections Corporation	10,818	18	6,568	5,593	85.16%	5	4,250
<b>TOTALS</b>	<b>43,508</b>	<b>84</b>	<b>26,445</b>	<b>24,677</b>	<b>93.31%</b>	<b>21</b>	<b>17,063</b>
% Changes Since 12/31/93	33.64%	15.07%	6.87%	10.77%	3.64%	61.54%	118.48%

\*Capacity Figures Include New Facilities and Expansions of Existing Facilities.

## Private Adult Correctional Facility Census, United States Facilities

<b>Management Company</b>	Alternative Programs, Inc.	<i>Bobby Ross Group</i>	<i>Capital Correctional Resources, Inc.</i>	Concept, Inc.	Concept, Inc.
<b>Facility Location</b>	Bakersfield, CA	<i>Newton Co., TX</i>	<i>Groesbeck, TX</i>	Tuscaloosa, AL	Eloy, AZ
<b>Facility Name</b>	Mesa Verde Community Correction Facility	<i>Newton County Detention Facility</i>	<i>Limestone County Detention Facility</i>	Tuscaloosa Metro Detention Facility	FBIOP/INS Detention Center
<b>Primary Source of Prisoners</b>	*State of California	<i>*State of Texas</i>	<i>*State of Texas</i>	Tuscaloosa County	Federal Bureau of Prisons
<b>Secondary Source of Prisoners</b>	N/A	<i>N/A</i>	<i>N/A</i>	City of Tuscaloosa City of Northport	Immigration and Naturalization Service
<b>Rated Capacity</b>	240	<i>872</i>	<i>836</i>	176	1,000
<b>Present Population</b>	240	<i>868</i>	<i>796</i>	176	N/A
<b>Occupancy Percentage</b>	100.00%	<i>99.54%</i>	<i>95.22%</i>	100.00%	N/A
<b>Security Level</b>	minimum	<i>minimum/medium</i>	<i>minimum/medium</i>	minimum	medium
<b>Ownership of Facility</b>	private	<i>public</i>	<i>public</i>	public	public
<b>First Received Prisoners</b>	May-89	<i>Jun-93</i>	<i>Apr-93</i>	Dec-92	Jul-94
<b>ACA Accreditation?</b>	no	<i>no</i>	<i>no</i>	no	will be sought
<b>Facility Construction</b>	new construction	<i>take-over</i>	<i>new construction</i>	new construction	new construction
<b>Facility Expansion Planned?</b>	no	<i>no</i>	<i>no</i>	no	no
<b>* Notes</b>	*Parole Division	<i>*TDCJ Institutional Division See Appendix A, Notes 1 &amp; 2</i>	<i>*TDCJ Institutional Division See Appendix A, Notes 1 &amp; 3</i>	<i>See Appendix A, Note 4</i>	

Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.

*Private Adult Correctional Facility Census, United States Facilities*

<b>Management Company</b>	Concept, Inc.	Concept, Inc.	<i>Concept, Inc.</i>	Concept, Inc.	Concept, Inc.
<b>Facility Location</b>	Bridgeport, TX	Brownfield, TX	<i>Mineral Wells, TX</i>	Overton, TX	Sweetwater, TX
<b>Facility Name</b>	Bridgeport Pre-Parole Transfer Facility	Brownfield Intermediate Sanction Facility	<i>Mineral Wells Pre-Parole Transfer Facility</i>	TBA	Sweetwater Pre-Parole Transfer Facility
<b>Primary Source of Prisoners</b>	*State of Texas	*State of Texas	*State of Texas	*State of Texas	*State of Texas
<b>Secondary Source of Prisoners</b>	N/A	N/A	<i>N/A</i>	N/A	N/A
<b>Rated Capacity</b>	200	200	<i>1,100</i>	500	250
<b>Present Population</b>	200	200	<i>1,050</i>	N/A	250
<b>Occupancy Percentage</b>	100.00%	100.00%	<i>95.45%</i>	N/A	100.00%
<b>Security Level</b>	minimum	minimum/medium	<i>minimum</i>	minimum	minimum
<b>Ownership of Facility</b>	private	public	<i>private</i>	public	public
<b>First Received Prisoners</b>	Nov-87	Jul-92	<i>Jul-89</i>	Feb-95	Mar-92
<b>ACA Accreditation?</b>	no	no	<i>no</i>	will be sought	no
<b>Facility Construction</b>	renovation	new construction	<i>renovation</i>	new construction	take-over
<b>Facility Expansion Planned?</b>	no	no	<i>no</i>	no	no
<b>* Notes</b>	*TDCJ Board of Pardons & Paroles	*TDCJ Board of Pardons & Paroles	<i>*TDCJ Board of Pardons &amp; Paroles See Appendix A, Note 5</i>	*TDCJ Institutional Division	*TDCJ Board of Pardons & Paroles See Appendix A, Note 6

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

**Private Adult Correctional Facility Census, United States Facilities**

<b>Management Company</b>	<b>Concept, Inc.</b>	<b>Cornell Cox, Inc.</b>	<b>Cornell Cox, Inc.</b>	<b>Cornell Cox, Inc.</b>	<b>Corrections Corporation of America</b>
<b>Facility Location</b>	<b>Willamson County, TX</b>	<b>Baker, CA</b>	<b>Live Oak, CA</b>	<b>Central Falls, RI</b>	<b>Florence, AZ</b>
<b>Facility Name</b>	<b>TBA</b>	<b>Baker Community Correction Facility</b>	<b>Leo Chesney Community Correction Facility</b>	<b>Central Falls Detention Facility</b>	<b>Pinal County Detention Facility</b>
<b>Primary Source of Prisoners</b>	<b>*State of Texas</b>	<b>*State of California</b>	<b>*State of California</b>	<b>U.S. Marshals Service</b>	<b>U.S. Marshals Service</b>
<b>Secondary Source of Prisoners</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>*State of North Carolina</b>	<b>N/A</b>
<b>Rated Capacity</b>	<b>1,000</b>	<b>272</b>	<b>220</b>	<b>302</b>	<b>500</b>
<b>Present Population</b>	<b>N/A</b>	<b>262</b>	<b>200</b>	<b>290</b>	<b>N/A</b>
<b>Occupancy Percentage</b>		<b>96.32%</b>	<b>90.91%</b>	<b>96.03%</b>	<b>N/A</b>
<b>Security Level</b>	<b>minimum</b>	<b>minimum/medium</b>	<b>minimum/medium</b>	<b>maximum</b>	<b>medium</b>
<b>Ownership of Facility</b>	<b>public</b>	<b>private</b>	<b>private</b>	<b>public</b>	<b>private</b>
<b>First Received Prisoners</b>	<b>Feb-95</b>	<b>Jan-88</b>	<b>May-89</b>	<b>Oct-93</b>	<b>Nov-95</b>
<b>ACA Accreditation?</b>	<b>will be sought</b>	<b>yes - 8/90</b>	<b>yes - 1/91</b>	<b>will be sought</b>	<b>will be sought</b>
<b>Facility Construction</b>	<b>new construction</b>	<b>renovation</b>	<b>new construction</b>	<b>new construction</b>	<b>new construction</b>
<b>Facility Expansion Planned?</b>	<b>no</b>	<b>no</b>	<b>no</b>	<b>no</b>	<b>no</b>
<b>* Notes</b>	<b>*TDCJ Institutional Division See Appendix A, Note 7</b>	<b>*Parole Division See Appendix A, Note 8</b>	<b>*Parole Division See Appendix A, Note 8</b>	<b>*North Carolina Department of Corrections</b>	

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America
Facility Location	Panama City, Fl.	Panama City, Fl.	Bay County, FL	Brooksville, Fl.	Winnfield, LA
Facility Name	Bay County Jail Annex	Bay County Jail	TBA	Hernando County Jail	Winn Parish Correction Center
Primary Source of Prisoners	Bay County	Bay County	*State of Florida	Hernando County	*State of Louisiana
Secondary Source of Prisoners	U.S. Marshals Service & INS	U.S. Marshals Service	N/A	U.S. Marshals Service	N/A
Rated Capacity	257	276	750	252	1,282
Present Population	237	255	N/A	260	1,274
Occupancy Percentage	92.22%	92.39%	N/A	103.17%	99.38%
Security Level	all levels	all levels	medium	all levels	medium
Ownership of Facility	private	public	public	public	public
First Received Prisoners	May-86	Oct-85	Sep-95	Oct-88	Mar-90
ACA Accreditation?	yes - 8/88	yes - 8/88	will be sought	yes - 8/91	yes - 5/91
Facility Construction	new construction	take-over	new construction	take-over	new construction
Facility Expansion Planned?	yes, 48 beds	no	no	yes, 50 beds	no
* Notes			*Florida Correctional Privatization Commission		*Louisiana Department of Corrections

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America
<b>Facility Location</b>	Leavenworth, KS	Estancia, NM	Grants, NM	Santa Fe, NM	<b>Guayama, Puerto Rico</b>
<b>Facility Name</b>	Leavenworth Detention Center	Torrance County Detention Facility	NM Women's Correction Facility	Santa Fe Detention Center	TBA
<b>Primary Source of Prisoners</b>	U.S. Marshals Service	U.S. Marshals Service	*State of New Mexico	Santa Fe County/ U.S. Marshals Service	*Commonwealth of Puerto Rico
<b>Secondary Source of Prisoners</b>	N/A	Federal Bureau of Prisons	N/A	City of Santa Fe City of Moriarty	N/A
<b>Rated Capacity</b>	256	256	204	201	1,000
<b>Present Population</b>	186	204	214	233	N/A
<b>Occupancy Percentage</b>	72.66%	79.69%	104.90%	115.92%	N/A
<b>Security Level</b>	maximum	minimum/medium	all levels	all levels	medium
<b>Ownership of Facility</b>	private	private	public	public	public
<b>First Received Prisoners</b>	Jun-92	Dec-90	Aug-89	Aug-86	Jan-96
<b>ACA Accreditation?</b>	yes - 8/93	no	yes - 5/91	yes - 8/88	will be sought
<b>Facility Construction</b>	new construction	new construction	new construction	take-over	new construction
<b>Facility Expansion Planned?</b>	no	no	yes, 25 beds	no	no
<b>* Notes</b>			*New Mexico Department of Corrections		*Puerto Rico Administration of Corrections

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

<b>Management Company</b>	<b>Corrections Corporation of America</b>	<b>Corrections Corporation of America</b>	<b>Corrections Corporation of America</b>	<b>Corrections Corporation of America</b>	<b>Corrections Corporation of America</b>
<b>Facility Location</b>	<b>Ponce, Puerto Rico</b>	<b>Nashville, TN</b>	<b>Clifton, TN</b>	<b>Chattanooga, TN</b>	<b>Mason, TN</b>
<b>Facility Name</b>	<b>TBA</b>	<b>Metro-Davidson Co. Detention Center</b>	<b>South Central Correctional Center</b>	<b>Silverdale Facilities</b>	<b>West Tennessee Detention Facility</b>
<b>Primary Source of Prisoners</b>	<b>*Commonwealth of Puerto Rico</b>	<b>*Davidson County</b>	<b>*State of Tennessee</b>	<b>Hamilton County</b>	<b>U.S. Marshals Service</b>
<b>Secondary Source of Prisoners</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>U.S. Marshals Service</b>	<b>Washington, D.C.</b>
<b>Rated Capacity</b>	<b>1,500</b>	<b>870</b>	<b>1,336</b>	<b>414</b>	<b>416</b>
<b>Present Population</b>	<b>N/A</b>	<b>664</b>	<b>1,287</b>	<b>414</b>	<b>432</b>
<b>Occupancy Percentage</b>	<b>N/A</b>	<b>76.32%</b>	<b>96.33%</b>	<b>100.00%</b>	<b>103.85%</b>
<b>Security Level</b>	<b>medium</b>	<b>medium</b>	<b>medium</b>	<b>minimum</b>	<b>all levels</b>
<b>Ownership of Facility</b>	<b>public</b>	<b>public</b>	<b>public</b>	<b>public</b>	<b>private</b>
<b>First Received Prisoners</b>	<b>Sep-96</b>	<b>Feb-92</b>	<b>Mar-92</b>	<b>Sep-84</b>	<b>Oct-90</b>
<b>ACA Accreditation?</b>	<b>will be sought</b>	<b>yes - 1/94</b>	<b>yes - 1/94</b>	<b>no</b>	<b>yes - 8/92</b>
<b>Facility Construction</b>	<b>new construction</b>	<b>new construction</b>	<b>new construction</b>	<b>take-over</b>	<b>new construction</b>
<b>Facility Expansion Planned?</b>	<b>no</b>	<b>no</b>	<b>no</b>	<b>no</b>	<b>no</b>
<b>* Notes</b>	<b>*Puerto Rico Administration of Corrections</b>	<b>*Houses state prisoners</b>	<b>*Tennessee Department of Corrections</b>		

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## *Private Adult Correctional Facility Census, United States Facilities*

<b>Management Company</b>	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America	Corrections Corporation of America
<b>Facility Location</b>	Cleveland, TX	Laredo, TX	Houston, TX	Venus, TX	Venus, TX
<b>Facility Name</b>	Cleveland Pre-Release Center	Laredo Processing Center	Houston Processing Center	Venus Pre-Release Center	TBA
<b>Primary Source of Prisoners</b>	*State of Texas	Immigration and Naturalization Service	Immigration and Naturalization Service	*State of Texas	*State of Texas
<b>Secondary Source of Prisoners</b>	N/A	Federal Bureau of Prisons	*State of Texas	N/A	N/A
<b>Rated Capacity</b>	520	258	350	520	500
<b>Present Population</b>	520	261	397	520	500
<b>Occupancy Percentage</b>	100.00%	101.16%	113.43%	100.00%	100.00%
<b>Security Level</b>	minimum	minimum	minimum	minimum	minimum
<b>Ownership of Facility</b>	public	private	private	public	public
<b>First Received Prisoners</b>	Sep-89	Mar-85	May-84	Aug-89	Oct-94
<b>ACA Accreditation?</b>	yes - 7/90	no	yes - 1/86	yes - 10/90	will be sought
<b>Facility Construction</b>	new construction	new construction	new construction	new construction	new construction
<b>Facility Expansion Planned?</b>	no	no	no	no	no
<b>* Notes</b>	*TDCJ Institutional Division		*TDCJ Board of Pardons & Paroles	*TDCJ Institutional Division	*TDCJ Institutional Division

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	Corrections Partners, Inc.	Corrections Partners, Inc.	Corrections Partners, Inc.	Corrections Partners, Inc.	Corrections Services, Inc.
Facility Location	Oswego, KS	Hinton, OK	Chesapeake, VA	TBA	Seal Beach, CA
Facility Name	Labette County Conservation Camp	Great Plains Correctional Facility	TBA	TBA	Seal Beach Detention Facility
Primary Source of Prisoners	*State of Kansas	*State of North Carolina	*State of Virginia	*State of Virginia	City of Seal Beach
Secondary Source of Prisoners	N/A	Federal Bureau of Prisons	N/A	N/A	Adjoining localities
Rated Capacity	104	480	400	400	32
Present Population	90	472	N/A	N/A	29
Occupancy Percentage	86.54%	98.33%	N/A	N/A	90.63%
Security Level	minimum	medium	minimum	minimum	pre-arraignment
Ownership of Facility	public	public	public	public	public
First Received Prisoners	Feb-91	Oct-91	Jul-95	Jul-95	Jul-94
ACA Accreditation?	in progress	yes - 8/93	will be sought	will be sought	will be sought
Facility Construction	new construction	new construction	new construction	new construction	renovation
Facility Expansion Planned?	will be sought	yes, 288 beds	no	no	no
* Notes	*Commitments ordered Kansas District Courts	*North Carolina Department of Corrections	*Virginia Department of Corrections	*Virginia Department of Corrections	

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

<b>Management Company</b>	<i>Dove Development Corporation</i>	<i>Dove Development Corporation</i>	<b>Eden Detention Center, Inc.</b>	<b>Esmor Correctional Services, Inc.</b>	<b>Esmor Correctional Services, Inc.</b>
<b>Facility Location</b>	<i>Crystal City, TX</i>	<i>Pearsall, TX</i>	Eden, TX	Elizabeth, NJ	Tarrant Co., TX
<b>Facility Name</b>	<i>Crystal City Detention Center</i>	<i>Frio Detention Center</i>	Eden Detention Center	Elizabeth Processing Center	Tarrant County Community Correction Facility
<b>Primary Source of Prisoners</b>	<i>*State of Texas</i>	<i>*State of Texas</i>	Federal Bureau of Prisons	Immigration and Naturalization Service	Tarrant County
<b>Secondary Source of Prisoners</b>	<i>N/A</i>	<i>Frio County</i>	Immigration and Naturalization Service	<i>N/A</i>	<i>N/A</i>
<b>Rated Capacity</b>	<i>467</i>	<i>295</i>	499	300	320
<b>Present Population</b>	<i>321</i>	<i>312</i>	565	<i>N/A</i>	310
<b>Occupancy Percentage</b>	<i>68.74%</i>	<i>105.76%</i>	113.23%	<i>N/A</i>	96.88%
<b>Security Level</b>	<i>medium</i>	<i>minimum/medium</i>	minimum/medium	minimum/medium	minimum
<b>Ownership of Facility</b>	<i>private</i>	<i>public</i>	private	private	public
<b>First Received Prisoners</b>	<i>Jul-93</i>	<i>Dec-92</i>	Jan-89	Jul-94	Feb-92
<b>ACA Accreditation?</b>	<i>being considered</i>	<i>being considered</i>	no	will be sought	yes - 8/93
<b>Facility Construction</b>	<i>take-over</i>	<i>take-over</i>	new construction	renovation	new construction
<b>Facility Expansion Planned?</b>	<i>no</i>	<i>no</i>	yes, 200 beds	no	no
<b>* Notes</b>	<i>*TDCJ Institutional Division See Appendix A, Note 1 &amp; 9</i>	<i>*TDCJ Institutional Division See Appendix A, Note 1</i>			

## Private Adult Correctional Facility Census, United States Facilities

<b>Management Company</b>	<b>Esmor Correctional Services, Inc.</b>	<b>Esmor Correctional Services, Inc.</b>	<b>GRW Corporation</b>	<b>GRW Corporation</b>	<b>Management &amp; Training Corporation</b>
<b>Facility Location</b>	Houston, TX	Seattle, WA	Ector County, TX	Odessa, TX	Marana, AZ
<b>Facility Name</b>	State of Texas Intermediate Sanction Facility	Seattle Processing Center	Ector County Detention Annex	Odessa Detention Center	Marana Community Treatment Facility
<b>Primary Source of Prisoners</b>	*State of Texas	Immigration and Naturalization Service	Ector County	City of Odessa	*State of Arizona
<b>Secondary Source of Prisoners</b>	N/A	N/A	N/A	*State of Texas	N/A
<b>Rated Capacity</b>	400	150	144	100	450
<b>Present Population</b>	390	145	144	100	N/A
<b>Occupancy Percentage</b>	97.50%	96.67%	100.00%	100.00%	N/A
<b>Security Level</b>	minimum	minimum/medium	medium	all levels	minimum
<b>Ownership of Facility</b>	public	public	public	public	private
<b>First Received Prisoners</b>	Dec-93	Jul-89	Jun-94	Oct-93	Sep-94
<b>ACA Accreditation?</b>	will be sought	yes - 9/91	no	no	no
<b>Facility Construction</b>	renovation	renovation	<b>new construction</b>	take-over	new construction
<b>Facility Expansion Planned?</b>	no	no	no	no	no
<b>* Notes</b>	*TDCJ Board of Pardons & Paroles			*TDCJ Institutional Division See Appendix A, Note 1	*Arizona Department of Corrections

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	Management & Training Corporation	Management & Training Corporation	Mid-Tex Detention, Inc.	Mid-Tex Detention, Inc.	Mid-Tex Detention, Inc.
<b>Facility Location</b>	Desert Center, CA	<b>Henderson County, TX</b>	Big Spring, TX	Big Spring, TX	Big Spring, TX
<b>Facility Name</b>	Eagle Mountain Return-to Custody Facility	<b>Texas State Jail Facility, Henderson</b>	City of Big Spring Correctional Center (Interstate)	City of Big Spring Correctional Center (Airpark)	TBA
<b>Primary Source of Prisoners</b>	*State of California	*State of Texas	Federal Bureau of Prisons	Federal Bureau of Prisons	Federal Bureau of Prisons
<b>Secondary Source of Prisoners</b>	N/A	N/A	Immigration and Naturalization Service	Immigration and Naturalization Service	Immigration and Naturalization Service
<b>Rated Capacity</b>	450	1,500	360	376	500
<b>Present Population</b>	425	N/A	368	376	N/A
<b>Occupancy Percentage</b>	94.44%	N/A	102.22%	100.00%	N/A
<b>Security Level</b>	minimum	minimum	minimum/medium	minimum/medium	minimum/medium
<b>Ownership of Facility</b>	private	public	public	public	public
<b>First Received Prisoners</b>	Sep-88	Jun-95	May-89	Feb-91	Jan-95
<b>ACA Accreditation?</b>	yes - 6/93	will be sought	no	no	no
<b>Facility Construction</b>	renovation	new construction	renovation	renovation	new
<b>Facility Expansion Planned?</b>	no	no	no	no	no
<b>* Notes</b>	*Parole Division	*TDCJ Institutional Division <i>See Appendix A, Note 7</i>			

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	<i>North American Corrections</i>	U.S. Corrections Corporation	U.S. Corrections Corporation	U.S. Corrections Corporation	U.S. Corrections Corporation
Facility Location	<i>Spur, TX</i>	Gretna, FL	Beautyville, KY	Louisville, KY	St. Marys, KY
Facility Name	<i>Dickens Detention Center</i>	Gadsden County Correctional Facility	Lee Adjustment Center	River City Correctional Center	Marion Adjustment Center
Primary Source of Prisoners	<i>*State of Texas</i>	*State of Florida	*Commonwealth of Kentucky	Jefferson County	*Commonwealth of Kentucky
Secondary Source of Prisoners	<i>N/A</i>	N/A	N/A	N/A	N/A
Rated Capacity	<i>489</i>	768	500	350	500
Present Population	<i>489</i>	N/A	450	325	450
Occupancy Percentage	<i>100.00%</i>	N/A	90.00%	92.86%	90.00%
Security Level	<i>maximum</i>	minimum/medium	minimum	minimum	minimum
Ownership of Facility	<i>private</i>	public	private	private	private
First Received Prisoners	<i>Jul-91</i>	Feb-95	Aug-90	Jan-90	Jan-86
ACA Accreditation?	<i>no</i>	will be sought	yes - 1/94	no	yes - 8/92
Facility Construction	<i>new construction</i>	new construction	new construction	renovation	new construction
Facility Expansion Planned?	<i>yes, 144 beds</i>	no	no	no	no
* Notes	<i>*TDCJ Institutional Division See Appendix A, Note 1</i>	*Florida Department of Corrections	*Kentucky Department of Corrections		*Kentucky Department of Corrections

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

*Private Adult Correctional Facility Census, United States Facilities*

<b>Management Company</b>	<b>U.S. Corrections Corporation</b>	<b>U.S. Corrections Corporation</b>	<b>The Villa at Greeley, Inc.</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>
<b>Facility Location</b>	Wheelwright, KY	Dixoll, TX	Del Camino, CO	McFarland, CA	San Diego, CA
<b>Facility Name</b>	Otter Creek Correctional Center	TBA	TBA	McFarland Return-to Custody Facility	San Diego City Jail
<b>Primary Source of Prisoners</b>	*Commonwealth of Kentucky	*State of Texas	*State of Colorado	*State of California	City of San Diego
<b>Secondary Source of Prisoners</b>	N/A	N/A	N/A	N/A	N/A
<b>Rated Capacity</b>	300	500	400	224	200
<b>Present Population</b>	240	N/A	N/A	215	88
<b>Occupancy Percentage</b>	80.00%	N/A	N/A	95.98%	44.00%
<b>Security Level</b>	minimum	minimum/medium	minimum	minimum	minimum
<b>Ownership of Facility</b>	private	public	private	private	public
<b>First Received Prisoners</b>	Oct-93	Mar-95	May-95	Jan-89	May-92
<b>ACA Accreditation?</b>	will be sought	will be sought	will be sought	no	will be sought
<b>Facility Construction</b>	new construction	new construction	new construction	new construction	new construction
<b>Facility Expansion Planned?</b>	no	no	no	no	no
<b>* Notes</b>	*Kentucky Department of Corrections	*TDCJ Institutional Division	*Colorado Department of Corrections	*Parole Division	

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, United States Facilities

Management Company	Wackenhut Corrections Corporation	Wackenhut Corrections Corporation	Wackenhut Corrections Corporation	Wackenhut Corrections Corporation	Wackenhut Corrections Corporation
Facility Location	Aurora, CO	Glades County, FL	Kinder, LA	Jamaica/Queens	Bridgeport, TX
Facility Name	Aurora/INS Processing Center	TBA	Allen Correctional Center	New York INS Processing Center	Bridgeport Pre-Release Center
Primary Source of Prisoners	Immigration and Naturalization Service	*State of Florida	*State of Louisiana	Immigration and Naturalization Service	*State of Texas
Secondary Source of Prisoners	N/A	N/A	N/A	N/A	N/A
Rated Capacity	300	750	1,282	105	520
Present Population	199	N/A	1,275	100	519
Occupancy Percentage	66.33%	N/A	99.45%	95.24%	99.81%
Security Level	minimum	medium	medium	medium	minimum
Ownership of Facility	private	public	public	private	public
First Received Prisoners	May-87	Jun-95	Dec-90	Oct-89	Aug-89
ACA Accreditation?	yes - 9/89	will be sought	yes - 1/93	no	yes - 5/91
Facility Construction	new construction	new construction	new construction	renovation	new construction
Facility Expansion Planned?	no	no	no	no	no
* Notes		*Florida Correctional Privatization Commission	*Louisiana Department of Corrections		*TDCJ Institutional Division

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

*Private Adult Correctional Facility Census, United States Facilities*

<b>Management Company</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>
<b>Facility Location</b>	Fort Worth, TX	Jack County, TX	Kyle, TX	Lockhart, TX	Lockhart, TX
<b>Facility Name</b>	North TX Intermediate Sanctions Facility	<b>TBA</b>	Kyle Pre-Release Center	Lockhart Work Program Facility	Lockhart Pre-Release Center
<b>Primary Source of Prisoners</b>	*State of Texas	*State of Texas	*State of Texas	City of Lockhart	*State of Texas
<b>Secondary Source of Prisoners</b>	N/A	N/A	N/A	*State of Texas	N/A
<b>Rated Capacity</b>	400	1,000	520	500	500
<b>Present Population</b>	397	N/A	520	499	N/A
<b>Occupancy Percentage</b>	99.25%	N/A	100.00%	99.80%	N/A
<b>Security Level</b>	minimum	minimum	minimum	minimum	minimum
<b>Ownership of Facility</b>	public	public	public	public	public
<b>First Received Prisoners</b>	Aug-91	Jul-95	Jun-89	Jan-93	Oct-91
<b>ACA Accreditation?</b>	no	will be sought	yes - 9/90	will be sought	will be sought
<b>Facility Construction</b>	renovation	new construction	new construction	new construction	new construction
<b>Facility Expansion Planned?</b>	no	no	possible	no	no
<b>* Notes</b>	*TDCJ Board of Pardons & Paroles	*TDCJ Institutional Division <i>See Appendix A, Note 7</i>	*TDCJ Institutional Division	*TDCJ Board of Pardons & Paroles	*TDCJ Institutional Division

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

**Private Adult Correctional Facility Census, United States Facilities**

<b>Management Company</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>	<b>Wackenhut Corrections Corporation</b>
<b>Facility Location</b>	San Antonio, TX	Travis County, TX	Willacy County, TX
<b>Facility Name</b>	Central Texas Parole Violator Facility	TBA	TBA
<b>Primary Source of Prisoners</b>	*State of Texas	*State of Texas	*State of Texas
<b>Secondary Source of Prisoners</b>	U.S. Marshals Service	N/A	N/A
<b>Rated Capacity</b>	623	1,000	1,000
<b>Present Population</b>	611	N/A	N/A
<b>Occupancy Percentage</b>	98.07%	N/A	N/A
<b>Security Level</b>	minimum/medium	minimum	minimum
<b>Ownership of Facility</b>	public	public	public
<b>First Received Prisoners</b>	Jan-89	Jul-95	Jul-95
<b>ACA Accreditation?</b>	no	will be sought	will be sought
<b>Facility Construction</b>	take-over	new construction	new construction
<b>Facility Expansion Planned?</b>	no	no	no
<b>* Notes</b>	*TDCJ Board of Pardons & Paroles	*TDCJ Institutional Division <i>See Appendix A, Note 7</i>	*TDCJ Institutional Division <i>See Appendix A, Note 7</i>

*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.*

## Private Adult Correctional Facility Census, International Facilities

<b>Management Company</b>	<b>*Australasian Correctional Management Property Limited</b>	<b>*Australasian Correctional Management Property Limited</b>	<b>*Corrections Corporation of Australia</b>	<b>Group 4 International Corrections Services</b>
<b>Country</b>	Australia	Australia	Australia	England
<b>Facility Location</b>	New South Wales	Queensland	Queensland	Hull
<b>Facility Name</b>	June Correctional Centre	Arthur Gorrie Correctional Centre	Borahon Correctional Centre	Wolds Remand Prison
<b>Primary Source of Prisoners</b>	New South Wales Department of Corrective Services	Queensland Department of Correctional Services	Queensland Department of Correction Services	Home Office Remands Contract Unit
<b>Secondary Source of Prisoners</b>	N/A	N/A	N/A	N/A
<b>Rated Capacity</b>	600	518	276	300
<b>Present Population</b>	597	400	244	300
<b>Occupancy Percentage</b>	99.50%	77.22%	88.41%	100.00%
<b>Security Level</b>	minimum/medium	minimum/medium	all levels	medium
<b>Ownership of Facility</b>	private	public	N/A	public
<b>Received Prisoners</b>	Apr-93	Jun-92	Jan-90	Apr-92
<b>Facility Construction</b>	new construction	new construction	new construction	new construction
<b>Expansion Plans?</b>	none	none	yes, 90 beds	none
<b>* Notes</b>	*a subsidiary of the Wackenhut Corrections Corporation	*a subsidiary of the Wackenhut Corrections Corporation	*a Corrections Corporation of America joint venture company	

\*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics.

## *Private Adult Correctional Facility Census, International Facilities*

<b>Management Company</b>	<b>*Premier Prison Services, Ltd. Corporation</b>	<b>*UK Detention Services, Ltd.</b>
<b>Country</b>	England	England
<b>Facility Location</b>	Middlesex	Redditch
<b>Facility Name</b>	HM Prison Doncaster	HM Prison Blackenhurst
<b>Primary Source of Prisoners</b>	Prison Minister's Office	Prison Minister's Office
<b>Secondary Source of Prisoners</b>	N/A	N/A
<b>Rated Capacity</b>	776	649
<b>Present Population</b>	173	649
<b>Occupancy Percentage</b>	22.29%	100.00%
<b>Security Level</b>	all levels	medium
<b>Ownership of Facility</b>	public	public
<b>Received Prisoners</b>	Jun-94	Apr-93
<b>Facility Construction</b>	new construction	new construction
<b>Expansion Plans?</b>	none	none
<b>* Notes</b>	<b>*a Wackenhut Corrections Corporation joint venture company See Appendix A, Note 10</b>	<b>*a Corrections Corporation of America joint venture company</b>

\*Facilities not reported in the 12/31/93 Census appear in bold. Facilities whose size has changed significantly since the 12/31/93 Census appear in italics

*Table 1: American, International, and Overall Corporate Market Share Comparisons*

<i>Management Firm</i>	<i>Capacity of All American Facilities Under Contract*</i>	<i>Capacity of All International Facilities Under Contract*</i>	<i>American Market Share</i>	<i>International Market Share</i>	<i>Overall Market Share</i>
Alternative Programs, Inc.	240	0	0.60%	N/A	0.55%
The Bobby Ross Group	872	0	2.16%	N/A	2.00%
Capital Correctional Resources	836	0	2.07%	N/A	1.92%
Concept, Inc.	4,426	0	10.98%	N/A	10.17%
Cornell Cox, Inc.	794	0	1.97%	N/A	1.82%
Corrections Corporation of America	12,041	1,015	29.88%	31.63%	30.01%
Corrections Partners, Inc.	1,672	0	4.15%	N/A	3.84%
Corrections Services, Inc.	32	0	0.08%	N/A	0.07%
Dove Development Corporation	762	0	1.89%	N/A	1.75%
Eden Detention Center	699	0	1.73%	N/A	1.61%
Esmor Correctional Services, Inc.	1,170	0	2.90%	N/A	2.69%
Group 4 - ICS	0	300	N/A	9.35%	0.69%
The GRW Corporation	244	0	0.61%	N/A	0.56%
Management & Training Corporation	2,400	0	5.96%	N/A	5.52%
Mid-Tex Detention, Inc.	1,236	0	3.07%	N/A	2.84%
North American Corrections	633	0	1.57%	N/A	1.45%
U.S. Corrections Corporation	2,918	0	7.24%	N/A	6.71%
The Villa at Greeley, Inc.	400	0	0.99%	N/A	0.92%
Wackenhut Corrections Corporation	8,924	1,894	22.14%	59.02%	24.86%
<b>Totals</b>	<b>40,299</b>	<b>3,209</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Capacity Figures Include New Facilities and Expansions of Existing Facilities.

*Figure 1: Secure Private Correctional Facility Beds Under Management Trend, 1983 Thru June 30, 1994*

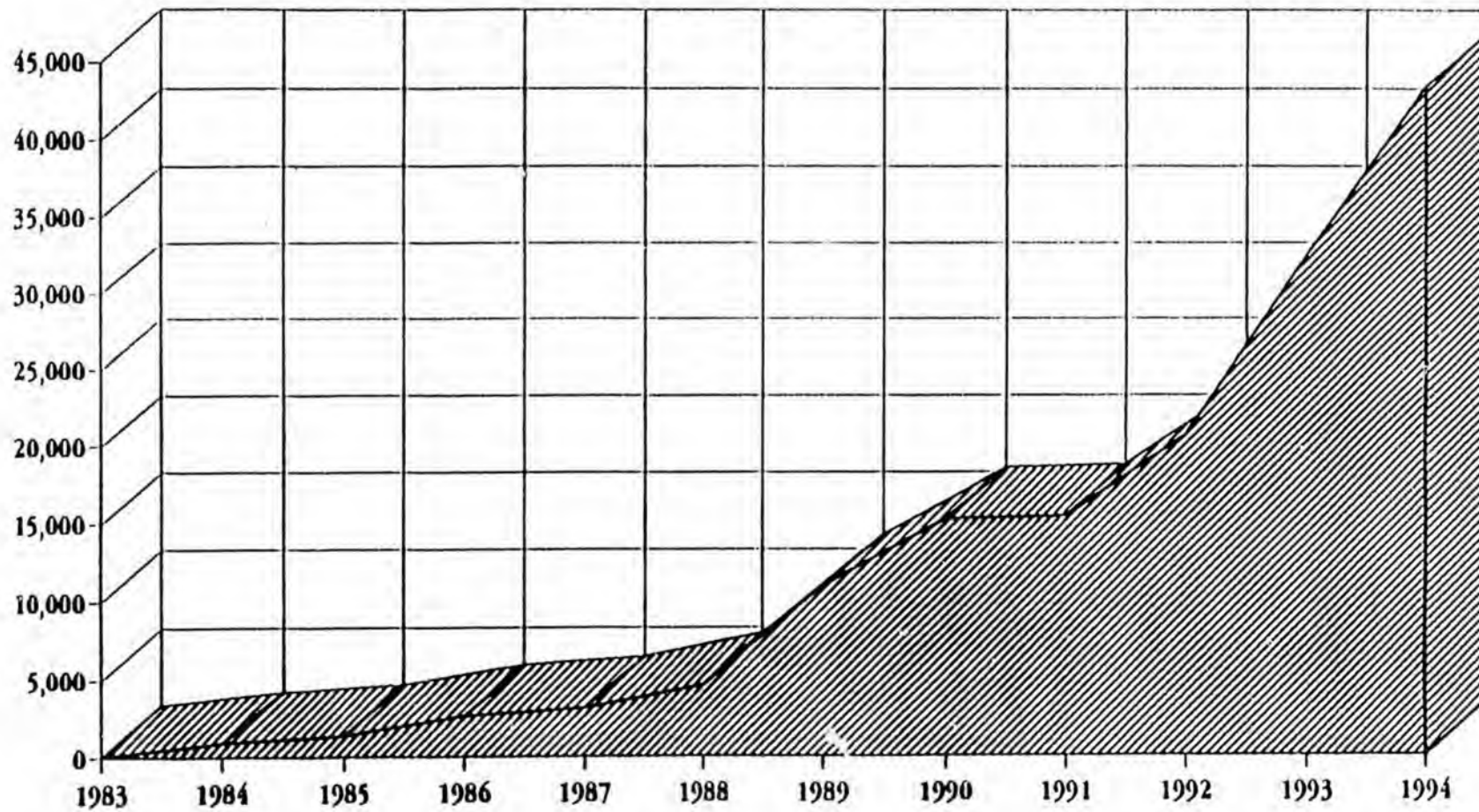
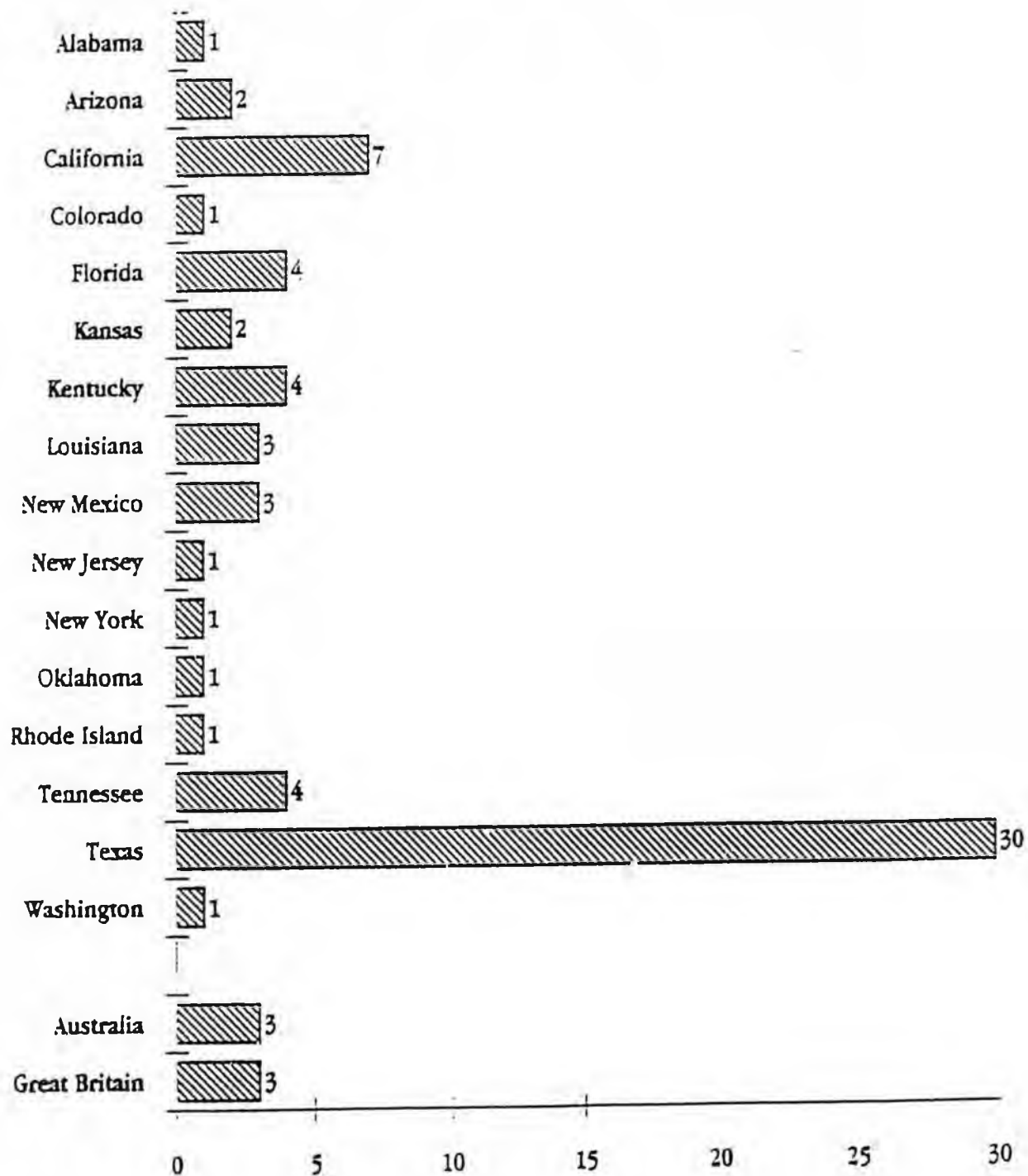
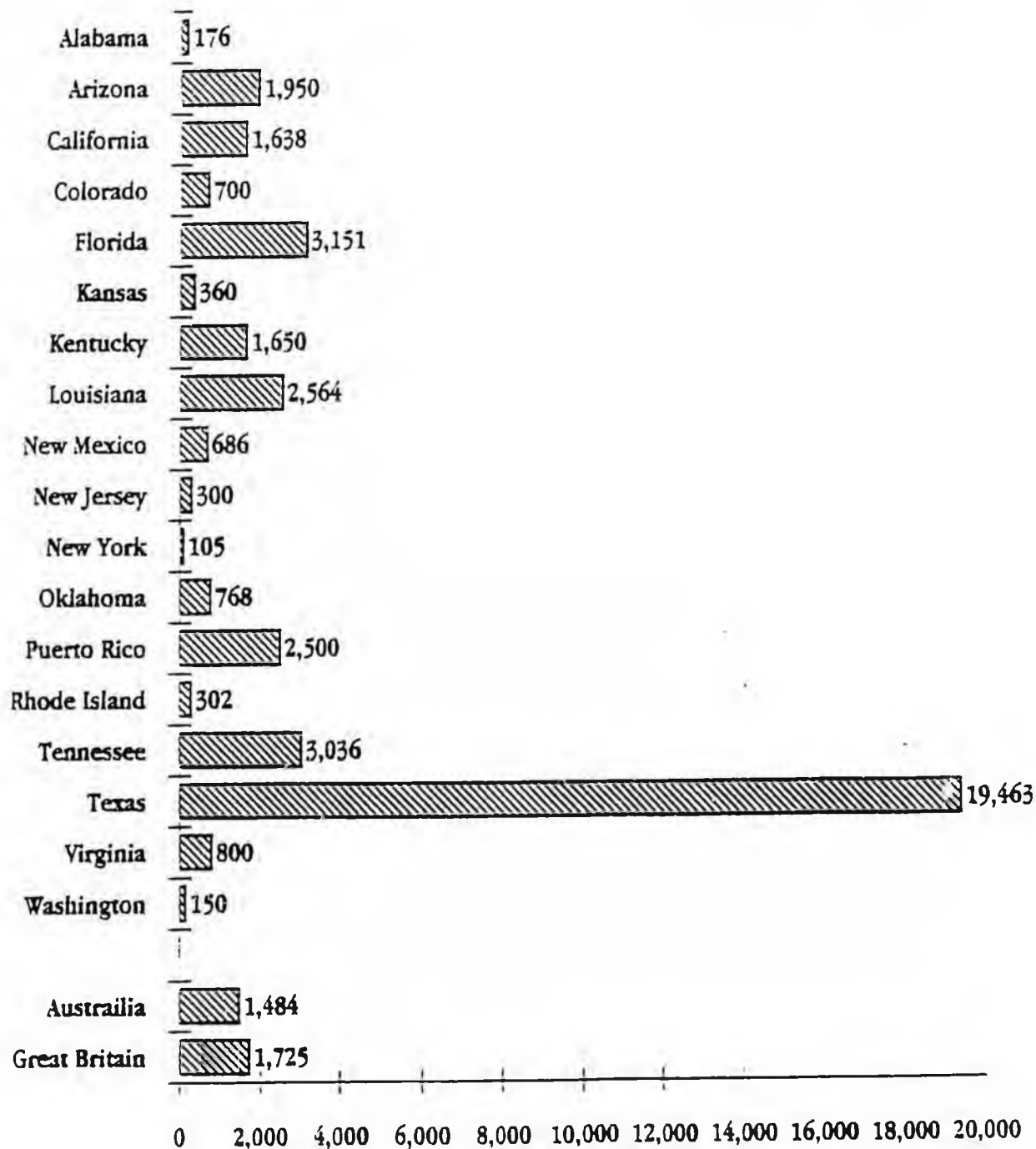


Figure 2: Geographical Locations of Private Facilities (Including Facilities Under Construction)



*Figure 3: Rated Capacities of Private Facilities by Geographical Location (Including Facilities Under Construction & Planned Expansions)*



## *Notes to Clarify Data for Individual Facilities*

### APPENDIX A

Note 1: The Institutional Division of the Texas Department of Criminal Justice (TDCJ) is now or in the immediate future will be responsible for at least four distinctively different types of correctional facilities: (1) traditional state prisons, (2) facilities for prisoners who were successfully prosecuted for offenses categorized as "state jail felonies," (3) pre-release centers operated by private firms working under contract with the TDCJ, and (4) a special set of privately-managed facilities which house sentenced offenders for whom no suitable space is available in other categories of TDCJ facilities. This note identifies facilities whose prisoner populations fall in whole or substantial part in the fourth category. These prisoners are commonly referred to as "backlog" or as "paper-ready" inmates.

Note 2: This facility was previously operated by Concept, Inc. and, before that, by Texas Detention Management, Inc. Texas Detention Management, Inc. no longer operates any secure adult correctional facilities.

Note 3: This facility was previously operated by Detention Services, Inc. Detention Services, Inc. no longer operates any secure adult correctional facilities.

Note 4: This facility was previously operated by Pricor, Inc. Pricor, Inc. no longer operates any secure adult correctional facilities.

Note 5: This facility was previously described as having a rated capacity of 1,800 prisoners. The rated capacity now indicated more accurately reflects the existing capacity of the facility. Significant renovation would on existing structures would be required prior to the facility being suitable for the housing of 1,800 prisoners.

Note 6: This facility was previously operated by Pricor, Inc.

Note 7: This note identifies facilities intended to house state jail felons. Also see Note 1.

Note 8: This note identifies facilities operated by Eclectic Communications, Inc. (ECI). As indicated in the Preface, ECI is now a wholly-owned subsidiary of Cornell Cox, Inc.

Note 9: This facility was previously operated by Detention Services, Inc.

Note 10: The low occupancy level reported for this facility is an artifact of its opening soon before the completion of the Census. An occupancy percentage substantially equal to the average reported in the summary statistical data is anticipated by August 1, 1994.

***An Overview of Relevant Information on Juvenile and Non-Secure Facility Management by Management Firms Included in the 7th Edition***

**Appendix B**

***Cornell Cox, Inc.*** Cornell Cox, Inc., via the efforts of Eclectic Communications, Inc., which is now a subsidiary of Cornell Cox, Inc., also operates a 50-bed non-secure facility in San Francisco, California under a contract with the California Department of Corrections, a 47-bed facility in Inglewood, California under a contract with the California Department of Corrections, a 40-bed facility in Los Angeles, California under a contract with the California Department of Corrections, a 50-bed facility in Oakland, California under a contract with the Federal Bureau of Prisons, a 50-bed facility in San Diego, California under a contract with the Federal Bureau of Prisons, a 66-bed facility in San Francisco, California under a contract with the Federal Bureau of Prisons, a 15-bed facility in Goleta, California under a contract with the California Department of Corrections, a 25-bed facility in Inglewood, California under a contract with the California Department of Corrections, and a 43-bed facility in El Monte, California under a contract with the Federal Bureau of Prisons.

***Corrections Corporation of America*** The Corrections Corporation of America also operates the Shelby Training Center, a 175-bed secure juvenile training school in Memphis, Tennessee, and Tall Trees, a 63-bed non-secure juvenile residential facility in Memphis, Tennessee

***Corrections Partners, Inc.*** Corrections Partners, Inc. also operates the 80-bed Davidson County Juvenile Detention Facility in Nashville, Tennessee and has begun construction of the Southwest Indiana Regional Youth Village, a 140-bed juvenile facility located in Vincennes, Indiana.

***Esmor Correctional Services, Inc.*** Esmor Correctional Services, Inc. also operates the 72-bed Brooklyn Correctional Center for Men in Brooklyn, New York under a contract with the Federal Bureau of Prisons, the 101-bed LeMarquis Correctional Center for Men in New York, New York under a contract with the Federal Bureau of Prisons, the 36-bed LeMarquis Correctional Center for Women in New York, New York under a contract with the Federal Bureau of Prisons, the 150-bed New York Community Correctional Program under a contract with the New York State Department of Corrections, and the 200-bed Fort Worth Community Corrections Facility under a contract with the Texas Board of Pardons and Paroles.

***The GRW Corporation*** The GRW Corporation also will begin operating a 400-bed secure juvenile facility in October, 1994 in Tallulah, Louisiana under a contract with the Louisiana Office of Youth Development.

***Wackenhut Corrections Corporation*** The Wackenhut Corrections Corporation will begin operating a 96-bed secure juvenile facility in Coke County, Texas on October 1, 1994 under a contract with the Texas Youth Commission.

## *Preliminary Findings Regarding Legal Authority to Contract*

### Appendix C

The materials presented in this appendix summarize preliminary research conducted by the Private Corrections Project regarding the existing status of law in American jurisdictions. As a general rule, the scope of contracting authority is established by expressed statutory provisions. The applicability of this general rule, however, is determined by interpretations of individual constitutions and of general statutes that define the rights and obligations of public correctional authorities.

Reasonable care was taken to assure the validity of the information provided here. All statutes were reviewed both manually and via computerized scans. An effort also was made to identify relevant Attorney General opinions. Representatives of the Attorney General in each jurisdiction were asked to confirm the accuracy of the initial research findings. Nonetheless, the results reported here should be viewed as preliminary rather than final. They certainly do not represent any effort to provide a legal opinion regarding the present status of contracting authority in any jurisdiction.

Readers are solicited to comment on these preliminary results and, where possible, to refer us to specific statutory materials or attorney general opinions they feel we should take into account in our preparation of future summaries of this area of law.

*Preliminary Research Findings Regarding Legal Authority to Contract for Secure Adult Facilities*

Jurisdiction	Source of Local-Level Contracting Authority	Local-Level Contract(s) Awarded?	Source of State-Level Contracting Authority?	State-Level Contract(s) Awarded?
Alabama	Statutory Interpretation	Yes	None Identified	No
Alaska	Expressed Statutory	No	Expressed Statutory	No
Arizona	Expressed Statutory	No	Expressed Statutory	Yes
Arkansas	Expressed Statutory	No	Expressed Statutory	No
California	Expressed Statutory	Yes	Expressed Statutory	Yes
Colorado	Expressed Statutory	No	Expressed Statutory	Yes
Connecticut	None Identified	No	None Identified	No
Delaware	N/A	N/A	No	No
District of Columbia	Statutory Interpretation	Yes	N/A	N/A
Florida	Expressed Statutory	Yes	Expressed Statutory	Yes
Georgia	None Identified	No	None Identified	No
Hawaii	N/A	No	None Identified	No
Idaho	None Identified	No	None Identified	No
Illinois	Statutory Prohibition	No	Statutory Prohibition	No
Indiana	Expressed Statutory	No	Expressed Statutory	No
Iowa	Statutory Interpretation	No	Statutory Interpretation	No
Kansas	None Identified	Yes	None Identified	No
Louisiana	Expressed Statutory	Yes	Expressed Statutory	Yes
Kentucky	Expressed Statutory	Yes	Expressed Statutory	Yes
Maine	Negative Attorney General Opinion	No	None Identified	No
Maryland	Statutory Interpretation	No	Statutory Interpretation	No
Massachusetts	None Identified	No	None Identified	No
Michigan	Negative Attorney General Opinion	No	None Identified	No
Minnesota	Expressed Statutory	No	Statutory Interpretation	No
Mississippi	Expressed Statutory	No	Expressed Statutory	No
Missouri	Negative Attorney General Opinion	No	Negative Attorney General Opinion	No

*Preliminary Research Findings Regarding Legal Authority to Contract for Secure Adult Facilities*

Montana	Expressed Statutory	No	Expressed Statutory	No
Nebraska	Expressed Statutory	No	Expressed Statutory	No
Nevada	Expressed Statutory	No	None Identified	No
New Hampshire	Expressed Statutory	No	None Identified	No
New Jersey	None Identified	No	None Identified	No
New Mexico	Expressed Statutory	Yes	Expressed Statutory	Yes
New York	None Identified	No	Statutory Prohibition	No
North Carolina	None Identified	No	None Identified	Yes, for out-of-state facilities
North Dakota	Expressed Statutory	No	Expressed Statutory	No
Ohio	Negative Attorney General Opinion	No	None Identified	No
Oklahoma	Expressed Statutory	No	Expressed Statutory	No
Oregon	None Identified	No	None Identified	No
Pennsylvania	None Identified	No	None Identified	No
Puerto Rico	None Identified	No	Expressed Statutory	Yes
Rhode Island	None Identified	No	None Identified	No
South Carolina	Statutory Interpretation	No	None Identified	No
South Dakota	None Identified	No	Expressed Statutory	No
Tennessee	Expressed Statutory	Yes	Expressed Statutory	Yes
Texas	Expressed Statutory	Yes	Expressed Statutory	Yes
Utah	Expressed Statutory	No	Expressed Statutory	Award Pending
Vermont	None Identified	No	None Identified	No
Virginia	Negative Attorney General Opinion	No	Expressed Statutory	Yes
Washington	None Identified	No	None Identified	No
West Virginia	Expressed Statutory	No	Expressed Statutory	No
Wisconsin	None Identified	No	None Identified	No
Wyoming	Expressed Statutory	No	Expressed Statutory	No

## **Management Firm Addresses**

### **Alternative Programs, Inc.**

Wendy Jones  
425 Golden State Avenue  
Bakersville, CA 93301  
(805) 326-0411

### **The Bobby Ross Group**

Bobby Ross  
1021 Ranch Road 620 South, Suite D  
Austin, TX 78734  
(512) 263-9480

### **Capital Correctional Resources, Inc.**

Mr. Mike Brewer  
P.O. Box 10681  
Jackson, MS 39209  
(601) 922-4333

### **Concept, Inc.**

Bill Sandbach  
325 West Main Street, Suite 1802  
Louisville, KY 40202  
(502) 585-5023

### **Cornell Cox, Inc.**

Norm Cox  
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San Antonio, TX 78230  
(210) 525-8201

### **Correctional Partners, Inc.**

Michael Shmerling  
Loews Vanderbilt Plaza  
2100 West End Avenue, Suite 725  
Nashville, TN 37203  
(615) 320-9800

### **Corrections Corporation of America**

John D. Rees  
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Nashville, TN 37205  
(615) 292-3100

### **Corrections Services, Inc.**

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85 Argonaut, Suite 120  
Alliso Viejo, CA 92656  
(714) 472-5852

### **Dove Development Corporation**

Ron Greiner  
502 South Cedar Street  
Pearsall, TX 78061  
(210) 334-3320

### **Eden Detention Center, Inc.**

Don Zimmerman  
P.O. Box F, Highway East  
Eden, TX 76837  
(915) 869-2704

### **Esmor Correctional Services, Inc.**

Dick Staley  
275 Broadhollow Road  
Melville, New York  
(516) 694-7161

### **Group 4 International Correctional Services**

Hallem H. Williams  
1225 "I" Street, N.W., Suite 500  
Washington, D.C. 20005  
(202) 789-2798

**GRW Corporation**

Gil R. Walker  
P.O. Box 1403  
Brentwood, TN 37204  
(615) 373-5703

**Management and Training Corporation.**

Ron Russell  
P.O. Box 9935  
Ogden, UT 84403  
(801) 626-2000

**Man Care. Ltd. Institutional Management Services**

Roger Kendrick  
St. James Court  
Wilderspool Causeway  
Warrington  
England  
(44) 92-524-2939

**Mid-Tex Detentions, Inc.**

Chuck Haugh  
Route 2, P.O. Box 7  
Big Spring, TX 79729  
(915) 264-0060

**North American Corrections**

Travis McPherson  
Route 1, Box 222  
Spur, TX 79370  
(806) 271-3421

**TASC, Inc.**

Sonny Emerson  
731 West Wadley, Building "M"  
Midland, TX 79705  
(915) 682-6852

**U.S. Corrections Corporation**

Robert McQueen  
2500 7th St. Rd.  
Louisville, KY 40208  
(502) 635-5444

**The Villa at Greeley**

Michael Brand  
1750 6th Avenue  
Greeley, CO 80631  
(303) 353-9512

**Wackenhut Corrections Corporation**

Jeff Spoon  
1500 San Remo Avenue  
Coral Gables, FL 33146-3009  
(305) 666-5656

**Private Facility Addresses**

*Alternative Programs, Inc.*

Mesa Verde Community Correction Facility  
Maurice Nadal  
425 Golden State Avenue  
Bakersfield, CA 93301  
(805) 326-0411

*The Bobby Ross Group*

Newton County Detention Facility  
Lester Beard  
Route 1, Box 22  
Newton, TX 75966  
(409) 379-3000

*Capital Correctional Resources*

Limestone County Detention Center  
Tony Sewell  
910 Tytus Road  
Groesbeck, TX 76642  
(817) 729-8616

*Concept, Inc.*

Bridgeport Pre-Parole Transfer Facility  
James Eddington  
P.O. Box 98  
Bridgeport, TX 76426  
(817) 683-2162

Brownfield Intermediate Sanction Facility  
George Fry  
P.O. Box 188  
Brownfield, TX 79316  
(806) 637-4032

Mineral Wells Pre-Parole Transfer Facility  
Harvey Cox  
Route 4, Building 780  
Mineral Wells, TX 76067  
(817) 325-6933

Sweetwater Pre-Parole Transfer Facility  
Jody Bradley  
Route 3, Avenger Village  
Sweetwater, TX 79556  
(915) 235-1751

Tuscaloosa Metropolitan Detention Facility  
J. B. Hopkins  
1616 26th Ave.  
Tuscaloosa, AL 35401  
(205) 349-4511

*Cornell Cox, Inc.*

Baker Community Correction Facility  
Harlan Hanson  
P.O. Box 560  
Baker, CA 92309  
(619) 733-4356

Leo Chesney Community Correction Facility  
Jacqueline Hildebrand  
P.O. Box 66  
Live Oak, CA 95953  
(916) 695-1846

Wyatt Detention Facility  
Joseph Ponte  
950 High Street  
Central Falls, RI 02863  
(401) 729-1190

*Correctional Partners, Inc.*

Great Plains Correctional Facility  
Tom Martin  
P.O. Box 1018  
Hinton, OK 73047  
(405) 542-3711

Labette County Conservation Camp  
Walter Wharton  
Oswego, KS 67356  
(316) 795-2925

*Corrections Corporation of America*

Bay County Jail  
Denny Durbin  
314 1/2 Harmon Avenue  
Panama City, FL 32401  
(904) 785-5245

Bay County Jail Annex  
Denny Durbin  
5600 Nehl Road  
Panama City, FL 32404  
(904) 785-3007

Cleveland Pre-Release Facility  
Joe Ross Driskeil  
901 Fifth Street  
Cleveland, TX 77328  
(713) 592-9559

Hernando County Jail  
L.T. Brown  
16425 Spring Hill Drive  
Brooksville, FL 34609  
(904) 799-7379

Houston Processing Center  
Pam Fugazzi  
15850 Export Plaza Road  
Houston, TX 77032  
(713) 449-1481

Laredo Processing Center  
Jose Hinojosa  
RR#4, Box 125-A  
Laredo, TX 78041  
(512) 727-4118

Leavenworth Detention Center  
Butch Jordon  
100 Highway Terrace  
Leavenworth, KS 66048  
(913) 727-3246

Metro-Davidson County Detention Center  
Jimmy Turner  
P.O. Box 17427  
Nashville, TN 37217  
(615) 831-7088

New Mexico's Women's Correction Facility  
Tom Newton  
1700 East Old Highway 66  
Grants, NM 87020  
(505) 287-2941

Santa Fe Detention Center  
Joe V. Gutierrez  
4250 Airport Road  
Santa Fe, NM 87505  
(505) 473-4164

Silverdale Facilities  
Tim Baltz  
7609 Standifer Gap Road  
Chattanooga, TN 37421  
(615) 892-0921

South Central Correctional Center  
Kevin Myers  
P.O. Box 279  
Clifton, TN 38425  
(615) 676-5372

Torrance County Detention Facility  
Daniel P. Moriarty  
P.O. Box 837  
Estancia, NM 87016  
(505) 384-2711

Venus Pre-Release Center  
Sandy Estes  
P.O. Box 361  
Venus, TX 76084  
(214) 366-3334

West Tennessee Detention Facility  
Thomas C. Ruffino  
P.O. Box 487  
Mason, TN 38049  
(901) 294-3060

Winn Parrish Correction Center  
Mike Gilliam  
P.O. Box 1260  
Winnfield, LA 71483  
(318) 628-3971

***Dove Development Corporation***

Frio Detention Center  
Darrell Woods  
502 South Cedar Street  
Pearsall, TX 78061  
(210) 334-3320

Crystal City Detention Center  
Larry Young  
Highway 83 North  
Crystal City, Texas 78839  
(210) 374-9353

***Eden Detention Center, Inc.***

Eden Detention Center  
Don Zimmerman  
P.O. Box F, Highway East  
Eden, TX 76837  
(915) 869-2704

***Esmor Correctional Services, Inc.***

Seattle Processing Center  
William Paul  
815 Airport Way South  
Seattle, WA 98134  
(206) 467-6030

South Texas Intermediate Sanction Facility  
Fred Bagley  
1511 Preston Avenue  
Houston, TX 77002  
(713) 223-0601

Tarrant County Community Corrections Facility  
Ron King  
651 Justice Lane  
Mansfield, TX 76063  
(817) 473-1324

***GRW Corporation***

Odessa Detention Center  
Richard Tessaro  
203 North Grant  
Odessa, TX 79761  
(915) 332-6033

Ector County Detention Annex  
Wallace Brucker  
102 Reed Avenue  
Odessa, TX 79761  
(915) 332-2800

***Management & Training Corporation***

Eagle Mountain Return-to-Custody Facility  
Gary Bryant  
P.O. Box 96  
Desert Center, CA 92239  
(619) 392-4324

***Mid-Tex Detention, Inc.***

City of Big Spring Correctional Center (Interstate Unit)  
Fran Roberts  
Route 2, P.O. Box 7  
Big Spring, TX 79720  
(915) 263-8532

City of Big Spring Correctional Center (Airpark Unit)  
Bill Scankon  
3700 Wright Avenue  
Big Spring, TX 79720  
(915) 263-8806

***North American Corrections***

Dickens Detention Center  
Travis McPherson  
Route 1, Box 222  
Spur, TX 79370  
(806) 271-3421

***U.S. Corrections Corporation***

Lee Adjustment Center  
Don Stewart  
P.O. Box 900  
Beattyville, KY 41311  
(606) 464-2866

Marion Adjustment Center  
P.O. Box 10  
St. Mary, KY 40063  
(502) 692-9622

Otter Creek Correctional Center  
P. O. Box 500  
Wheelwright, KY 41669-0500  
(606) 452-9700

River City Correctional Center  
Beverly Heiney  
Eighth and Market St.  
Louisville, KY 40202  
(502) 587-6506

*Wackebut Corrections Corporation*

Allen Correctional Center  
Terry L. Terrell  
Route 1, Box 83-T  
Kinder, LA 70648  
(318) 639-2942

Aurora / INS Processing Center  
Craig Dobson  
11901 East 30th Avenue  
Aurora, CO 80010  
(303) 361-6612

Bridgeport Pre-Release Center  
Don Houston  
4000 N. 10th Street  
Bridgeport, TX 76426  
(817) 683-3010

Central Texas Parole Violator Facility  
Paul Bailey  
218 South Laredo Street  
San Antonio, TX 78207  
(210) 227-5600

Lockhart Work Program Correctional Facility  
Scott Comstock  
P.O. Box 1170  
Lockhart, TX 78644-1170  
(512) 398-3480

McFarland Return-to-Custody Facility  
Larry Brinkman  
120 Taylor Road  
McFarland, Ca 93250  
(805) 792-3001

New Vision Chemical Dependency Treatment Facility  
Jackie Noles  
P.O. Box 1300  
Kyle, TX 78640  
(512) 268-0079

New York / INS Processing Center  
Arthur Cinotti  
145-55 226th Street  
Jamaica (Queens), NY 11413  
(718) 949-4209

North Texas Intermediate Sanction Facility  
Sandra Thacker  
4700 Blue Mound Road  
Fort Worth, TX 76106  
(817) 740-0180

San Diego City Jail  
Rob Roberts  
P.O. Box 12630  
San Diego, CA 92112  
(619) 661-7205

**International Facility Addresses**

*Australasian Correctional Management Property  
Limited / Wackebut Corrections Corporation*

Arthur Gorrie Correctional Centre  
Kevin Lewis  
P.O. Box 1300  
Darra, Queensland  
4076 Australia  
(61) 7271-9711

June Correctional Centre  
George Grigas  
Park Lane  
June, New South Wales  
2663 Australia  
(011) 616-924-3113

*CCA International/Corrections Corporation of  
America*

Borallon Correctional Centre  
Brian Dickson  
P.O. Box 782  
Ipswich, Queensland  
4305 Australia  
(67) 677-870-0133

*Group 4 ICS*

Wolds Remand Prison  
Steven Twinn  
Brough, Humberside  
United Kingdom HU152JZ  
(44) 386-858-585

*Premier Prison Services, Ltd./Wackenbut  
Corrections Corporation*

Doncaster Prison  
Kevin Rodgers  
c/o PPS, Ltd.  
Sunbury-On-Thames  
Middlesex  
United Kingdom TW167HW  
(44) 932-770-519

*UK Detention Services, Ltd./Corrections  
Corporation of America*

Blakenhurst Prison  
David Brook  
Hewell Lane  
Redditch  
Worshestershire  
United Kingdom B97Q3  
(44) 527-543-348

**PUBLIC OFFICIAL OF THE YEAR**

**STEPHEN GOLDSMITH**

# Busting the Government Monopoly



The New Yorks and the Los Angeleses of this country don't usually turn to smaller Midwestern cities for advice on how to run their mammoth municipalities. But these days, they're looking to the heartland city of Indianapolis to learn about the power of competition: how Mayor Stephen Goldsmith is using it to cut costs, motivate city employees and

pare down government.

Goldsmith believes that "competing out" services—letting city agencies compete with the private sector for city contracts—is the way to make government work better. That wasn't his view during his 1991 election campaign, when he touted outright privatization as a panacea. That got him the support of his party, but left union workers fearing for their jobs and opposing his election.

What turned things around was Goldsmith's decision, about six months after taking office, to not only allow the city's own employees to compete for the work but to encourage them to do so. The city even provided them with a consultant.

And competitive activity has certainly revved up in the past two years. Indianapolis has moved more than 60 municipal services into the marketplace for bid. As a result, the city has cut its work force by one-third—mostly middle managers—and reduced its budget by \$24 million. Additional money saved in various departments has gone toward critical needs such as infrastructure improvement in neighborhoods and putting more police officers on the street. All this was done without raising taxes but by "breaking up the government monopoly," as Goldsmith puts it.

Each time services are competed out, the aim is to make them more efficient and less costly, whether or not they are privatized. City departments recently lost the contracts for information services, parking meter enforcement and overseeing the operations of the Indianapolis International Airport. But about half of the services that have faced competition from private bids have remained with city workers. One of those was Indi-



anapolis Fleet Services, which manages and repairs city vehicles.

The department was already considered well run. But in the race to beat out three national private competitors, IFS dramatically cut costs, slashed overhead and improved service. Spending was down \$2 million in 1994 from 1991, and the work force was reduced from 117 to 86. Yet the number of written complaints dropped to five last year, from 149 in 1990. "Competition and risk are good motivators," Goldsmith says.

The 48-year-old Goldsmith insists that he's not doing anything that hasn't been done elsewhere. But he's fashioned the much-talked-about idea of running government as a business into a coherent management strategy. "I've been stealing everyone's ideas for 15 years and put them all together," he says. "We developed an approach that's working at a time when people are desperate for non-conventional answers."

He now has the backing of the city's major public-employee unions, whose members have been energized by competition. It helps that no union workers have lost their jobs, although some are now in the private sector. But public employees also enjoy more input in department decisions. They get incentive bonuses for saving the city money—this year public works employees got bonuses ranging from \$600 to \$1,700. And they have direct e-mail access to the mayor, who responds to their comments and questions. That pleases Steven Quick, president of AFSCME Local 725: "We've never had a mayor do that before."  
—Ellen Perlman

**'I've been stealing everyone's ideas for 15 years and put them all together.'**

JUNEAU EMPIRE, SUNDAY, OCTOBER 8, 1995

## Tight quarters break the law



MICHAEL PENN / THE JUNEAU EMPIRE  
Bret Hodges, right, along with Craig Allen, top left, and Chris Roger, all convicted felons, spend most of their time in E Dorm at the Lemon Creek Correctional Center. The dormitory holds twice as many inmates than originally built for.

# Prison population grows as Alaska's fines mount

■ Friday, state prisons held 2,739 inmates, which exceeds court-ordered emergency capacity of 2,665

By JEANINE POHL

THE JUNEAU EMPIRE

The fines are more than half a million dollars and growing almost daily, but the state of Alaska says it still can't pay the court-ordered penalties in the case it lost against inmates in a prison-rights lawsuit more than a year ago.

And part of the problem that created the class-action lawsuit known as the Cleary case - overcrowded prisons - is expected to continue growing as prison populations increase in the fall and winter months, when unemployment increases and so does the crime rate.

As of Friday, the state-prison population was 2,739, which is over its court-ordered emergency capacity of 2,665.

State Corrections Commissioner Margaret Pugh said she will again ask the Legislature when it convenes in January for funds to pay more than \$650,000 in fines the state has accumulated since a court order then imposed in September 1994.

The Cleary case was first filed

in 1981; the 1994 agreement came out of a court determination that the state was in contempt of earlier orders regarding prison overcrowding.

Every day one of the state's 15 prisons is over capacity the state is fined \$300, and if the total prison population statewide exceeds capacity there is an additional \$300 daily fine.

The state's funding request was turned down during the last legislative session because Republican majority lawmakers said at the time they didn't want to use general fund money to be transferred from one state agency to another, from prisons to the courts.

"It was a paper exercise," said Rep. Brian Porter, R-Anchorage, of the state's request.

Porter is chairman of the House Judiciary Committee, which he said will look at measures to lower the prison population, including alternative sentencing and sharing the responsibility for misdemeanor offenses with local governments.

Porter stopped short, however, of advocating for more prevention programs - a goal of the Knowles administration - saying he's not yet convinced that prevention works to keep people out of jail as well as traditional penalties and sentences.

Building more prisons is another

Please turn to Fines, Page A6

## Inmates shipped to Arizona are subject of appeal

By JEANINE POHL

THE JUNEAU EMPIRE

The state of Alaska and attorneys for prison inmates continue to wrangle in court over the fate of 206 Alaska inmates doing time in a private Arizona jail.

The first contract with Central Arizona Detention Center in Florence, Ariz., ended June 30, but the state extended it through June 1996, Department of Corrections Commissioner Margaret Pugh said Friday.

When prisoners were first shipped south in January, the state called it a stop-gap measure to relieve overcrowding and slow the fines the state accumulates each day one or more of its 15 prisons exceeds its capacity.

The fines are part of a settlement of the Cleary case, a class-action lawsuit first filed in 1981 on behalf of Alaska prisoners over prison-crowding conditions and other complaints.

Lawyers for the inmates tried to stop the transfer from taking place, arguing that some inmates were moved south against their will, or were separated from families.

Please turn to Appeal, Page A6

## Fines . . .

Continued from A1

er option Porter said he would consider, but cautiously.

Pugh also said that expanding state prisons is an option, although she is working more toward less expensive alternatives to jail time and to preventing crime in the first place.

"We can't build our way out of the social problems that create criminal behavior," she said.

An attorney for the inmate plaintiffs said he expects the Legislature may be more forthcoming with funding this coming session,

because a plan will be submitted on behalf of the inmates with specific suggestions on how the fines would be spent.

Anchorage attorney Scott Taylor said when the Department of Corrections asked the Legislature for money last session to pay the fines, it was an arbitrary number, based on what the department thought the fines might be.

Taylor said Anchorage Superior Court Judge Karen Hunt asked both sides in the case last spring to estimate the fines accumulated, and how the money should be spent.

Once that's been determined,

Taylor believes Hunt will approve such a plan, which can then be submitted to the Legislature for funding.

"I have no reason to believe they won't ultimately pay this," Taylor said of legislators.

However Michael Stark, assistant attorney general for Corrections at the Alaska Department of Law, said it doesn't make sense to determine how money can be spent until the Legislature appropriates it.

Taylor responded that the state's position is a chicken-and-egg argument, which will ultimately be decided by Judge Hunt.

## Appeal . . .

Continued from A1

lies, and that some of the prisoners' rights and benefits as Alaskans have not been carried through in Arizona.

While inmate attorney Scott Taylor said he is asking that the transfer plan be rejected, he also realizes that it may not be practical to ask that inmates be returned to Alaska.

Some are satisfied serving time in Arizona, Taylor said Friday, but others were pulled out of Alaska while in the midst of training or

education programs that aren't being offered at the private prison.

"Some should be given the opportunity to come back," Taylor said from Anchorage. . . .

The Department of Corrections maintains that prisoners' rights haven't be compromised by the move south.

Michael Stark, assistant attorney general for the Corrections Department, said the state maintains that the Cleary settlement agreement only covers inmates in prisons owned or operated by the state.

The Corrections Department

did include many parts of the Cleary settlement agreement into its contract with the Arizona prison, Stark said.

Under state law, he said, the department may contract out with a private corporation providing "a similar degree of custody and care" to what inmates would have experienced in an Alaska prison.

Although initial appeals on behalf of inmates to the Alaska Supreme Court were rejected, hearings on the appeal were held earlier this month by Anchorage Superior Court Judge Karen Hunt.

Oral arguments in the case are scheduled for Nov. 20.

# National Report

The New York Times

SATURDAY, AUGUST 19, 1995

## Private Tennessee Prison Is Praised in State Studies

### Officials Nationwide Are Paying Notice

By FOX BUTTERFIELD

CLIFTON, Tenn. — Except for the corporate shoulder patch on the guards' uniforms, the South Central Correctional Center could be mistaken for any other modern prison, a campus of squat concrete structures surrounded by a double chain-link fence topped with coils of razor wire glinting under the sun.

But two recent studies by a special committee of the Tennessee Legislature have concluded that the prison here, run by the Corrections Corporation of America, is operating at a lower cost and providing better and safer services than comparable prisons administered by the State Department of Corrections.

The studies, while limited to one state, are drawing attention among prison officials nationwide because they provide the strongest evidence yet that private, for-profit prisons, after a decade of occasional blunders and persistent criticism from opponents, can work. And, while the studies show only slightly better performance by the private prisons, they come at a time when governments across the country, including New York City's, are increasingly turning to private prisons as a way to cut costs.

The number of inmates in privately managed or owned prisons is expected to leap to 65,000 by this year's end from 1,345 in 1985, with a projected annual growth of 35 percent over the next few years, said Charles W. Thomas, a criminologist and director of the Private Prisons Project at the University of Florida. Indeed, the prison business has become one of the fastest-growing industries in the nation.

On Aug. 11, aides to Mayor Rudolph W. Giuliani of New York said they had begun soliciting proposals from private companies to take over the management of some of the city's jails.



Kevin Myers, warden of the South Central Correctional Center, the private prison that studies by two Tennessee Legislature committees said was operating at a lower cost and providing better and safer services than similar prisons run by the State Corrections Department.

And the Clinton Administration has said that for the first time the Federal Bureau of Prisons would turn over to private companies four newly built minimum- and low-security prisons. Australia, Britain and New Zealand have recently copied the American private-prison lead, while Canada, France, the Netherlands and the Czech Republic are negotiating with American concerns to build private prisons.

Even a critic of such privatization, John J. Dilulio Jr., professor of poli-

tics and public affairs at Princeton University, said he was impressed with the results in Tennessee and several other private prisons. "This success comes as a surprise," he said. Because of widespread corruption and the exploitation of inmate labor when private prisons were in vogue in the 18th and 19th centuries, he said he had expected more abuses when for-profit prisons were first revived in the Reagan Administration.

"I remain against private prisons for philosophical reasons," Professor DiIulio said. "People would not be happy with private police or private executions. But I have to concede that the evidence so far is favorable."

Even some inmates who have been in the South Central prison agree it is well-run. "I should have never left," Samuel Mitchell, a 21-year-old convicted robber, said of South Central, which is tucked in an isolated green hollow just above the point where Tennessee, Alabama and Mississippi meet.

But critics and nettlesome questions remain. Professor DiIulio pointed out that the private prison companies have largely confined themselves to managing smaller, lower-security institutions and have yet to tackle any of the big maximum security prisons that require more staffing and are therefore more expensive to run. He calls this practice "creaming" and says it "leaves a cloud over the evidence."

The industry has attracted some companies with little experience and more interest in the bottom line than in administering a prison.

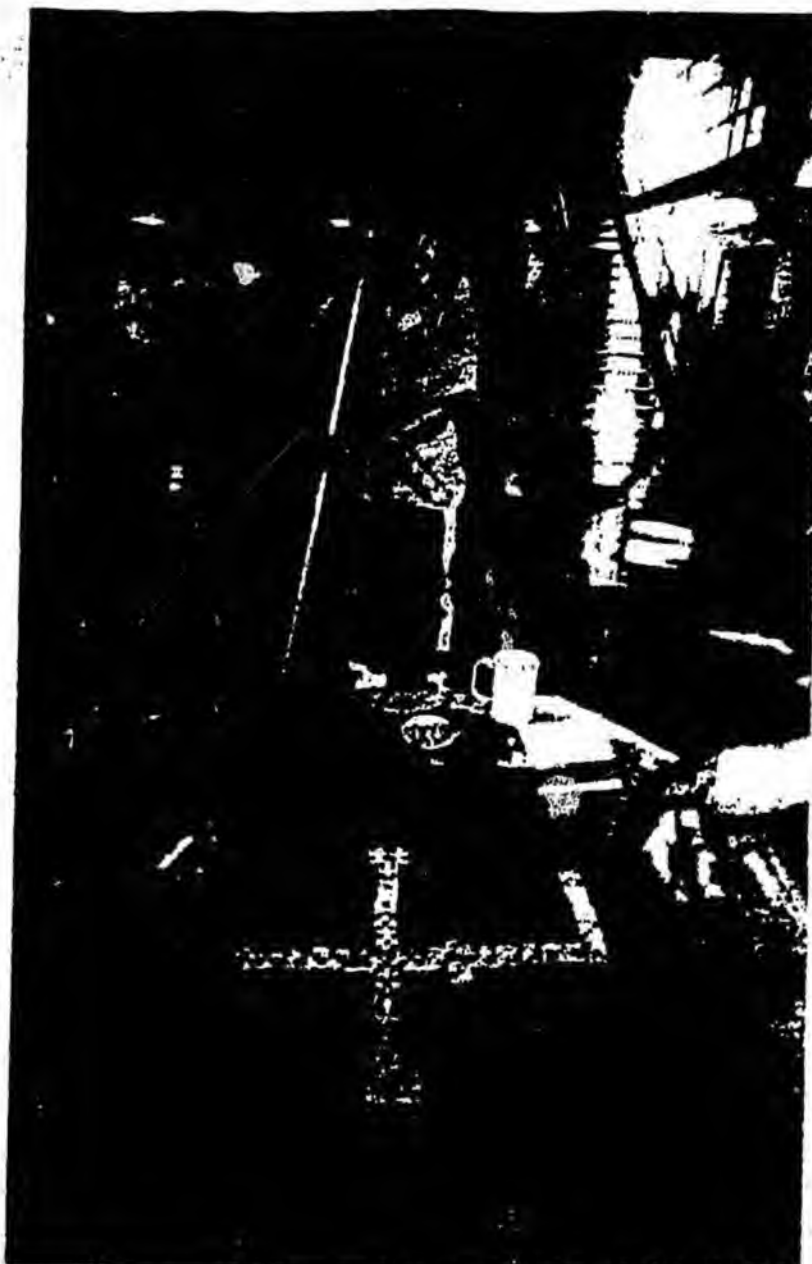
The Immigration and Naturalization Service recently canceled the contract of the Esmor Correctional Services Corporation after an uprising in its immigration detention center in Elizabeth, N.J. An investigation by the service found that Esmor, in cutting costs, had failed to train guards and that they abused detainees by beating them or putting them in leg irons.

J. Michael Quinlan, a former director of the Federal Bureau of Prisons and now director of strategic planning for Corrections Corporation of America, said some government agencies needed to be more watchful. Some agencies, Mr. Quinlan said, look to private prisons simply as a way "to do something on the cheap."

Prison costs are the fastest growing budgetary item for many government agencies, as the number of inmates held by Federal, state and local governments has tripled over the past two decades, to 1.5 million.

"They are just warehousing," Mr. Quinlan said, "when they should be looking at the full range of education programs, job training and recreation to keep the inmates from being idle."

Texas, for example, which has more than 30 private prisons, the most in the country, requires that private concerns guarantee a cost that is at least 10 percent below that of the State Department of Criminal Justice Services prisons. As a result, Professor Thomas of the University of Florida said, Texas pays too little to allow for good educational and jobs programs in its private prisons.



Photograph by Alan E. Venzor for The New York Times

Two Tennessee studies provide the strongest evidence yet that private, for-profit prisons can work. Phillip Phillips, 25, serving 10 years at the South Central Correctional Center at Clifton, Tenn., a private prison studied, said it was the best of the half dozen prisons he has been in.

Norval Morris, a penologist and professor of law and criminology emeritus at the University of Chicago, said: "This is simply selling a prisoner into servitude. Obviously, you can build a dungeon and throw people in it and throw food down to them very cheaply. The question is what services you provide them."

The boom in private prisons has also led to criticism from inmates' families, as convicts have been shipped to private prisons in distant states.

Bobby Ross, a former sheriff and president of the Bobby Ross Group, estimates that more than 3,000 inmates from Colorado, Missouri, North Carolina, Utah and Virginia are in private prisons outside their own state. Mr. Ross recently imported 735 inmates from Virginia to fill his company's Newton Correctional

Facility, on the Louisiana border near Beaumont, Tex.

"It's just making real efficient use of beds," Mr. Ross said. "It has its downside," he acknowledged. "Their families resent the distance. But it may be better for the inmates. They were sleeping on the floor where they were before."

So far, despite several lawsuits by these transported inmates, no court has ruled the practice illegal.

Comparing the quality of prisons, even among state-run prisons within the same state, has long been a tricky business because of the different characteristics of the prisons and their inmates. But the two recent reports by a special joint committee of the Tennessee Legislature compare the privately run South Central prison with two state prisons that were built at the same time and

have an identical design and size, with just over 1,000 inmates each. Because of this, experts say the comparative studies are the most accurate and comprehensive evaluation available.

Based on the findings, the Legislature gave the South Central prison run by the Corrections Corporation a score of 87.48, compared with scores of 87.23 and 85.28 for the two state prisons.

One report measured a long list of factors including escapes, assaults, disciplinary write-ups and the availability of medical care, jobs and education programs. During the two-year study, South Central prison had no escapes while one of the state prisons had one and the other had two. As for prisoner assaults, one of the state prisons recorded 165 on guards and other inmates and the other had 69 while South Central had 80.

A second study by the committee found that the Corrections Corporation's prison cost an average of \$35.18 per inmate per day, compared with an average of \$35.76 in the two state prisons. This means that the privately run prison saves the state about \$150,000 a year. The state renewed Corrections Corporations' contract.

Doctor R. Crants, the chairman of the Corrections Corporation of Nashville, the oldest and by the far the largest company in the business, said an open competition between the prison run by his concern and the two state institutions forced all three to find ways to reduce costs. The costs at other state prisons in Tennessee normally run more than \$40 per prisoner per day.

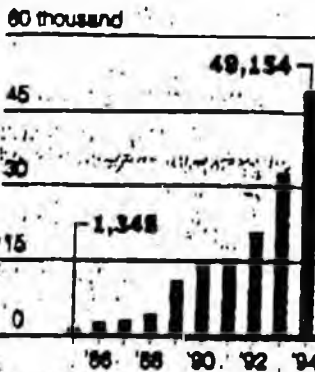
The Corrections Corporation, like other private companies, hires non-union guards, offering employees stock option programs rather than a pension plan. And some public officials point out that taxpayers may gain in the long run because private prison guards will not be on public pensions when they retire.

But Mr. Crants insists that the real secret to success for private prisons is in reducing labor costs by making prisons a better place in which to work. Up to 25 percent of

## KEEPING COUNT

### The Growth Of Private Prisons

Number of prison beds under private management available for occupancy or under construction



Source: Professor Charles Thomas, director of the Private Corrections Project at the University of Florida

state prison budgets go for overtime pay, he said, a result of guards' calling in sick.

"What this is all about is to make the corrections officer think he is coming to work in a nice place," Mr. Crants said. "So don't overcrowd the inmates, give them lots of programs to keep them busy and keep the walls painted and the grass green."

At South Central, Phillip Phillips, 25, serving a 10-year term for armed robbery, says the Corrections Corporation prison is the best of the half dozen where he has been spent time. "It's cleaner, you get more choice of food and the staff is more patient and willing to take time," he said as he mopped the floor.

Mr. Mitchell, the 21-year-old robber, would certainly back Mr. Phillips. To be near his brother, Mr. Mitchell requested a transfer this spring to North West Correctional Center, one of the state-run prisons studied.

The food in the private prison was better, Mr. Mitchell said gratefully, with a Pepsi machine and a salad bar in the food line. The Corrections Corporation counselors were more willing to talk with him, he said, and there were more jobs available to occupy otherwise idle days.

"If you ask me," Mr. Mitchell said in an interview, "I think all penitentiaries should be privately run."

# Business

## Privatizing America's Prisons, Slowly

Despite a checkered past, the future is looking brighter for the private prison industry.

By ANTHONY RAMIREZ

NASHVILLE

**E**RNEST ANDERSON, his biceps straining his blue prison fatigues, cocks back his shining bald head and smiles his gap-toothed smile as he talks about crime, punishment and private enterprise.

"I am a career criminal," Mr. Anderson said. Then, the 35-year-old convict goes on to describe the last decade of his life, years filled with gun play, drug dealing and struggling, often unsuccessfully, with what he calls "my anger problem." He has spent most of those years in prison, five different ones.

Mr. Anderson's story is more or less typical of repeat offenders, and seasoned criminals like him account for the majority of the million people locked up in state and Federal prisons today—five times the number two decades ago.

A typical American prisoner perhaps. But Mr. Anderson is one of a growing number of inmates who are being guarded, fed and put through rehabilitation programs run not by government, but by private companies.

So far, less than 2 percent of inmates are in such facilities and only 13 states, including Texas and Florida, allow private prisons. But this veteran consumer of prison ser-

vices sounds satisfied. "Until this facility, with this facility's programs, I have not been given the opportunity to turn my life around," Mr. Anderson said.

His current residence, the Metro-Davidson Detention Facility in Nashville, is managed by the Corrections Corporation of America, the largest company in the business of for-profit prisons.

The private-prison industry has no shortage of critics, from public-sector unions out to protect their jobs to civil liberties advocates who warn that company-run prisons are less accountable.

Private prisons are not new; they date back to colonial times. But by the 1950's, prisoner-abuse scandals at private operations led to the public administration of prisons. The private-prison movement revived in the early 1980's, but grew slowly for years.

But while the private-prison business has critics and a checkered past, its future seems bright. True, the \$33 billion crime bill that is stalled, for now, in Congress would have accelerated the industry's growth even more with over \$10 billion for prison construction, some of which would have gone to private prisons. Still, the industry's optimism remains unshaken, and it is explained mainly by a familiar, if dreary, litany: the unchecked national problems of crime, and overcrowded state and Federal prisons. The need to control Government spending makes privately managed prisons look increasingly attractive.

**A Better Image, Too**

The reputation of the \$250



Alan S. Wainer for The New York Times

Doctor R. Crants, chairman of Corrections Corporation, in his company's Nashville prison.

million-a-year private prison business has also improved lately. The industry is still small, with nearly a score of little companies in the field. But the two largest companies, Corrections Corporation of

America and Wackenhut Corrections Corporation, which went public last month, hold more than half of the private-prison population. Policy experts say these companies manage a wide range of facilities,



Alan S. Weiner for The New York Times

Ernest Anderson, left, and Broderick Smith, who says the prison "ain't no Holiday Inn."

and are developing innovative drug-rehabilitation, educational and job-training programs.

Leading the industry's surge is the Corrections Corporation of America, based in Nashville. Its 23 prisons under contract in seven states house about a third of the prisoners in the United States who are now held in private prisons. Last year, the company's profits rose 57 percent to \$4 million on revenues of \$100 million.

This year, Corrections Corporation's income rose 30 percent during the first half, and analysts predict further growth. Over the next two years, the company's 13,000 beds under contract should increase by 85 percent and profits should more than double, said William Oliver, an analyst at Equitable Securities in Nashville. Corrections Corporation's share price more

than doubled in the last year, closing Friday at \$15.75.

Equally impressive, the company has been able to win over some former critics with its ability to both cut costs and offer ample prison services. Policy analysts and prisoner advocates worry that private contractors like Corrections Corporation will run bare-bones prisons to maximize profits. After all, they reasoned, private operators are paid a per-day fee for each prisoner.

So far, however, these experts say that Corrections Corporation has surprised them and prompted them to rethink at least the Nashville company's version of prison privatization. William C. La Rowe, director of the Texas Center for Correctional Services, a prisoners' rights group, says he was once an opponent of prison privatization and of Corrections Corpora-

tion. But Mr. La Rowe, who has made unannounced visits to Texas prisons for years, likes what he has seen.

"At Corrections Corporation prisons you don't have the atmosphere of impending violence that you have in a state prison," Mr. La Rowe said. "If Corrections Corporation ran more prisons, I am sure you'd see an increase in savings and a decrease in violence."

Even prison experts who remain skeptical about privatization in general seem impressed by Corrections Corporation. "Not everybody is Corrections Corporation," said John J. DiIulio Jr., a professor at Princeton University. "I'm worried about the fly-by-night companies."

The praise is welcome indeed to Doctor R. Crants, the 49-year-old, white-haired chairman and chief executive of Corrections Corporation, who led the often difficult

struggle to build the business.

A West Point graduate, Mr. Crants founded Corrections Corporation in 1983 along with Thomas W. Beasley, an insurance executive, and T. Don Hutto, a former Virginia corrections commissioner. Mr. Beasley, the former chairman, is now a director of the firm, and Mr. Hutto is international projects manager, including prison ventures in Australia and Britain.

Its founders and financial backers wanted to bring prisons into the wider movement to "privatize" services that were once the exclusive province of government, including public schools, mass transit systems and municipal hospitals. In fact, Corrections Corporation got some of its venture capital from the Massey Burch Investment Group, which also backed HCA Hospital Corporation of America, the nation's largest for-profit op-

erator of hospitals.

But for years, Corrections Corporation seemed to falter. It underestimated the political resistance to the concept of private prisons, and time needed to create a profitable business. Overreaching, it failed in an ambitious bid to persuade the Tennessee legislature to let the company run the entire state prison system in the mid-1980's. The company went public in 1986 with high hopes, but it did not report a yearly profit until 1989. It lost money again in 1991, recovering steadily thereafter.

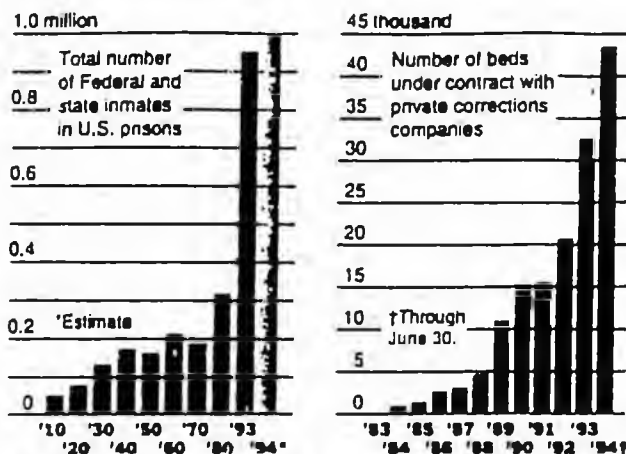
Today, however, Mr. Crants sounds confident that Corrections Corporation has fine-tuned its private-prison formula. The company's biggest customers are the United States Marshals Service, which is responsible for Federal prisoners up to their sentencing, and the prison systems of Texas, Tennessee and Louisiana. If the door to private prisons should open nationally, Mr. Crants says, his company is ready to expand.

Perhaps, but Corrections Corporation's growth and profits depend on the company being able to run prisons less expensively than states or the Federal Government. In Texas, for example, where it runs four prisons, the company's contract specifies that it manage prisons for 10 percent less than those of the state.

Corrections Corporation does own 9 of the 25 prisons it manages or is now building, but in each case the company constructed these smaller operations as a condition of its contract. In short, Corrections Corporation does not risk its money in the construction business. Its profit depends on managing its prisons so that its costs are less than the contracted "per diem" fee it receives for each prisoner. Every contract varies, but last year the company collected just

## More Inmates, More Private Prisons

As the American prison population rises sharply, some states have turned to private companies to operate and manage prisons to curb costs.



Sources: Corrections Corporation of America; Charles W. Thomas/University of Florida at Gainesville

The New York Times

under \$40 a day on average for each prisoner.

How does Corrections Corporation cut costs? It pays the prevailing wage in the states where it operates, but its prisons are not unionized. The company offers its 2,300 employees a stock-option program, but it does not have a pension plan. According to union officials, pension costs can add up to 15 percent of compensation costs for public-sector prison workers.

The no-pensions approach saves some, but Corrections Corporation executives and wardens insist that the far larger gains come from changing the unhealthy environment found in so many prisons. Part of the formula is to keep potentially quarrelsome prisoners like Mr. Anderson at Metro-Davidson so busy with drug rehabilitation, recreational and educational programs that trouble will not tempt them. These prisoner programs add to costs at the outset, but company officials believe they more than pay for themselves, though the savings are hard to measure.

It is a truism that there are no perfect days in prison. Yet anything that makes prisoners

less dissatisfied reduces the tension between the inmates and prison staff, making costly disturbances less likely. That means attention to detail and quality control in basic services like food and mail delivery to inmates, and communicating regularly with prisoners.

"In this environment, little problems become big monsters real fast," said Jimmy Turner, warden of Metro-Davidson.

"In a state prison," Mr. Turner continued, "if a prisoner said, 'I'm going to tear this cell up if you don't talk to me.' Well, the attitude of the state employee was, 'Go ahead and tear it up. We'll repair that \$1,000 commode, but you're not going to threaten us to talk to you.'"

Mr. Turner paused. "I can tell you right now, as a shareholder in this company, if an inmate wants to talk to me, he can talk to me."

**I**N the prison environment, small changes can make a big difference. David Myers, who is now the company's president, was warden at Bay County Jail, a Panama City, Fla., operation taken over by Corrections Corporation in 1985 after a series

of disturbances. Once there, Mr. Myers found that the prisoners' breakfast consisted of a hard-boiled egg and a stale piece of bread. He ordered the fare changed the next day to scrambled eggs and bacon. The new breakfast menu helped calm the inmates, and disturbances subsided.

The real day-to-day savings from easing the inmate-staff tension in prison life come from reducing labor costs, which represent up to two-thirds of the cost of running a prison. Though salaries vary widely state by state, corrections officers are not highly paid, with a typical salary estimated at \$20,000 or less. But it is a high-stress job, with notoriously high levels of absenteeism, or "blue flu."

That adds to overtime costs, swelling the expense of running a prison. If, for example, one corrections officer calls in sick, he is still paid \$10 an hour for his day. But his absence may well mean two other officers have to fill in, working eight hours of straight time and four hours each being paid at time and a half. The salary for those three that day becomes \$360, or a 50 percent increase because one person called in sick.

Stress is hard to measure, but it also leads to costly staff turnover and can lead to prison-yard troubles.

"A better work environment means you are less likely to have tired, short-tempered, confrontational people who become violent," said Mr. Crants, the company chairman. "And I am talking about the guards."

And spending more at the outset might save money in the long run. For example, the company buys costly \$40 chairs made from hard-to-destroy plastic. In a state-run prison, wardens might be required to buy cheaper wooden chairs or benches.

Cheaper might even be more dangerous. In Texas, prisoners would shatter wooden benches into four-foot-long planks with rusty nails.

The ideal situation for Corrections Corporation is when it can help design and build a prison from scratch as it did with Metro-Davidson, an \$18 million, nearly 900-bed facility that opened in February 1992. The prison holds locally sentenced felons serving one to six years.

**T**HE prison employs a "wheel-and-spoke design," where one or two corrections officers in an electronic command post constantly monitor prison cells circled around the post. The arrangement reduces blind spots, company officials say.

"What you want to avoid is the telephone-pole design," said Robert Britton, vice-president for operations. "That's the long, traditional cell block you see in old Jimmy Cagney movies. You can't see. It isn't secure for guards or prisoners."

To keep inmates busy and to prepare them for life after prison, Metro-Davidson has an unusually large number of educational and rehabilitation programs for an operation in which the average stay is 12 months. Inmates not only can get a high-school equivalency degree, but also attend programs that teach marketable skills like computer data processing.

An especially innovative program, called Lifeline, is a six-month drug rehabilitation and psychological counseling program designed to bring brooding loners out of their self-destructive cycle of drug addiction and anger. The program, developed by Corrections Corporation, was not a requirement of the state contract.

Yet the company says there is room for improvement — and cost savings—at state

prisons it takes over but had no hand in designing.

The Winn Correctional Center in Winn Parish, La., is an example. It is a classic Jimmy Cagney prison out in the middle of rural nowhere. When Corrections Corporation took over management of the 1,300-bed facility in 1990, it became the first privately operated medium-security prison in the United States.

Small things tell. At the commissary, where prisoners can buy personal items like candy bars, the store once opened onto a long corridor. A guard had to stand there and observe the prisoners. By caging the commissary, a guard could now roam the corridor, enhancing security.

Perhaps the biggest innovation at Winn is the continuing experimentation with programs to try to give prisoners marketable skills. Besides the usual computer and "culinary arts" classes, Corrections Corporation is starting a 60-worker garment factory using standard single- and double-needled tailoring machines to make disposable hazardous waste suits. "These are real skills," said Michael Phillips, assistant warden.

The prisoners show a qualified enthusiasm for the job training. Ricky Temple, 36, is serving a 40-year sentence at Winn for rape and forcible assault. Mr. Temple says he has already learned some things in prison, like "how to be a better burglar, a better bank robber." But, he added, "I want to have a legitimate skill when I get out."

Other inmates, however, are impressed by other advantages that they say the Corrections Corporation prison seems to offer.

"You don't have to sleep with one eye open here," said Jesse Howard, 37, who is serving a 30-year sentence for armed robbery. "You don't

have to carry two or three knives with you because the guards are always looking at everybody." ■

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**ALASKA FEDERATION OF NATIVES, INC.**

1577 C Street, Suite 201, Anchorage, Alaska 99501  
907-274-3611 - Fax 907-276-7989

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February 28, 1996

The Honorable Richard Foster  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99811-1182

Post-it® Fax Note	7671	Date	n of pages ▶
To	<i>Sue Mossgrave</i>	From	<i>Julie Kitka</i>
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

Dear Rep. Foster:

Thank you for the time to allow the AFN the opportunity to comment on HB 428.

The Alaska Federation of Natives Board of Directors at their regular meeting in Juneau on February 12-13, 1996, voted to oppose the 1,000 bed correctional facility being proposed this session by Rep. Eldon Mulder of Anchorage.

The Board also stated in their motion that they fully support the concept of regional correctional facilities, with future opportunities for participation in the privatization of those facilities being extended to Native corporations, Native associations, and Native communities.

As you probably know, almost half of the inmate population consists of Alaska Natives. For that and other reasons, we oppose HB 428, and hope this legislature will support regional facilities instead.

Sincerely,

*Julie Kitka*  
Julie Kitka, President



# Kenai Natives Association, Inc.

215 Fidalgo St., Suite 203

Tangent Building

Kenai, Alaska 99611

January 24, 1996

Governor Tony Knowles  
State of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

Re: Privatization Concept for Corrections

Dear Governor Knowles,

This letter will advise of the intention of the Kenai Natives Association, Inc. (KNA) to explore the possibility of constructing and operating a private correctional facility on KNA lands adjacent to the existing Wildwood Correctional Center, and leasing it to the State. We would like to work with your office, the Department of Corrections, and the Legislature to study and develop a plan to address inmate overcrowding that exists throughout the State's correctional system. Naturally, we are very concerned with Native issues that are involved.

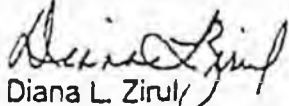
KNA has a previous track record with the State of Alaska, having served as landlord to the State at the Wildwood Correctional Center from 1983 until the State exercised its option to purchase the facility in 1992. During that time we enjoyed an excellent rapport with the Department of Corrections, and believe that relationship could continue in the best interests of all concerned. We have been a strong supporter of the correction's industry, and would hope that KNA would be given serious consideration should the State determine to pursue any agreement with a third party private entity to provide correctional services.

We are in the early stages of fact gathering, and it is likely that feasibility studies will be necessary to determine the exact nature of our anticipated involvement. However, KNA wanted to let you know of our interest and to request that we be kept advised of any significant event involving planning for the Department of Corrections that would impact our potential involvement.

Thank you for your continued support of Native involvement in the government, and for giving KNA consideration and support as a participant in our effort to explore how we might be able to assist the Department of Corrections with the inmate overcrowding and budget issues. Please advise if I can be of further assistance in this matter.

Sincerely,

KENAI NATIVES ASSOCIATION, INC.

  
Diana L. Zirul  
President

DLZ:pa

cc: Margaret Pugh, Commissioner, Dep't. of Corrections  
Brian Porter, Chairman, House Judiciary Committee  
Mark Hanley, Co-Chairman, House Finance Committee

**KONIAG, INC.**

• 4300 B Street, Suite 407, Anchorage, AK 99503

(907) 567-2688 • Fax (907) 562-5258 •

February 22, 1996

Representative Eldon Mulder  
Alaska State Legislature  
House of Representatives  
Room 411  
State Capitol  
Juneau, Alaska 99801

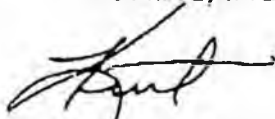
Dear Representative Mulder:

We would like to formally express our support of HB 428, Prison Privatization.

History has proven that privately run facilities can be operated significantly more efficiently than public-run facilities, typically with operational cost savings of up to 35%. This has been done through the use of both larger and more centrally located facilities coupled with the basic efficiencies found in privately run organizations when compared to bureaucratically controlled operations.

Best wishes in your progress on this bill.

Sincerely,  
KONIAG, INC.



Kurt E. Martens  
Vice President, Finance and Controller

cc: Uwe Gross, Chief Executive Officer  
Charles Pemberton, Vice President / Acting President

FEB-22-1996 14:37

A.S.R.C. HEADQUARTERS

907 852 5733 P. 02

Corporate Headquarters • P.O. Box 100 • Barrow - Alaska • 99723-0100 • (907) 852-8531 or (907) 852-8833 • FAX (907) 852-5733



February 9, 1996

The Honorable Tony Knowles  
Governor  
State of Alaska  
P.O. Box 110001  
Juneau, AK 99811

Dear Governor Knowles:

I would like to take this opportunity to thank you for the leadership you have provided at a time when everyone in Alaska needs to realize that the "budget gap" is real. Having reviewed the Long Range Financial Planning Commission's report, I realize that a careful and balanced solution is necessary. Although I do not agree entirely with all the proposed solutions, such as the reduction in the Permanent Fund distribution or institution of a personal income tax, the Commission's recommendations have gone a long way in finding workable solutions.

As a founder and manager of a private business in this state, I think that some of the solutions to the budget gap can be found in privatization of governmental services. One area that should be explored is prison facilities. There are currently two pieces of legislation that address, in part, a private solution to prison facilities-- HB 428 and 429. I would urge your support for these bills.

With a demonstrated need for prison facilities and a limited capital budget, it makes real sense for the State of Alaska to partner with the private sector to find a practical solution to a long standing problem. The development and construction can be totally financed privately and the State can contract with the private sector to house prisoners in Alaska rather than thousands of miles away in another state. As a company in the design, construction and facility management business, we would be very interested in considering any such opportunity in the future. I know there are many other private businesses in Alaska that would also support privatization of prison facilities.

Your support of this legislation to provide an opportunity for Alaskan businesses, while helping to mitigate the State's budget problems and meet a serious need in this State, would be greatly appreciated.

Sincerely Yours,

Jacob Adams  
Chairman & President



P.O. Box 46  
Kotzebue, Alaska 99752

City Hall  
442-3401

Police Dept.  
442-3351

Fire Dept.  
442-3404

Public Works  
442-3401

TESTIMONY OF MIKE SCOTT  
KOTZEBUE CITY MANAGER  
2-22-96  
HCS FOR HB 428 (FIN)

THANK YOU MR. CHAIRMAN FOR THE OPPORTUNITY TO PROVIDE WRITTEN TESTIMONY TO THE COMMITTEE ON HCS FOR HB 428 (FIN). ALLOWING THE DEPARTMENT OF CORRECTIONS TO PRIVATIZE BOTH THE CAPITAL ASSET AND OPERATION OF A STATE JAIL IS A WORTHY PROPOSAL. IN FACT, STATE GOVERNMENT HAS BEEN ENGAGED IN PRIVATIZATION OF PUBLIC-USE FACILITIES FOR A NUMBER OF YEARS FROM OFFICE SPACE TO HOUSING. FRANKLY, THIS BILL WOULD PROVIDE THE STATE EXECUTIVE WITH ANOTHER MEANS TO MEET A CRUSHING PROBLEM.

AS A CITY MANAGER WHO HAS OVERSEEN THE OPERATION OF AN OVERCROWDED REGIONAL JAIL FOR SEVERAL YEARS, I APPRECIATE ANY ATTEMPT TO ALLEVIATE THE PRISON CAPACITY PROBLEM IN ALASKA.

HOWEVER, NOT ONLY SHOULD WE BE LOOKING AT A PRIVATELY-FINANCED, STATE(AIDEA) ASSISTED PROJECT TIED TOGETHER WITH AN OPERATIONS CONTRACT TO REPAY DEBT SERVICE, FUND OPERATIONS AND PROVIDE A MODEST PROFIT IN SOUTHCENTRAL, WE SHOULD ALSO SEEK TO INCREASE REGIONAL CAPACITY STATEWIDE. WITHOUT DOING SO, WE HAVE ONLY ADDRESSED A PART OF THE JAIL CAPACITY PROBLEM IN THE STATE.

AS A HOLDING AND PRE-TRIAL FACILITY FIRST, KOTZEBUE REGIONAL JAIL'S OVERCROWDING WOULD NOT BE ELIMINATED WITH EITHER A NEW,

LARGE SOUTHCENTRAL FACILITY OR A HALFWAY HOUSE. WHILE A HALFWAY HOUSE COULD PROVE USEFUL, IN RURAL ALASKA, THAT IS SIMPLY A LUXURY THE STATE COULDN'T AFFORD TO SUPPORT OVER THE LONG TERM.

CURRENTLY THE CITY OF KOTZEBUE PROVIDES THE STATE WITH A CONTRACT RATE OF \$84.00 PER DAY PER INMATE. KOTZEBUE PROVIDES COST-EFFECTIVE SERVICES ON AN ADJUSTED BASIS FOR 15% LESS THAN THE ARIZONA PRIVATE FACILITY USED BY THE STATE.

CONSEQUENTLY, IF ALLOWED, THE CITY OF KOTZEBUE PROPOSES TO FINANCE IT'S JAIL ADDITION (TO INCREASE CAPACITY TO EASE THE CHRONIC OVERCROWDING SITUATION) OF \$1.5 MILLION THROUGH AIDEA PROVIDED THE DEPARTMENT OF CORRECTIONS AMENDS OUR EXISTING CONTRACT FOR THE ADDITIONAL BEDS AND DEBT SERVICE. WE WON'T ASK FOR ANY PROFIT ALTHOUGH WE MIGHT DESERVE IT!

IN SUMMARY, INCLUDE A MEANS FOR SMALLER, REGIONAL FACILITIES LIKE KOTZEBUE WHO ALREADY MEET THE ALL OF THE OTHER GOALS OF HCS FOR HB 428 (FIN). THANK YOU MR. CHAIRMAN.

**Municipality  
of  
Anchorage**



P.O. Box 196650  
Anchorage, Alaska 99519-0650  
Telephone: (907) 343-4431  
Fax: (907) 343-4499

*Rick Mystrom, Mayor*

OFFICE OF THE MAYOR

January 23, 1996

Representative Eldon Mulder  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Dear Eldon:

As you know, the State of Alaska has a significant shortage of jail space. The Department of Corrections is facing sizable fines for overcrowding and several hundred prisoners have been sent to Outside facilities to help alleviate the problem.

Privatization of corrections facilities is a possible solution to prison overcrowding that should not be ruled out. We support your efforts through House Bills 428 and 429 to put this issue on the table and enable the State to consider it as an alternative.

The Municipality of Anchorage is willing to work in partnership with the State to facilitate construction of a new prison. We may be able to assist as a conduit for financing of the project or help locate a suitable site. We are also willing to help encourage community support of the project.

Thank you for addressing this issue and I look forward to working in partnership with the State to solve the problem.

Sincerely,

Rick Mystrom  
Mayor

EXCERPTS OF TESTIMONY

LEGISLATIVE TELECONFERENCE 1/31/96 and 2/2/96

RE: HB428 AND HB429

DAY 1

(Tape 1, R2360, 3:20 p.m.)

CHAIRMAN PORTER: Phil, come on up. A parson who needs to get back to Anchorage.

Phil, could we have your name and affiliation and your testimony, please.

TESTIMONY OF PHIL THINGSTED

THINGSTED: Mr. Chairman, Committee Members, my name is Phil Thingsted. I'm Business Manager for the Carpenters Union, and I am speaking for a majority of the Western Alaska Building Trades today.

I, too, was raised in Detroit and I understand where he is coming from, and I wouldn't want to have anything to do with the prisons. And if you are only paying them \$13 an hour to start out with, they are way underpaid, anyway. So this testimony may not mean a whole lot.

But I'm here for the majority of the Western Alaska Building Trades, in support for 428 and 429, given the following things.

First of all, that under a level playing field, if the State truly can save money -- now, obviously its hands appear to be tied -- but under a level playing field, if the State can truly save money, then we support it.

Also, under the fact that if it is truly Alaskan hire for these other individuals, not like the oil companies where, contrary to many beliefs, they still fly people over the State of Alaska to go to work. Corrections has a similar situation, in that from what I understand, there are many times that they are a week on, a week

Excerpt of Testimony  
Legislative Teleconference of 1/31/96 and 2/2/96  
Re HB428 and HB429

1 off, two weeks on and two weeks off -- an ideal situation for  
2 someone like GCA or Wackenhut, to fly people over the State of  
3 Alaska, not guaranteeing jobs.

4 If those two things can be guaranteed -- and it certainly  
5 is our understanding in the Building Trades -- that this does not  
6 displace any current Correctional Officers, then we support 428 and  
7 429.

8 That's all the time I'll take, and thank you very much  
9 for allowing me to testify.

10 CHAIRMAN PORTER: Thank you, Phil.

11 Representative Finkelstein?

12 REP. FINKELSTEIN: Thank you, Mr. Chairman.

13 Would you have any objections -- we hadn't really talked  
14 about the other alternative, which is status quo; there are plans  
15 afoot for renovation of a variety of facilities, some with complete  
16 rebuilding and some construction in facilities and possibly a whole  
17 new traditional -- a whole new jail in Anchorage. Would you have  
18 any objection to that alternative?

19 I mean, it seems maybe I can understand your support for  
20 some of the options out there, but that doesn't indicate your  
21 opposition to the other alternatives, does it?

22 THINGSTED: Chairman Porter, Representative  
23 Finkelstein, no it does not -- we're not against other alternatives  
24 to be explored. However -- and I'm not speaking, incidentally,  
25 always for myself; I'm speaking for a number of other people, in  
26 trying to bring their voices to the table here, another private  
27 sector, construction unions, and especially some of the smaller  
28 ones, Representative Finkelstein.

29 You heard Representative Mulder talk here today, that  
30 \$100 million pretty much takes care of the capital budget and  
31 nobody here blinked. I remember it wasn't too long ago, many of  
32 you came to me asking for support, "We're going to look for a

Excerpt of Testimony  
Legislative Teleconference of 1/31/96 and 2/2/96  
Re HB428 and HB429.

1 stable \$300 million capital budget." As the operating budget  
 2 continues to grow, the capital budget continues to shrink. And  
 3 eventually, if the operating budget gets too big, there won't be a  
 4 capital budget and you won't have to listen to me because I won't  
 5 have any people left to represent. It stops. Capital budgets are  
 6 traditionally for infrastructure; i.e., roads, and things like  
 7 that, water, sewer. As infrastructure grows, it brings in new  
 8 business, too, into the private sector. That may be a bad word to  
 9 some of these people, but many of us live within that private  
 10 sector.

11 As one -- and this is (unintelligible) take my word, but  
 12 I was told to mention this, that if -- if that grows too big on the  
 13 one hand, this one shrinks to nothing. There will be no private  
 14 sector in the construction industry, so to speak, only a mom-and-  
 15 pop's operation.

16 REP. FINKELSTEIN: Sure, I just thought that would  
 17 be -- the situation with the Corrections System is different than  
 18 other items in the capital budget. No. 1, it is very, very prone  
 19 to bonding. Okay? It is not an uncommon thing at all for the  
 20 system to do. And No. 2, we are under Court Order, you know. How  
 21 many other places do we have to deal with court decisions that  
 22 direct how we are going to manage these monies? We have little or  
 23 no choice, and I believe these expenditures are going to occur in  
 24 one form or another. It may be this route or it may be other  
 25 routes, but in any event there is going to be construction going  
 26 on, on prison facilities in the state. And, hopefully, it will  
 27 help us with Alaska employees.

28 THINGSTED: Chairman Porter, Representative  
 29 Finkelstein, I certainly that that's the case. And I'm not opposed  
 30 to other alternatives.

31 REP. FINKELSTEIN: Thank you.

32 THINGSTED: It's survival.

Excerpt of Testimony  
 Legislative Teleconference of 1/31/96 and 2/2/96  
 Re HB428 and HB429

2-01-1996 2:18PM

FROM IUOE JUNEAU 9074635464

P. 4

EB 01'35 11112 PK HSEH/HPSLME LV DE

JST LIT 0200 TO HSEH/HPSLME

- 1 CHAIRMAN PORTER: Thank you, Phil.
- 2 (end of excerpt/bhc)

*Excerpt of Testimony*  
*Legislative Teleconference of 1/31/96 and 2/2/96*  
*Re NB420 and NB429*

**Delta/Greely Community Coalition**

P.O. Box 780

Delta Junction, Alaska 99737

Delta Junction City Council  
Delta/Greely School District  
Chamber of Commerce  
Delta Community Corporation  
Delta Chapter, Farm Bureau  
Retired Military/Civilian Representative  
Civil Service Representative



Cleeta P. Barger, President  
Tel: 907-895-1081  
FAX: 895-4219  
Ray Woodruff, Vice-Pres.  
Charles Forck, Sec/Treas

January 30, 1996

Representative Eldon Mulder  
Room 411  
State Capitol  
Juneau, Alaska 99811

Dear Representative Mulder,

Attached is a copy of a letter sent to Margaret Pugh, Commissioner of Corrections. We would appreciate your support for our proposal. As we stated in the attached letter, we think that we can solve many problems for the State at a reasonable cost and provide for our economic recovery from the loss of 400 jobs and \$20,000,000 from our economy from the Fort Greely realignment.

We would also appreciate your comments and thoughts about the feasibility of support from the legislature in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Cleeta P. Barger". The signature is written in dark ink and is positioned above the typed name.

Cleeta Barger, President

**Delta/Greely Community Coalition**

P.O. Box 780

Delta Junction, Alaska 99737

Delta Junction City Council  
Delta/Greely School District  
Delta Chamber of Commerce  
Delta Community Corporation  
Delta Chapter, Farm Bureau

Cleeta P. Barger, President  
Tel: 907-895-4142  
FAX: 895-4506  
Ray Woodruff, Vice-Pres.  
Charles Forck, Sec/Treas



January 30, 1996

Commissioner Margaret Pugh  
Department of Corrections  
P.O. Box 112000  
Juneau, Alaska 99811-2000

Dear Commissioner Pugh,

The Delta/Greely Community Coalition is eager to investigate the possibility of establishing a prison as part of our economic recovery program from the BRAC realignment of Fort Greely. We know the State of Alaska has a requirement for approximately 1000 more bed spaces than they currently have. We know that the Court system is creating problems for the Department of Corrections and that one method of solving the overcrowding problem is to send the prisoners to Arizona at a high cost. We also know that another and most undesirable method is to release prisoners.

Fort Greely can provide most of the facilities and infrastructure to house well over 1000 prisoners after the realignment occurs. We would like to discuss with you or your representative the possibility and methods of establishing a prison on lands which will become available for economic recovery after the realignment of Fort Greely. This would enhance our community and provide many jobs to replace the jobs lost from the realignment while saving the State some significant costs.

We think that both the State of Alaska and our community can benefit from a project to solve problems which the State and the Delta community are encountering. All we need to do is work together.

We would appreciate hearing from you in the near future.

Sincerely,

Cleeta Barger, President

cc: Governor Knowles  
Senator Lincoln  
Representative Kubina



## MEMORANDUM

TO: Rep. Eldon Mulder  
Dennis DeWitt

DATE: February 1, 1996

FROM: Jeff Spoon, VP-Development

DIV: Business Development

SUBJECT: WCC Responses To Organized Labor Testimonies During 1-31-96 HB-428  
TeleConference

Thankyou for the opportunity to make a brief statement during your recent TeleConference. Regrettably, being first, and intentionally taking the "High Road," allowed the various organized labor representatives to record numerous inaccuracies and falsehoods. To not confuse the sponsorship of your Bill with additional controversial testimony, but to offer some information that may assist in its future defense, I am forwarding the following for your review.

1. Nationally, privately managed correctional facilities have significantly lower incidents of escapes and assaults than do their host agencies.
2. There are no privately managed correctional facilities under court supervision while most states, and large local jurisdictions, have serious consent decrees AND ongoing court monitoring.
3. There is a significantly higher percentage of privately managed correctional facilities that have been ACA and NCCHC accredited than in the public sector. Our insurance rates and legal fees reflect this perception of reduced exposure.
4. Numerous states have legislated and recorded 10-20% savings in annual operating costs when comparing privately managed to publicly operated similar facilities in each system. These results are documented in Texas, Louisiana, Florida and California.

5. If higher pay and more expensive benefit packages guaranteed better performance and more efficient operations then:

- a. All Alaska Legislators would be competitively compensated with NFL Super Stars.
- or
- b. The Alaska Legislature would be under court supervision due to gross incompetence.

The ridiculousness of the forgoing supposition is that in order to win a contract, and earn a profit, the private vendor must offer a competitive wage and benefits package that guarantees a stable professional work force. The economic employment marketplace will tell us what that formula will be; not a labor contract that dictates post assignments and lifetime employment.

6. Public sector correctional staff vacancies typically are not the result of low pay, dangerous working environments and/or budgetary personnel shortfalls. Those vacancies are a result of civil service systems that reward longevity rather than performance, have bureaucratic recruitment and training divisions that are not responsive to the needs of the agency they are supposed to serve, have screening criteria and selection juggernauts that alienate and frustrate otherwise qualified and competent job applicants and that make job assignments and vacancy savings a budgetary issue rather than a professional needs assessment. Sixty percent of a public corrections facility's annual budget (Personnel) receives only ten percent of the staff's attention.

7. No private corrections company can afford to "fly employees from out-of-state" to work in Alaska. This labor testimonial does suggest recognition of the possibility that a for-profit company would find LARGE financial savings, and WILLING job applicants, if it went outside the existing correctional job market and its established wage scale. An interesting admission, but an implausible business strategy.

8. Wackenhut always receives 4 times, or more, the number of applicants than available jobs when opening new contract sites. Our wage and benefits packages have never prevented us from recruiting, training, fielding, retaining and promoting a professional work force. Our current operations are our best marketing tools. If we had high staff turnover or less-than-capable employees we would not be able to stay in business nor would we receive high recommendations from our clients or ACA / NCCHC accreditations.

9. If private enterprise somehow placed public safety in jeopardy then Wackenhut's contracts to provide security of the Alaskan Pipeline, Strategic Petroleum Reserves, Foreign US Embassies, Nuclear Power Plants, US Army Munitions Manufacturing and Storage Plants, numerous major US Airports and Mass Transit Systems would place millions of citizens in daily peril. Wackenhut is the largest provider of contract security to the US Government!

10. If Wackenhut's past contract performance was as poor as the labor spokesperson falsely reported then our corporate revenues, contracts retention and new contract signings would not be at the record pace reported quarterly to our stockholders and the SEC. Our business is one of the few things that is growing faster than the US's incarcerated population.

11. Contrary to the uninformed testimony of the ADOC's Sergeant, Wackenhut would be pleased to manage an intake (booking) facility, pre-trial detainees, maximum security inmates, female prisoners, youthful offenders, special needs populations, perform interstate and intrastate transportation, provide comprehensive medical care AND design, finance, construct and manage those facilities and inmate populations for significantly less than the State's average cost of \$105 per day. A quick review of our current corrections contracts will reveal that those services, the Sergeant stated we would be unwilling to perform, are exactly what we do provide elsewhere. What we refuse to provide are overcrowded, poorly managed, prisoner warehouses. We will not accept contractual terms that will predictably put us under court supervision or generate legitimate prisoner Civil Rights litigation.

12. Wackenhut, nor any of its reputable competitors, are self-insured nor is our insurance placed with small unknown carriers. Our property and liability insurance is through AIG (the largest and one of the oldest in the world). Most contracts require us to maintain between \$10 and \$20 million liability policies in effect for each contract site. Nevada just issued an RFP that requires \$50 million liability insurance for a 400-bed adult female maximum security facility to be located in Las Vegas. None of these contracts allow self-insurance nor less than A-rated insurers.

13. Labor consistently testified that Profit contradicts Quality of Service. Wackenhut finds that supposition incredibly ignorant of our nation's economic foundation. Our government clients, insurers, stockholders, corporate executives, contract monitors, employees and inmates believe that profitability (economic success) is directly proportional to quality of service. Our 40+ year corporate history, economic fortunes and reputation for quality security services have yielded a corporate motto "Professionalism with Integrity." Our ability to provide better public services to our government clients, for less cost than they have become accustomed, and realize corporate profits as a result of our performance, cannot possibly be viewed as a taxpayer disadvantage or unfair corporate advantage.

14. Every example of contractual malfeasance by private corrections companies that was offered by labor representatives during their testimonies grossly misrepresented the case-by-case facts and inaccurately reported existing data. Wackenhut has letters of recommendation and support from each of our past and present clients. We certainly have suffered our employee errors and embarrassing incidents. None of those have resulted in contractual sanctions, penalties or cancellations.

15. In every jurisdiction, where our services have been engaged, the public sector's performance has improved, as a natural result of friendly professional competition. We have typically become a training component for government client personnel who are unfamiliar with modern program provision. We take on the challenge of special needs inmate populations who have historically been under served due to limited public sector resources. Our clients' Contract Monitors become our greatest advocates because they observe daily the advantage we offer in the resolution of correctional challenges, operational difficulties and fiscal responsibility.



# City of Eden

P. O. Box 915  
Eden, Texas 76837

James C. "Jim" Schwann  
City Correctional Contracts Administrator

December 27, 1995

Mr. Denny DeWitt  
Alaska State Legislature  
House of Representatives  
Alaska State Capitol  
Juneau, AK. 99801-1182

Dear Mr. DeWitt:

The City of Eden contracted with the Federal Bureau of Prisons (BOP) to house federal inmates in October, 1985, when privatization was in its infancy. We contracted with the Eden Detention Center, Inc. (Roy Burnes) to provide the facilities and management services.

Our Intergovernmental Agreement (IGA) with the BOP is a life-saver for our community and region. I was mayor at the time we negotiated our agreements and have served two terms in the interim. Currently, I serve as City Correctional Contracts Administrator, assigned all responsibility with BOP contracts and management service contracts.

As privatization matured and we added to our inmate population it became apparent that Eden Detention Center, Inc., did not have the resources to keep up with the demands of the industry. Mr. Burnes made the decision to sell. On behalf of the City it was my responsibility to research and make recommendations to the council for a new management company. In addition, I had to coordinate with Mr. Burnes in finding a buyer for the facilities and management company that would suit his financial needs and the City's best interest.

Of the top three private prison companies, *Corrections Corporation of America* was clearly my choice for the City of Eden. I researched all three management companies in depth before making a recommendation to the City or Mr. Burnes. In my opinion, Corrections Corporation of America experience, professionalism, resources, and community awareness are unmatched in the industry. CCA became our new management services provider on September 28, 1995. Since that time they have proven to be

Phone (915)869-8411

E-mail Address: [rcshw@ccca.net](mailto:rcshw@ccca.net)

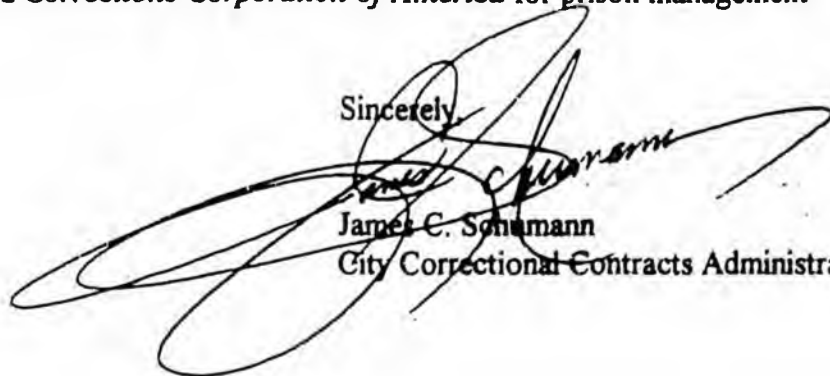
Fax (915)869-8610

Mr. Dewitt  
December 27, 1995  
Page 2

community and people-oriented, and it shows in community projects, employee enthusiasm and inmate morale.

I highly recommend *Corrections Corporation of America* for prison management services.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "James C. Schumann". The signature is written over the typed name and title.

James C. Schumann  
City Correctional Contracts Administrator