

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8625 HOUSE JUDICIARY

***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>	Junce Correctional Centre	Arthur Gorrie Correctional Centre	Borallon 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	241	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>	*a Wackenhut Corrections Corporation joint venture company <i>See Appendix A, Note 10</i>	*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.

*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%
<i>Totals</i>	40,299	3,209	100.00%	100.00%	100.00%

\*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*

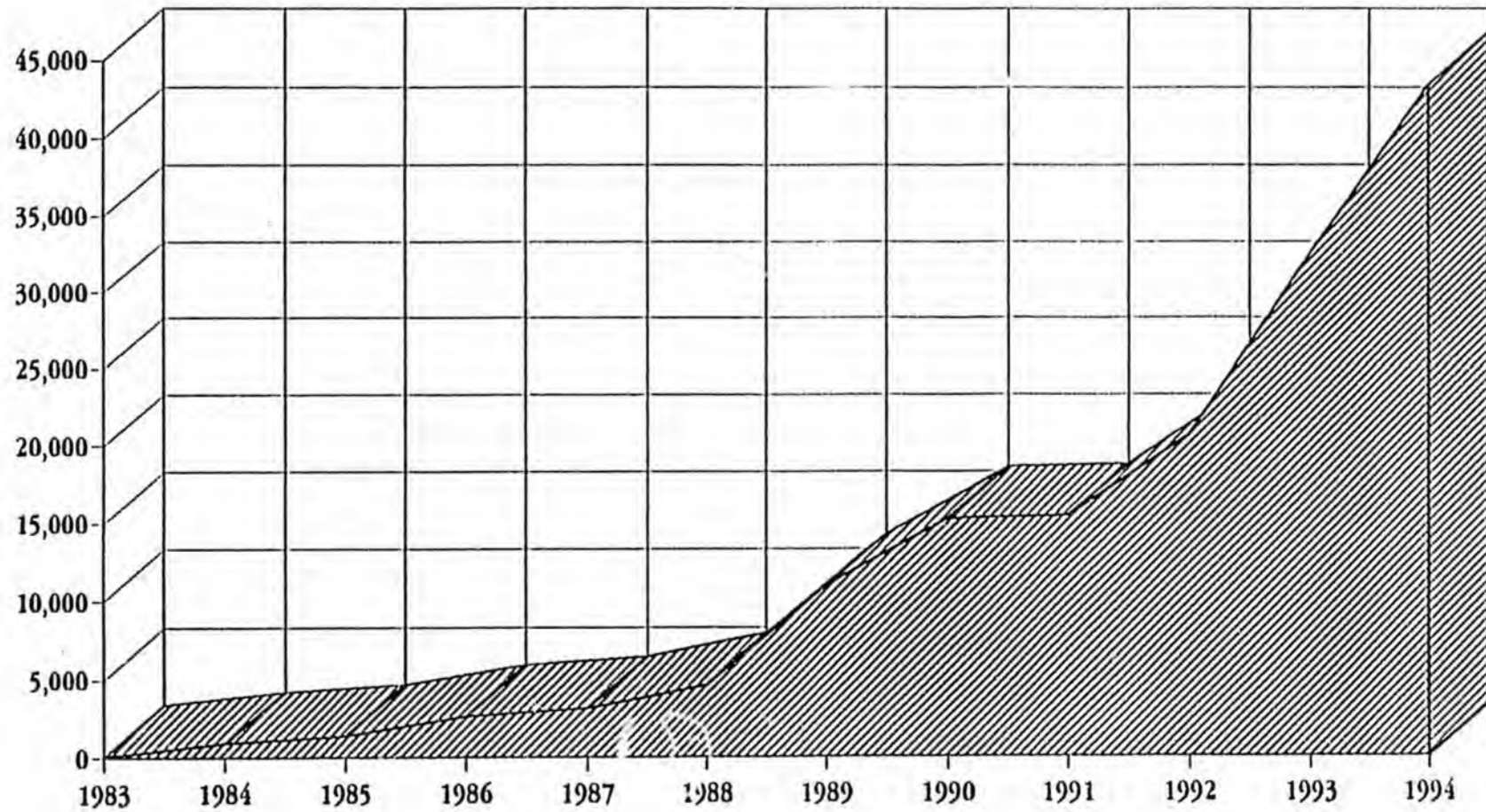
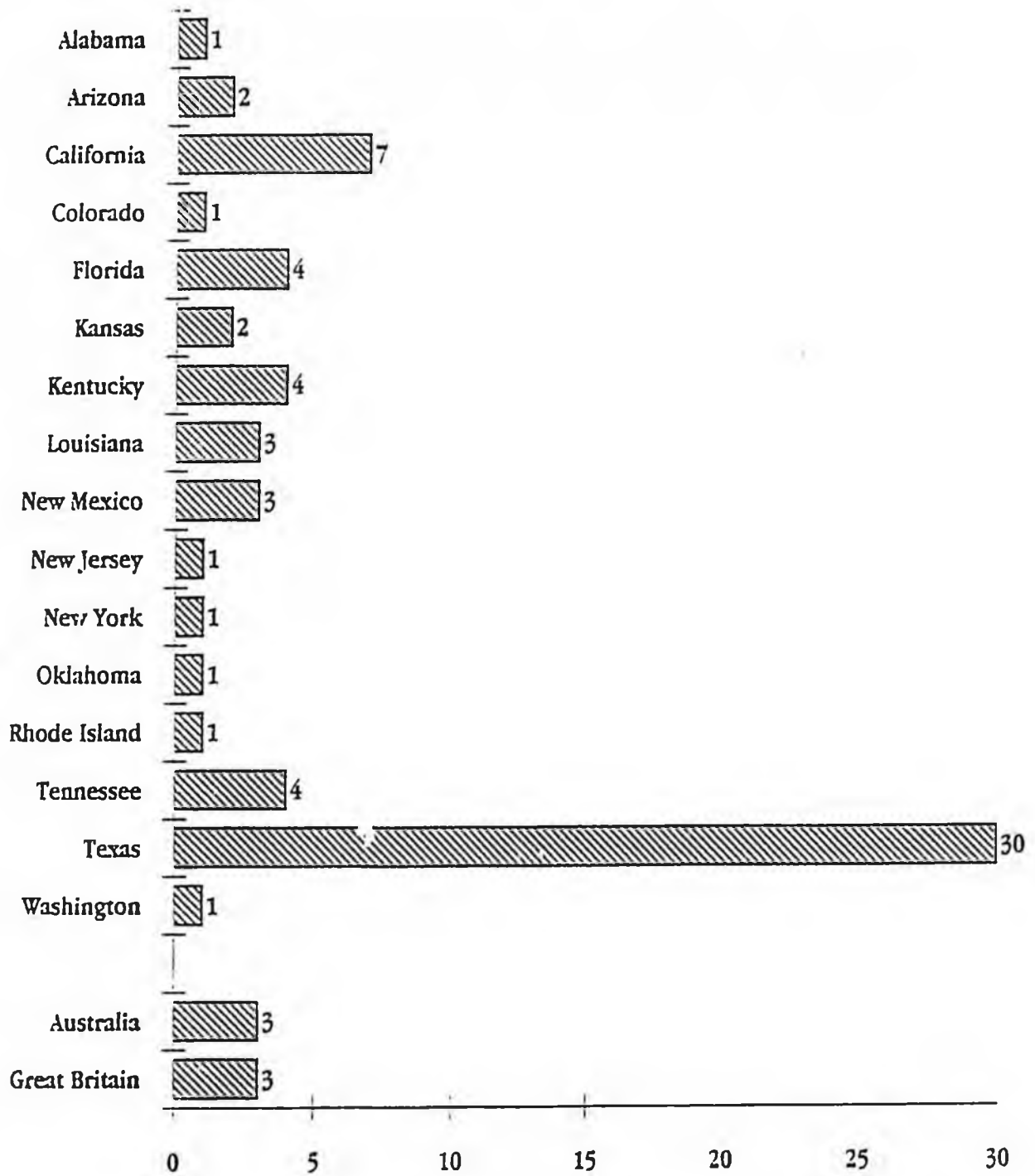
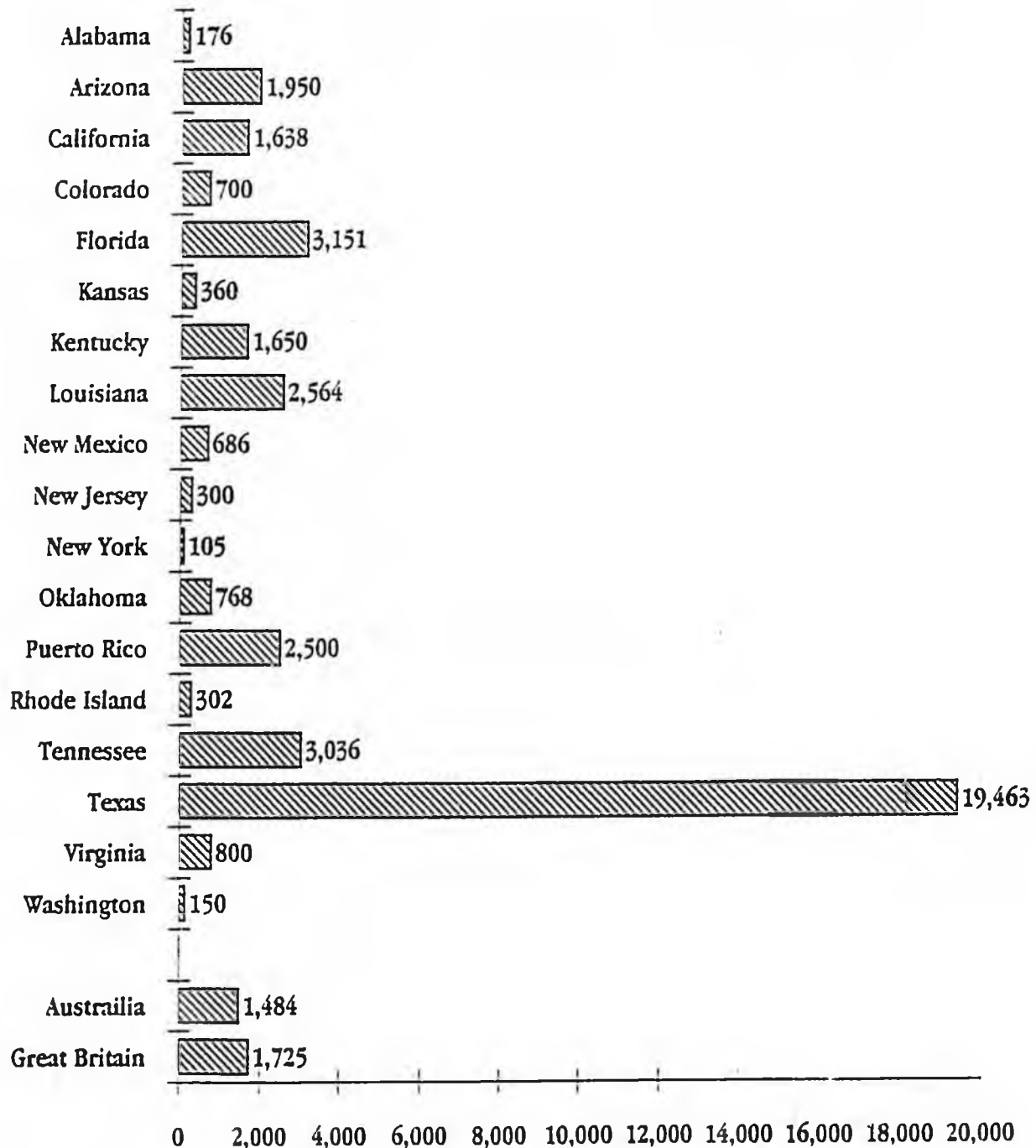


Figure 2: Geographical Locations of Private Facilities (Including Facilities Under Construction)



*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  
8023 Vantage Drive, Suite 970  
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  
102 Woodmont Blvd.  
Nashville, TN 37205  
(615) 292-3100

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

Bud Grossman  
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**

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

**GRW Corporation**

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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  
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Louisville, KY 40208  
(502) 635-5444

**The Villa at Greeley**

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

**Wackenhut Corrections Corporation**

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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  
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**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

Wright 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 Driskell  
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  
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Winnfield, LA 71483  
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***Dove Development Corporation***

Frio Detention Center  
Darrell Woods  
502 South Cedar Street  
Pearsall, TX 78061  
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Crystal City Detention Center  
Larry Young  
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***Eden Detention Center, Inc.***

Eden Detention Center  
Don Zimmerman  
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Eden, TX 76657  
(915) 869-2704

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

Seattle Processing Center  
William Paul  
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Seattle, WA 98134  
(206) 467-6030

***South Texas Intermediate Sanction Facility***

Fred Bagley  
1511 Preston Avenue  
Houston, TX 77002  
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***Tarrant County Community Corrections Facility***

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***GRW Corporation***

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

Ector County Detention Annex  
Wallace Brucker  
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Odessa, TX 79761  
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***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 (Airport Unit)  
Bill Scanlon  
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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 Gorme 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  
2665 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  
Worcestershire  
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-

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



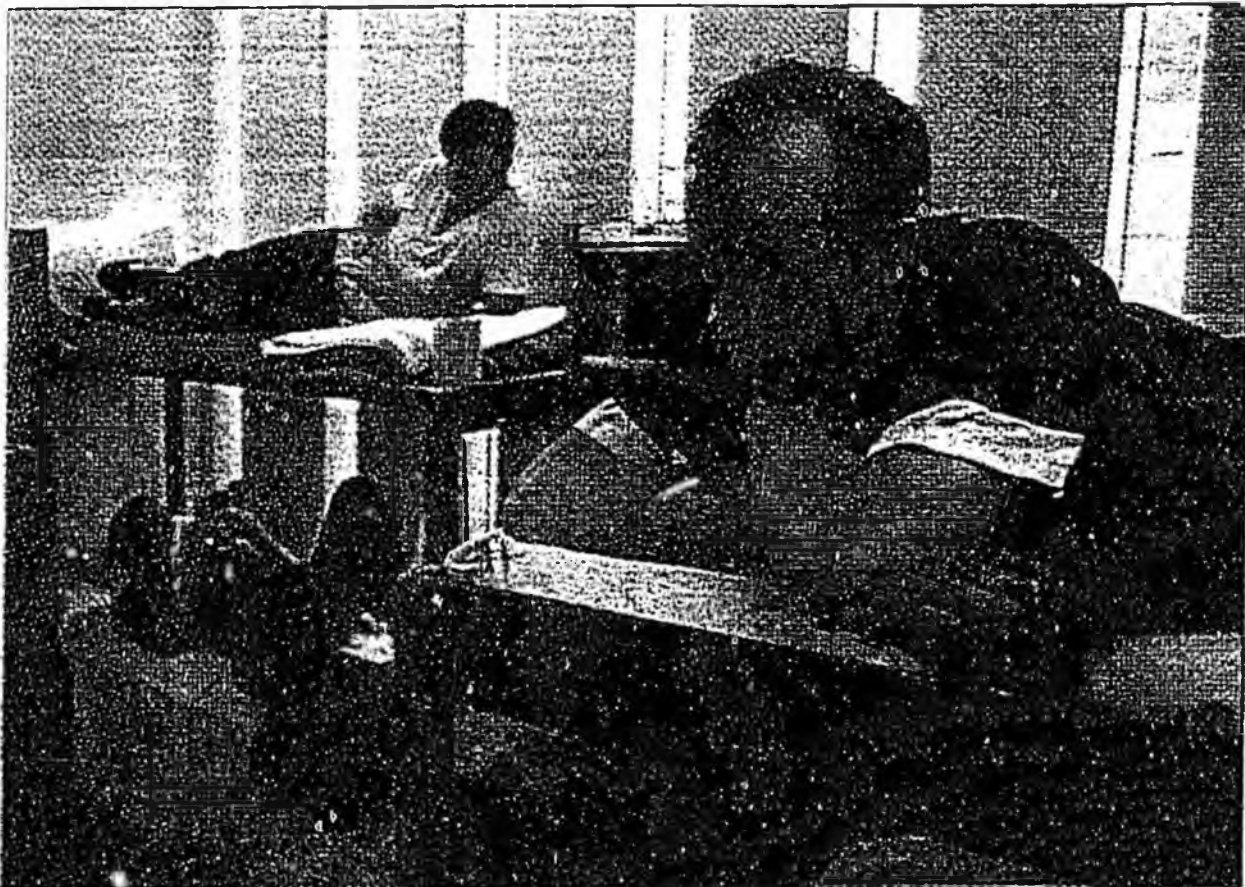
anapolis Fleet Services, which manages and repairs city vehicles.

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

## 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. DiIulio 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 DiIullo 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 DiIullo 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.

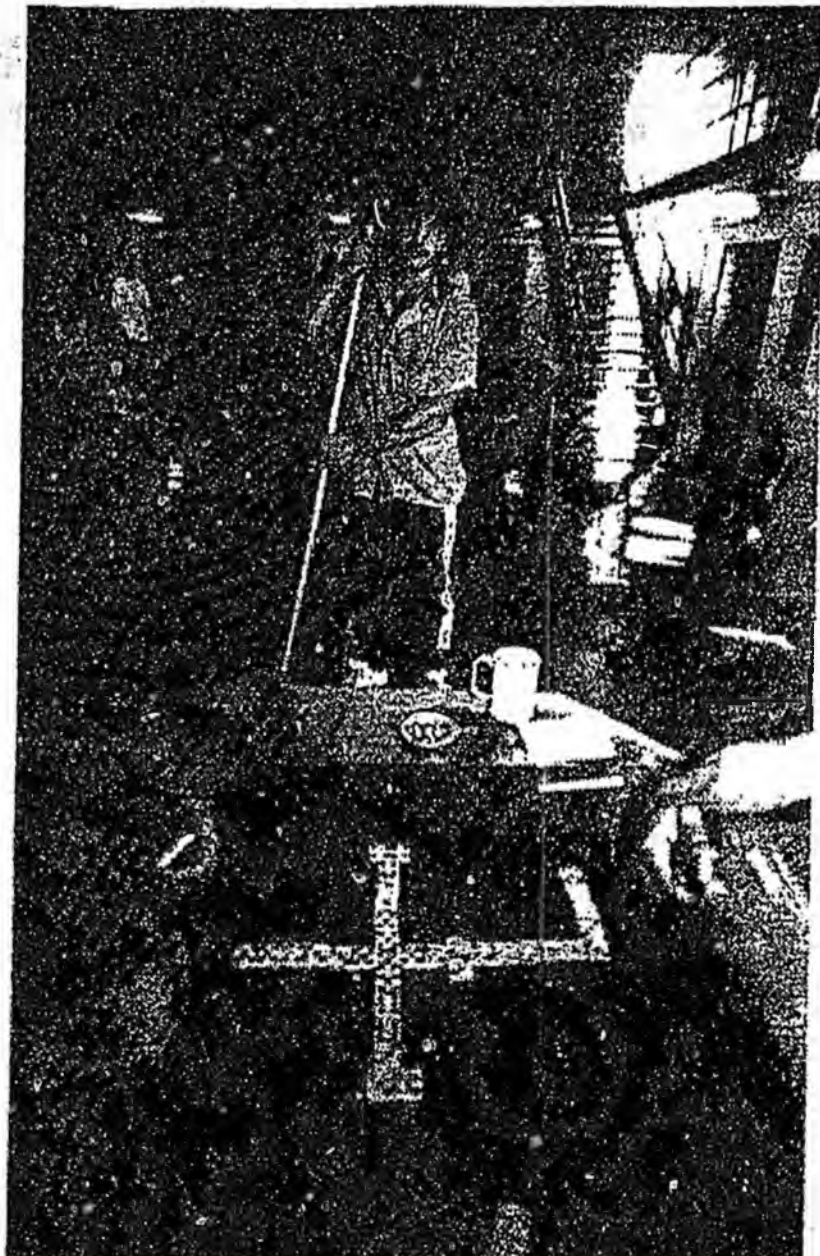
The Immigration and Naturalization Service recently canceled the contract of the Esmor Correctional Services Corporation after an uprising in its immigration detention center in Elizabeth, N.J. An investigation by the service found that Esmor, in cutting costs, had failed to train guards and that they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



Photographs by Alan G. Weiner 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 97.48, compared with scores of 87.23 and 95.28 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 89 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 Corporation's 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.

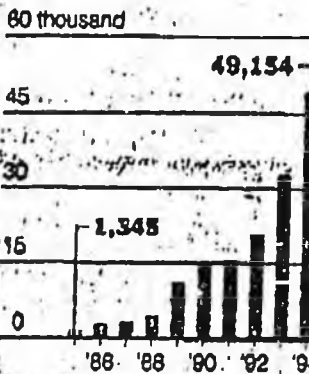
The Corrections Corporation, like other private companies, hires non-union guards, offering employees stock option programs rather than a pension plan. And some public officials point out that taxpayers may gain in the long run because private prison guards will not be on public pensions when they retire.

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 ruefully, 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

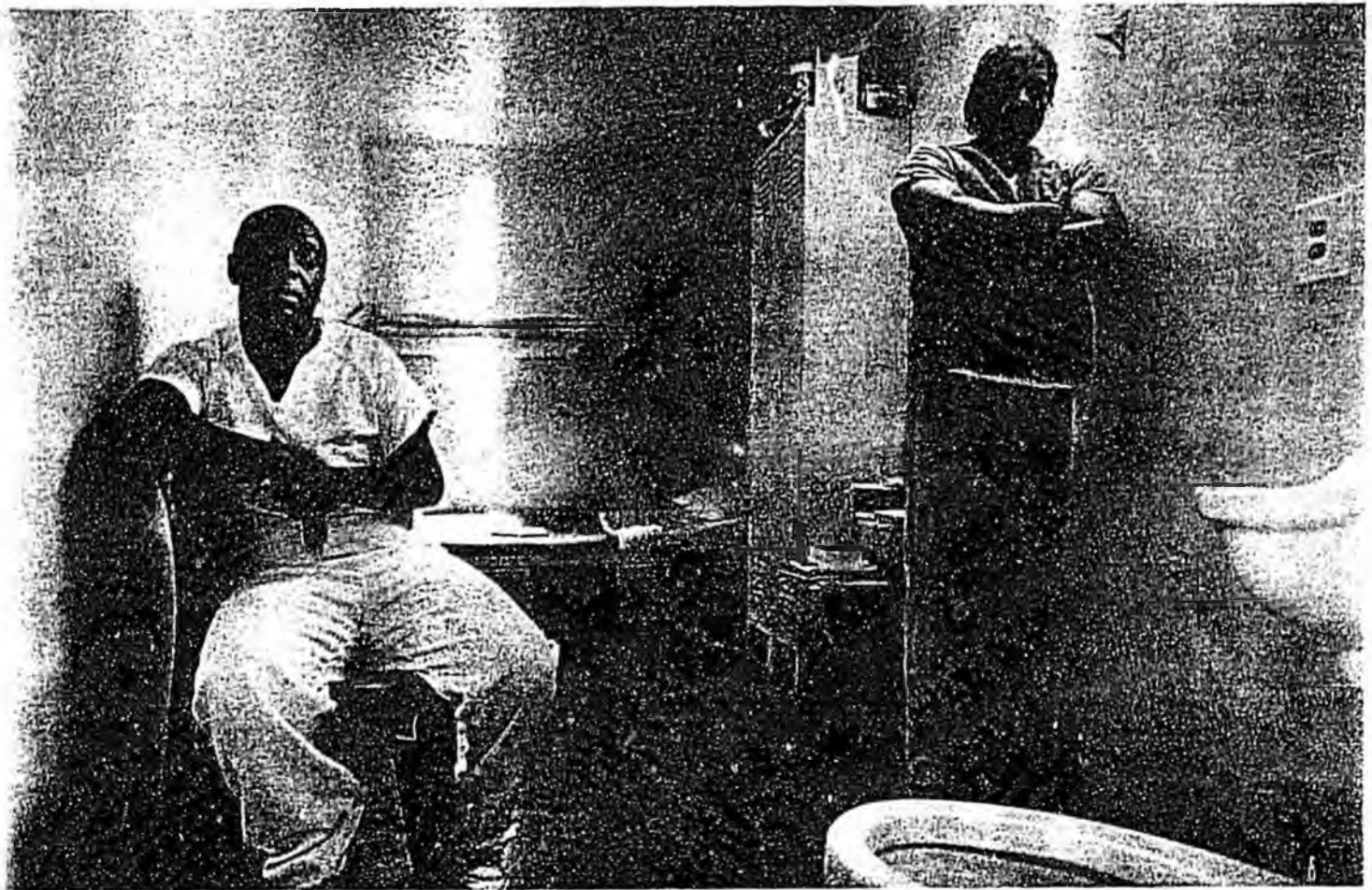


Alan S. Weiner for The New York Times

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.

**S**o 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.

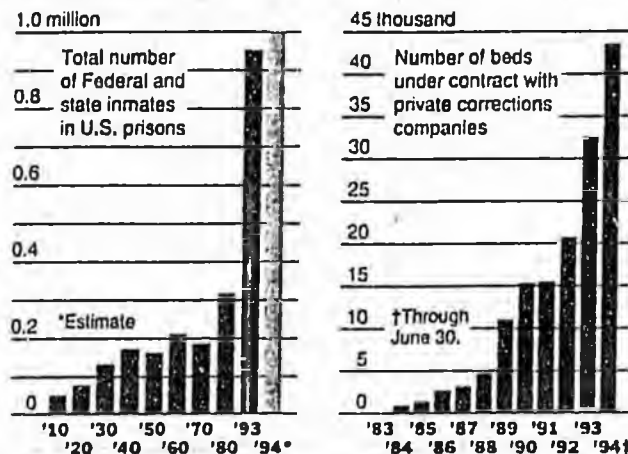
Today, however, Mr. Crants sounds confident that Corrections Corporation has fine-tuned its private-prison formula. The company's biggest customers are the United States Marshals Service, which is responsible for Federal prisoners up to their sentencing, and the prison systems of Texas, Tennessee and 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."

In 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, which can lead to prison problems.

"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." ■

**Construction And Management Of Correction Facilities  
For  
The State Of Alaska.**

HB 428/HB 429

Anchorage AK, January 31, 1996

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My name is John Christensen and I am Chairman of Chugach Alaska Corporation, one of the thirteen Alaska Native Regional Corporations. At the table with me today is Roger Endell, a past Commissioner of Corrections for the State and now Education Services Manager at the Palmer Job Corps Center, which is managed by Chugach Development Corporation (CDC), Chugach Alaska's main operating subsidiary.

We are here today to speak in support of HB428 and HB429.

The Federal Government made the determination some years ago that in many areas, the private sector could provide the same quality of service as government agencies, but at lower cost. For example, Chugach has been awarded a number federal contracts to provide Base Operations Support services at military establishments including King Salmon AFB, Adak NAS, and Wake Island Army Base. Recently we have been awarded the contract to provide Base Operations Support services at one of the Navy's largest facilities on the West Coast, Whidbey Island NAS.

It is not just the military who look to the private sector for this type of service. We have contracts with the Department of Labor (for the management of the Alaska Job Corps Center), the Patent Office, the Department of Energy, and the Department of Transportation. The concept of moving from government operated services to private sector operations is accepted and proven. In the field of corrections, it has been reported that the five new prisons being built by the Federal Bureau of Prison will be managed by the private companies.

Chugach Alaska sees HB428 and HB429 as the first of many steps to be taken by the State of Alaska as we follow the lead of the Federal Government in reducing the cost of Government. During a time when the Administration is considering imposing new taxes on the people of Alaska, it is important that the State be seen to be exploring all possible ways of reducing cost. It is not just a new corrections facility that should be considered for privatization. The Administration and Legislature should examine the entire bureaucracy, to find areas or even whole departments that could be operated more efficiently by the private sector.

The only question that has to be asked is "Can the private sector provide the required standard of service at a lower cost?" To make this determination, all costs have to be considered, including capital and other costs that are often hidden. When all the information is available, we believe the citizens of Alaska will see, that in many cases, the private sector can provide equal or better services at lower cost.

As you are well aware, it is not only cost that is important, but skills and dedication. Chugach recognized this, and has been working very closely with Correction Corporation of America (CCA) to develop a first class team to design, finance, construct and operate new corrections facilities. The two companies make a very strong team. CCA has extensive experience and skills in the corrections industry, while Chugach has considerable experience in managing complex facilities and providing education services.

**CHUGACH ALASKA CORPORATION**

It is obvious that some State employees are not too happy with the concept of the private sector encroaching on their turf. I have read statements from state employees accusing the private sector of being anti-union, of sending profits out of state, of employing people who are unskilled and who lack the devotion to duty of the state employee.

It is necessary for me to set the record straight as far as Chugach is concerned, and to correct these deliberate misstatements.

First of all I would point out that Chugach is definitely not anti-union. Chugach has an excellent working relationship with the Laborers Union, with the Teamsters and with the Operating Engineers. All three unions have members working for Chugach subsidiaries, and they recognize, as do we, that to survive in this world, we all have to be competitive.

Secondly, it has been claimed that a private prison operator will take Alaska's money Outside. All profits earned by Chugach go to a Corporation wholly owned by Alaskan Natives. Many Chugach employees are Chugach shareholders. Others have spent their whole lives in Alaska. The award of a contract to Chugach will result in more Alaskans being employed.

As for dedication of service, it is hypocritical to suggest that people in the private sector do not have the same dedication as those in government service. The performance of Chugach employees working on federal contracts demonstrates the inaccuracies of those statements.

The final charge levied against the private sector by some state employees is that private companies do not have the necessary skills. I challenge them to fault the qualifications of the Chugach/CCA team.

As Roger Endell can tell you, the Job Corps Center in Palmer, was rated in the top five out of 111 Centers in the US. We are specialists in providing basic education and teaching work skills. We provide drug and substance abuse counseling, and we teach social and life skills to those who missed out on the normal educational opportunities. We also operate the medical and dental facilities at the center.

Chugach has received commendations from the Navy and the Air Force for the quality of its work at bases around the world. This work consists of maintaining isolated bases in inhospitable environments. We will operate and maintain correction facilities in a similar professional manner.

I will let our partners from CCA speak for themselves. However I do know that many CCA employees came into the private corrections industry after long careers in the public corrections industry.

In conclusion we believe all Alaskans will benefit if private companies are allowed to compete against State Agencies. The competitive market process will determine whether the private or public sector is best qualified to design build and operate a new correction facility for Alaska.

I urge you to support these bills.

Thank you.

**CHUGACH ALASKA CORPORATION**



Corrections  
Corporation of  
America

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Phone: (615) 292-3100  
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November 1, 1995

The Honorable Eldon Mulder  
Alaska State Legislature  
House of Representatives  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Representative Mulder:

Once again, thank you for inviting me to testify last week before the Alaska's House Finance Subcommittee on Corrections. It was an honor and privilege to speak to committee members about privatization and Corrections Corporation of America. I hope that I was able to inform and further educate you and your legislative colleagues about private sector corrections.

As you know, there were some viewpoints expressed at the hearing that were opposed to privatization. Those opinions were submitted by Don Valesko, business manager for Public Employees Local 71. For the purposes of accuracy and the legislative record, I wanted to take this opportunity to address the issues that Mr. Valesko mentioned in his written material.

Since its founding in 1983, CCA has experienced its share of criticism and scrutiny. Special political interest groups, labor unions, lobbyists and long-time bureaucratic thinkers are among our most staunch critics. The fact is that the corrections industry itself has and always will be a controversial and highly regulated one.

Whenever I hear opposing or critical statements made about CCA, the first question I ask the individual is "have you ever visited a CCA facility?" Not surprisingly, the answer typically is "no." So for the record, I extend an invitation to Mr. Valesko or any other members of Public Employees Local 71 to visit a CCA facility, talk to our staff, speak with the inmates, and look at our programs and services at Florence, AZ, and at other facilities across the country. Opinions usually can be better formed based on the first-hand knowledge and observation that are gained during such a visit.

It is also CCA's experience that private sector companies often are held to higher standards than public sector operators. We have found that the general public and lawmakers are most concerned with efficient use of tax dollars by government. CCA has repeatedly been able to provide cost savings to government, which has resulted in those dollars being used for other public services, such as roads, schools, etc. In fact, many of our contracts require that certain cost criterion be met, such as operating a facility for a specified percentage (from 7 to 10%) less than it has been or would be if operated by the public sector. We consistently have been able to meet that requirement.

For each facility we operate, CCA has a detailed contract with the contracting government agency. Contractual examples include the ratio of staff to inmates, square footage per inmate, number and type of educational/vocational programs and emergency plans. The contract, which is renegotiated and renewed based on terms and provision of quality of service, also documents the per diem cost to be paid to CCA by the government agency. Each per diem varies, depending upon whether or not financing or construction was involved, classification and size of facility, type of inmates, programs and services, etc.

To ensure that we adhere to the contract, the government agency appoints a Contract Monitor. That person is responsible for making sure that we are complying with the contract. The purpose of this monitoring system is to provide greater accountability on our part to make sure that government dollars are used effectively and efficiently. We welcome that accountability.

Accountability also can be measured by independent sources. CCA takes pride in its American Correctional Association (ACA) accreditation achievements. To become ACA accredited, a facility and its management must pass a comprehensive and intensive audit that includes nearly 500 mandatory and non-mandatory standards. These standards deal with management and personnel procedures, physical layout, training programs and delivery of services. The facility must make a perfect score (100%) on the mandatory portion of the inspection and a high score on the non-mandatory part to receive accreditation. All of CCA's facilities operate according to ACA standards and those facilities that are eligible are ACA accredited. This accreditation status, in many cases, is deemed more critical to privately run institutions than others.

As I stated in my testimony, we invest in our employees, especially in training them and training them well. We follow and often exceed the training requirements of the jurisdiction in which we are doing business. In our staff orientation and training, we emphasize interpersonal communication skills, problem solving, risk management and defense tactics. All of this training is designed to promote communication, to address inmate questions and problems

when they are small issues and to prevent incidents. We are keenly aware of the responsibilities of on-line staff, and we invest in them as people, realizing that they are the most important resource we have. It would be irresponsible of us, as the industry leader, not to invest in initial and ongoing staff training.

In regard to pay and benefits of CCA employees, our compensation package is very competitive with public sector employment and the market place. If it wasn't, we would not be able to effectively retain qualified staff.

There are additional reasons that make CCA employment attractive to people interested in the corrections profession. For the purpose of retirement savings, CCA has an Employee Stock Ownership Plan (ESOP), which means that employees literally have ownership in the company. They have a vested interest in doing a quality job. Also, CCA believes in employee recognition and promotion. Entry-level corrections professionals can and do advance. Employees also can transfer to other CCA facilities to pursue career advancement. We strongly advocate promoting from within the company.

In regard to the analysis done by the state of Tennessee comparing the operations and costs of three identical state institutions, one of which is managed by CCA, the concluding point is clear. It is correct to say that the report showed that all three facilities were similar in daily operational costs. However, keep in mind that all three institutions were operating at around \$20.00 less per day than comparable state-run facilities, whose is around \$55.00. By including the private sector into the equation for the study, all three facilities dramatically reduced their daily operational costs, saving taxpayers hundreds of thousands of dollars. That is the conclusion and true outcome of the study. In addition, the state of Tennessee recently renewed its contract with CCA for the operation of South Central Correctional Center.

As I stated earlier, CCA emphasizes training that is designed to promote communication and to prevent incidents. Unfortunately, all the communication and preventive tactics in the world sometimes cannot stop determined inmates who don't want to be incarcerated for their crimes. As such, escapes and attempted escapes are a fact of the corrections field. CCA's security record is a good one. In its 13-year history, the company has the equivalent of more than 15 million days of housing prisoners and inmates, yet has experienced only a handful of escapes.

Specifically in regard to South Central, it is an accurate statement to say that we experienced some challenges when the facility opened in March, 1992. Some inmates who were sent to the facility, based upon their offense(s) and classification, should have been housed in higher level security prisons, but were

assigned (by the state) to South Central to be housed in lower level security areas. Following several inmate incidents, CCA immediately submitted and implemented an enhanced management and security plan in October, 1992. Since that time, there have been no escapes from inside the secure perimeter. The facility was accredited by ACA in January, 1994, and again, the state renewed its contract with CCA earlier this year for the operation of South Central.

At the multi-security level Hernando County Jail in Florida and the Silverdale Facilities in Tennessee, we also experienced some challenges. Those challenges were directly related to the design and construction of the facility, for which we were not responsible. Escapes did occur during the initial management assumption; however, corrective action immediately was taken. That action included CCA's investment in redesigning and building certain areas of the institutions. Hernando County Jail was accredited by the ACA in January 1992.

At Silverdale, CCA is not nor ever has been responsible for the management of road crews. Silverdale inmates are supplied to the Hamilton County Highway Department for its oversight and management of those inmates. At both Hernando County and Silverdale, CCA's contracts with both government entities have continually been renewed. We also are in the process of negotiating with Hamilton County to expand the Silverdale Facilities to accommodate the need for more county beds.

In response to Mr. Valesko's reference to privately operated facilities in Texas, there were initial differences of opinion between the private sector providers (CCA and Wackenhut) and the state regarding educational and vocational services. CCA and the Texas Department of Criminal Justice discussed action steps and plans to address those differences. There were three results to be observed. First, by July 1990, two months after the private companies were purported to be in such bad shape, the board publicly declared them to be satisfactory. Subsequently, the Office of Texas Comptroller John Sharp issued a report declaring that the state's own prison education system that was held out as exemplary, needs "swift and fundamental restructuring." Test results in 1992 reveal a 78% passing rate in academic classes and a 76% passing rate in vocational training in the Texas prisons. In addition, Comptroller Sharp stated, "Private prisons are cost effective, saving governmental entities from five to 15 percent based on cited studies...A mix of public and private prisons is healthy for competition and experimentation of new programs." Both CCA pre-release centers in Texas are accredited by the ACA. The contracts between CCA and the TDCJ for our operations have continually been renewed. In fact, to meet Texas' need for more pre-release beds, CCA expanded last year the Venus facility from 520 to 1040 beds.


Finally, regarding our Santa Fe operations, the state of Oregon in 1990 had an immediate need for bed space. Corrections officials asked us to house on a short-term basis inmates at our Santa Fe Detention Center. With the permission of the Santa Fe county government, an agreement was reached to house Oregon inmates of appropriate classification (nonviolent) in the jail. Upon inmate arrival, it was quickly discovered through CCA's reclassification system that some of the inmates did not meet the agreed upon criteria. CCA's allegiance was first to Santa Fe County. Therefore, the process to immediately return the inmates to Oregon was initiated. Through this entire process, Santa Fe county officials were kept abreast of all transactions.

I hope this information is helpful. As I said, I wanted to state it for the record. Please understand that responding to historical allegations and incomplete information puts CCA in a defensive position. It is not my intent to be perceived that way. However, it is my intent to provide clarification of our business approach, as well as address specific incidents cited by Mr. Valesko.

We, at CCA, are very proud of our accomplishments, including our operations, security record and employees. As anyone in the corrections field knows and understands, this business is not an easy one. However, we have been successful and effective in working with numerous government entities at all levels to do what we do best — provide quality corrections services, in partnership with government, at less cost to the taxpayer.

Thank you for your interest. Please contact me if you have further questions.

Regards,



John D. Rees

Mr. Chairman, members of the Judiciary Committee. My name is Russell Clemens. I am a Labor Economist for the American Federation of State, County, and Municipal Employees (AFSCME) in Washington, D.C. Our union, which numbers 1.3 million members, includes over 75,000 correctional officers who work in some of the largest and most volatile state correctional systems in the United States. I appreciate your giving us the opportunity to be here today.

The issue of prison privatization is one that concerns us because of its implication for public policy. The appeal of prison privatization is an alluring, yet beguiling one. In theory, it is a relatively simple proposition--fill cells, cut costs, and pass the savings on to government. The reality, however, belies the simplicity of the theory. The twin imperatives of cutting costs and filling cells translates into cutting corners in the operation of prisons both of which have severe consequences that have manifested themselves in several ways that should be of concern to you as a legislature.

Problems with security and escapes have plagued privately-operated prisons from the beginning. AFSCME has not been the only one questioning the consequences for prison security of introducing the profit motive into the management and operation of prisons. After five men, including one charged with stabbing a woman to death, escaped from the privately-operated Bay County, Florida Jail, the editors of the St. Petersburg Times raises these questions about privately-operated prisons: "Will a private company supply adequate staff to maintain institutional security? Will it have enough manpower to prevent escapes?"

Others have expressed concern about the wisdom of privately-operated prisons, especially when it comes to security. In fact, a much awaited audit of the privately-operated South Central Tennessee Correctional Center (SCCC) comparing it with two state-operated prisons found that 214 incidents of injuries occurred at SCCC during a 15 month period whereas 72 such incidents occurred at the two state operated facilities combined. Actually, security problems characterized SCCC from its opening. Between

March, 1992 and April, 1992 eight escapes occurred at the prison, which also had other security problems ranging from finding an inmate with a handgun during a routine search to inmates being inebriated in their cells. These experiences prompted the Memphis Commercial Appeal to comment as follows: "Tennessee's experiment with a privately operated medium security prison looked lean and clean when reporters and officials toured the new South Central Corrections Center. ... The problems arrived with the prisoners."

In view of the imperatives driving prison privatization, these problems ought to come as no surprise since among the costs that private corporations seek to cut are staffing, which accounts for approximately 60% of the operating costs of operating a prison. The Corrections Corporation of America slashed staffing by 17% at the Hernando County, Florida Jail when it assumed control of the facility. Inmate escapes in 1990 prompted the County Commission to request an inspection by the National Institute of Corrections, an agency within the United States Department of Justice. The NIC identified understaffing as a major problem at the jail and commended that additional correctional officers be hired. However, the comments of the company's jail administrator, which is comparable to a warden or superintendent, offer a valuable insight into a corporation's perspective regarding staffing a prison. "The county can agree with (adding the guards) if they want to," the administrator asserted. "but that means the price of poker goes up as far as you're concerned."

Viewed from that perspective, it ought not to be surprising when one of the players folds and walks away from the game. Shortly after Wackenhut Corrections Corporation assumed control of the Monroe County, Florida jail in 1990, the county and a state inspector informed the corporation that the state had previously ordered 11 security posts staffed. Served with a deficiency notice, the company increased its manpower, but to a level that remained below state requirements. The company then billed the county for an extra \$780,000 and demanded it to pay an additional \$2.6 million over the four-year

term of its contract. The county refused, insisting that the corporation should have known about the state's staffing requirements. Wackenhut then terminated the contract.

Loss of control is a danger when any public service is privatized. With a function as essential to public safety as the corrections system, the consequences are potentially ominous. Yet the drive to fill cells, which is the other imperative by which private corporations make money, can have such consequences. A few years after having been awarded a contract to manage and operate the Hamilton County, Tennessee penal farm, the Corrections Corporation of America notified county officials that, because of overcrowding at the facility, it would no longer indemnify (or insure) the county against lawsuits. "We must speculate," the County Attorney responded, "that your action is a ploy to coerce Hamilton County officials into constructing additional facilities for the housing of the overflowing state prison population so that CCA may continue to reap monies for housing these prisoners. If this position of the company is not reversed or clarified without exception, we will have no recourse but to consider this an act of default and consider remedies, including contract termination." Neither the Santa Fe County Commission nor the County Sheriff were notified when the corporation operating the county jail imported 54 inmates from the State of Oregon to fill cells at the facility. As things turned out, their backgrounds were not what the community had been led to believe. None of the inmates were supposed to have been convicted of a crime more serious than armed robbery. In reality, the group included 11 murderers, 17 rapists, and 2 kidnapers. County officials asked that the inmates be returned to Oregon, but only when threatened with the loss of its contract did the company operating the prison agree to do so.

I would be remiss in my responsibilities if I did not address the impact of prison privatization upon employees. Available information indicates that corporations pay wages that are 6%-19% lower and provide fewer benefits to correctional officers than public jurisdictions? But isn't this a good idea, since it means lower costs and thus savings for taxpayers? Not necessarily, for at least a few reasons. John Donahue, who has been a

professor of public policy at Harvard University notes in *Prisons for Profit: Public Justice, Private Interests* that low wages compromise the quality of the correctional officer labor force: "Public (correctional officers) are more likely to be high school graduates, to work full-time and year-round at their jobs, and to be of prime working age. Employers who hire the private-guard labor pool pay less mostly because they get less; lower labor costs mean a lower quality workforce." A study by the Urban Institute comparing a privately-operated and publicly-operated prison in the State of Kentucky confirms that staff of the state-directed institution were significantly older, better educated, had worked at the facility longer, and had wider correctional experience than the personnel at the privately-managed prison. Staff qualifications, the report concluded, "... favor better performance from the publicly managed facility." And perhaps you might wish to consider this. As fashionable as it may be to bash public employees, we are also citizens and taxpayers. We spend our earnings in the community where we work: we purchase homes there; we bank there providing a pool of money with which to lend to others; we buy our cars there; and we support the numerous small businesses that constitute the fabric of community life throughout Alaska. Put another way, our money stays in the community. It doesn't go out of state to contribute toward the profits of others.

Secondly, after all is said and done, after corners have been cut, staff reduced, accountability jeopardized, and paying lower wages and fewer benefits, has prison privatization really saved money for public jurisdictions? After reviewing the literature on the issue, the U.S. Government General Accounting Office (GAO, an independent agency that analyzes federal programs for Congress, found that the evidence is inconclusive--hardly a resounding endorsement. In fact, the 1995 Tennessee audit comparing the privately-operated medium security prison with two of the state's publicly-operated prisons found negligible savings. Impartial observers have begun to question whether privately-operated prisons save money. "It's not easy to make a profit in that business, so they've got to cut corners any way they can," Dennis Palumbo, a criminal justice professor

at Arizona State University, has asserted. "Private prisons may well cost more in the long run, not only in terms of taxpayer money, but also in the health and safety of prison staff and other law enforcement officers."

At the very least, the serious doubts regarding the efficacy of privately-operated prisons ought to be of sufficient concern to require a feasibility study pertaining to the applicability of this idea to Alaska. Such a study, it seems, would be essential before a policy decision is made to send over \$100 million of the taxpayer's money out of state. Yet, the proposed legislature contains no provision for such a study.

The failure to privatize does not preclude the state from addressing its problems regarding overcrowding. The construction of a mega-facility as proposed in the bill may not necessarily meet the needs of the entire state in this regard. In view of a system that has been developed around the idea of regionalization, it may make more sense to consider the expansion of existing facilities, which may also prove less expensive.

# Kenai Natives Association, Inc.

215 Fidalgo St., Suite 203

Tangent Building

Kenai, Alaska 99611

January 24, 1998

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.

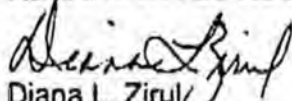
KNA has a previous track record with the State of Alaska, having served as landlord to the State at the Wildwood Correctional Center from 1983 until the State exercised its option to purchase the facility in 1992. During that time we enjoyed an excellent rapport with the Department of Corrections, and 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

*MTNT, Limited*

*P.O. Box 309  
McGrath, Alaska 99627  
Office (907)524-3391  
Fax (907)524-3701*

January 29, 1996

Rep. Eldon Mulder  
House of Representatives  
Juneau, AK 99801

Dear Rep. Mulder:

Please accept the following brief testimony from me on HB 428 and 429. Unfortunately, I will not be able to be present at your teleconference scheduled for Wednesday, January 31<sup>st</sup>. I would appreciate it if you would enter the attached testimony in the record.

Please contact me if I can be of any further assistance to you. Your assistant Denny DeWitt has been exceptionally helpful in keeping me informed of your efforts in the area of prison privatization.

Sincerely,

MTNT, LIMITED



Carl A. Propes Jr., CEO

**TESTIMONY ON HB 428 AND 429****January 31, 1996****Carl A. Propes Jr.**

My name is Carl Propes. I am the CEO of MTNT, Limited, a merged village corporation for the villages of McGrath, Takotna, Nikolai and Telida. We are located in McGrath, Alaska, and we are a member of the Doyon Region and the Alaska Federation of Natives. Aside from management of our lands and natural resources and our investment portfolio, MTNT's principal activity is the operation of McGrath Light and Power, a regulated utility in McGrath, Alaska.

I have personally been interested in and an advocate of private correctional facilities in Alaska for quite some time now - perhaps for several years. Here is why.

First, crime is not going to disappear anytime soon. As we all know, it is on the increase. Also, the American public will demand more severe punishment for offenders. This is true in Alaska as well as in the Lower 48 states.

Secondly, it is a travesty to send 206 inmates outside to be housed in a facility in Arizona. From the standpoint of simple economics it is a travesty not to have the benefit of that state money circulating within the Alaskan economy. From a social standpoint it is a travesty for Alaskan offenders, a large percentage of whom are Alaska Natives, to be transported far from their homes, their loved ones, and their base of support, to be incarcerated in an unfamiliar area.

Thirdly, as the largest city and the commercial hub of Alaska, it makes sense to build the new correctional facilities that Alaska needs now and will need more of in the future in the greater Anchorage area. This will also be the most cost-effective location in Alaska to house inmates. It is also the headquarters for our transportation, medical and food service industries, all of which are an integral part of the prison business.

Anchorage also has suitable sites for locating an institution such as a 1000-bed prison, away from most residential neighborhoods and schools. The mayor of Anchorage has indicated his interest in and support of a new prison facility in this community.

Fourthly, one must accept the concept that competition, free enterprise and the marketplace are good things. Many activities which were formerly the sole domain of the government have been privatized, most with encouraging results. Many more can be in the future as well, as we come to realize that government cannot be all things to all people. Let industry in to compete to show us how something can be done faster, better and cheaper. In the long run this will restore the public's faith that they are getting the best results for their tax dollars from their government.

In conclusion, if a private company is willing to take the risk and invest in the construction and operation of a multi-million dollar prison in southcentral Alaska, I say let them do it. Government's proper role should be to administer the contract with this company to make sure that they meet the necessary standards, that their employees are properly trained and certified, and that their institution is accredited. I would like to have MTNT, my company, have the opportunity to joint venture in the bidding on such an enterprise. Just think of all of the direct as well as indirect employment and services which would be created as a result. If it works in about half the other states, private corrections can work in Alaska as well. At the very least, it should be given the opportunity to try.

January 30, 1996

TO: Brian Porter

FROM: Tom Meyer 

RE: HB 428 Lease/Purchase for DOC facilities

This bill amends AS 33.30.031 which is the statute that authorizes the commissioner of DOC to enter into contracts for the detention and confinement of prisoners.

**Section 1:** Adds to the general provisions permitting contracting for facilities that (1) commissioner cannot enter into an agreement when the private/public agency cannot provide the custody, care and discipline required by state law and order of court; (2) when contracting with private agency, the agreement may provide for the detention and confinement of all prisoners held under state laws regardless of their custody classification unless inconsistent with the facility's security; (3) the private facility's use cannot be restricted to only prisoners in rehabilitative or treatment programs.

**Section 2:** This will be an uncodified section. This section is enacted per AS 36.30.085 which authorizes lease-purchase agreements and notice thereof.

The notice states that Dept. of Administration on behalf of DOC can enter into a lease-purchase agreement for construction and operation of a correctional facility in the Third Judicial District that will house prisoners. This section also sets ceilings for the "total construction and related costs" of establishing the facility and a ceiling for total lease payments. It states that at the end of the lease term, the state owns the facility.

This section goes on to say that females must be housed separately from males in the facility and that male maximum security prisoners may not be housed in such facility.

This section appears to set a ceiling of 1,000 prisoners for the facility but then requires that it be expandable past 1,000.

This section requires that the facility be constructed under a "public construction project labor agreement" between the construction contractor

and one or more trade union. The labor agreement must provide that there be a no-strike or slowdown pledge by the union(s) and a commitment to hire through local union halls and that no more than 15 percent of the laborers be non-union.

Subsection (b) goes on to provide that the state may not operate the facility during the lease term unless the contractor defaults in performance.

Subsection (c) states that if required by the DOC commissioner, the guards should meet standards made by the Alaska Police Standards Council.

Subsection (d) states that if required by the DOC commissioner, the facility must be accredited as a corrections facility.

Subsection (e) states that (a) of *this section constitutes the notice and approval required under AS 36.30.085.*

Section 3: Says that the third-party private contractor can consist of employees of DOC.

Section 4: Annuls 22 AAC 05.300(e).

### **Problems:**

Section 2 has a number of potential problems both in drafting and meeting the legal requirements of AS 36.30.085. As set forth in (e) of section 2, this bill is supposed to meet the notice and approval requirements of AS 36.30.085. If so, then some matters need to be addressed.

1. There is no indication of how long the lease term will be between the State and the contractor running the facility. It is unspecified. Per AS 36.30.085(c)(1), the lease-purchase agreement may not provide for a period of occupancy under the full term of lease-purchase agreement that is greater than 40 years. To comply with AS 36.30.085(c)(1), it may be prudent to insert the 40 year cap language into this bill.

2. AS 36.30.085(d) tells us what must be in the "notice". So, section 2 (a) of the bill must include (1), anticipated total construction, acquisition, or other costs of the project; (2) anticipated annual amount of the rental obligation; and (3) total lease payments for the full term of the lease-purchase agreement. For the reasons below, I think the notice is deficient.

This bill gives us a "cap" on the total construction costs. Is this really the *anticipated* total construction costs? This bill does not specify the annual amount of the rental obligation, only the total rental amount over the unspecified lease term. Finally, while the bill gives us the maximum total lease payments for the full term of the lease-purchase agreement, I don't believe that it meets the notice requirements since (a) we still don't know the full term of the lease-purchase agreement and (b) we only know that the total lease payments can't *exceed* \$200,000,000.

**An ambiguity:** Section 2(b)(1)(A) and (B) address housing females separately from males and that males who are classified maximum custody may not be housed in the facility. What about maximum custody females? I think that the bill ought to clarify what level custody of female prisoners are allowed in the prison. The way this bill is written now, there is no restriction on females custody-wise. Why the distinction between males and females re: their custody level? Max custody females can be just as dangerous or as much a flight risk as max custody males.

**Legality of conditions for hiring labor:** As you know, this bill requires that 85% of the labor be union and hired locally. Furthermore, that the laborers agree to not strike or slow-down. This is a red-flag for me. I am checking into whether its possible for the State to require such labor conditions in its contracts with private contractors who build facilitys used by the State.

House Committee on the Judiciary

Hearing on HB 428 and HB 429

January 31, 1996

Statement of Lawrence J. Nelson.

Mr. Chairman, thank you for the opportunity to participate in today's hearing. I am the General Manager of Purcell Services, a subsidiary of NANA Development Corporation. As you know, NANA is the native corporation headquartered in Kotzebue whose shareholders are the Inupaiq people of northwest Alaska.

Purcell Services supports the concepts embodied in HB 428 and HB 429. The fact that approximately 200 Alaska prisoners are currently incarcerated in Arizona clearly demonstrates the need for additional correctional facilities within Alaska. Housing our prisoners outside Alaska imposes significant financial burdens upon several agencies of State government, as well as creating obvious hardship for prisoners, and more particularly, the families of prisoners.

At the same time, testimony taken in the recent interim by the House Finance Subcommittee on Corrections demonstrated that the cost of housing Alaska prisoners at the privately operated facility in Arizona is nearly 50% less per inmate per day than the cost of custody in the institutions operated by the Department of Corrections here at home. It certainly appears that a new institution, located in Southcentral Alaska, built and operated by

competent private entities, presents a real prospect for keeping our prisoners in the State, and at less cost than we are now incurring.

The construction and operation of additional correctional facilities in Alaska would be beneficial to Alaska business and the Alaska worker. NANA has several operating business units that could readily be integrated into the corrections field. Purcell Services is a leading provider of security services to Alaska business. Purcell is for example, the security contractor for both ARCO and British Petroleum at Prudhoe Bay. Purcell ranks include a large number of people who formerly held command and management positions in Alaska law enforcement and corrections agencies. The establishment of a top quality work force from such a base of knowledge and experience would be, in our view, a very manageable task.

Another NANA entity that could provide services in a corrections setting is NANA/Marriott, our joint venture with the Marriott Corporation. NANA/Marriott is a premier services management contractor, with a diverse clientele that includes urban and remote site service to the oil industry, the Alaska Railroad, and many other facilities. NANA Marriott provides housekeeping, maintenance and food services. We believe the purchasing power that Marriott Corporation brings to the marketplace would help contain costs of operation.

Whether or not NANA is involved in the private corrections field, we believe this is a concept clearly worth exploring. I

should add that we well know Alaska Natives are represented in disproportionate numbers in the State's inmate population. NANA will support any legitimate effort to keep our prisoners not only in Alaska, but as close to traditional home areas as is possible. This might well necessitate the establishment of additional innovative corrections programs in rural Alaska.

I thank the committee for this opportunity to voice support for HB 428 and HB 429.



LEGISLATIVE INFORMATION OFFICE  
119 N. CUSHMAN, SUITE 101  
FAIRBANKS, AK 99701  
452-4448

DATE: 2/1/96

Please accept the enclosed original(s) of written  
testimony for the

House Judiciary (HB 428/429) teleconference scheduled on  
1/31/96.

A copy of this testimony was  
transmitted to your committee via fax.

Thank you,



# ALASKA STATE LEGISLATURE

PLEASE ENTER INTO THE RECORD MY TESTIMONY TO THE H. JUDICIARY  
COMMITTEE NAME

COMMITTEE ON HB 428/429 DATED 1-31-96  
BILL/SUBJECT

while I found these two bills interesting reading at best, I do want to address several key concerns that this legislation fails to address.

\* Public Safety & Liability The State of Alaska remains liable for all aspects of the operations of Correctional facilities/responsibilities. The public needs to be aware that this legislation does reduce the current requirements/training held by State Correctional Officers - Any contractor should be required to fully inform the public of their history and record in this field.  
\* Liability - other language needs to be included.

\* Cost Savings & Economic Stability  
This legislation does not include a requirement to ensure a cost savings to the state. It <sup>could not</sup> can be devastating to the economy of other areas of the state.

\* State Employees While I applaud the sponsor for the inclusion of a job project labor agreement which is meant to secure decent working conditions and wages for the employees working on this  
(over)

SIGNED Kelly E Brown  
TESTIFIER

ASEA / AFSCME Local 52  
REPRESENTING (OPTIONAL)

315 BARNETTE, Fairbanks AK 99701  
ADDRESS/PHONE NUMBER

Construction of the facilities I find it disturbing and an insult to the 800 Alaskans, across the state, currently working within correctional facilities that the sponsor did not offer the same conditions on their behalf.

While some may think public employee bashing is appropriate on the campaign trail, it is totally inappropriate to be incorporated in legislation for the State of Alaska.

offer an alternative  
your review.

l  
ju

Legislation allowing for funding of feasibility studies of expansion possibilities to existing facilities across the state.

Thank you.

P.O. Box 1587  
Kenai, AK 99611  
January 31, 1996

House Judiciary Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1162

Rep. Brian Porter, Chair

Dear Rep. Porter

We have reviewed HB 428 and 429 and feel that the communities of this State need a comprehensive explanation of what the Bills are expected to accomplish; what the true costs will be; what the impact upon the smaller prisons will be; if there are any long-term family impacts; and what the general emphasis of the State of Alaska is and will continue to be. The House Concurrent Resolution 19 dealing with the establishment of a TASK FORCE on CORRECTIONS must fit in somewhere.

Please schedule a hearing on this proposal (HB 428 & 429) in communities on the Kenai Peninsula so that our people will be able to give a fair judgement on whether or not to support these efforts.

Thank you,

*Joan Bennett Schrader*  
Joan Bennett Schrader  
State Vice President  
Coalition of Labor Union Women  
(907) 283-4359



cc: CLUW  
KFCUC



# Alaska State Legislature

Please enter into the record my testimony to the House Judiciary Committee  
 committee name  
 committee on HB 428/429 . dated 31 Jan 96  
 bill/subject

I am totally against any privatization  
 of Correctional facilities. The housing  
 and care of prisoners should remain in  
 full control of the state. Many other  
 states have tried private jails and it has  
 failed over and over. This is not the type  
 of job field that can or should be run for profit.

Signed: Sanger Bush  
 Testifier  
Self  
 Representing (Optional)  
PO Box 471 Kenai, Alaska 99611  
 Address  
262-4029  
 Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Judiciary Committee  
committee name  
 committee on HB 128/429 . dated Jan 31, 1996  
bill/subject

*I have been a correctional officer for 18 years, and I do not think privatization is a good idea. Especially from the stand point of the officers, and the private sector.*

Signed: Philip Q. Harrison  
Testifier  
myself  
Representing (Optional)  
P.O. Box 3353 Kenai, Ak 99611  
Address  
907-283-9002  
Phone No.

My name is Mary Culter, I am a nurse at Smoky Creek Correctional Center. I have also worked at the Sitka Pioneer Home and have come to this hearing during my vacation because I honestly feel privatizing correctional facilities would be a mistake for some of the following reasons:

① Public safety would be at risk. Currently, the security personnel are a high quality individual, many with degrees, past experience in law enforcement or the military. Lower paid security personnel may be less intelligent than the criminals they are controlling.

② Privatization would not decrease costs, other institutions that have privatized have not realized decreased cost.

Mary Culter, RN



# Alaska State Legislature

Please enter into the record my testimony to the Judiciary  
committee name

committee on HB 428, dated 2/2/96  
bill/subject:

As has been stated previously private corporations have a historically bad reputation for reliability. What has not ~~been~~ brought up is the fact that however many beds facility is built the corp. is going to fill the beds either with prisoners from here or outside.

IT A lot of talk has been made on the salaries of training that has to happen if the staff of inmates is to continue, this is an expensive & not necessarily cost effective in the short range. I can not see anyone interested in profits, investing in any thing that was not ~~indirectly~~ directed towards this end.

Signed: A Mitchell  
Testifier

SELF  
Representing (Optional)

5 Chugach Ave Kenai Ak. 99611  
Address

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Judiciary  
committee name

committee on 428/429 dated 02/02/96

bill/subject

All Pretrial Facilities must be treated as Maximum Security because Arresting officers do bring in dangerous people and to think that Pretrial people are less dangerous shows a lack of understanding of the term "Pretrial".

The Arresting officer could pick up a simple DWI get him/her to pretrial and later we find out we have a Mass/serial Murder with multiple escape/assault history.

The "no-strike" portion seems only to apply to the construction and says nothing about operation.

Signed: William R. Parker

Testifier

Self

Representing (Optional)

Hc 1 Box 1418 Soldotna AK 99669

Address

907-262-7677

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Judiciary  
 committee name  
 committee on 428/429 dated 02/02/96  
 bill/subject

Part of the comments of feed back was that some correctional officers earn far above the base rate. This is logical when one considers that the staffing levels are short and many officers can learn/work much overtime. We in DOC have been short staffed for years and are now being condemned for the Legislatures past practice of not funding corrections. It makes as much sense as the Nazis condemning the Jews who survived at Buchenwald for surviving when the Nazis knew they were not providing enough food for a human being to live. Stab us in the back and wonder why we have a pained look on our faces.

Signed: [Signature]

Testifier

Self

Representing (Optional)

Ho 1 Box 1418 Soldotna AK 99689

Address

907-262-7677

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HJUD  
 committee name

committee on HB 428 dated 2-2-96  
 bill/subject

02-02-96

TO WHOM IT MAY CONCERN:

I JUST WANTED TO LET YOU KNOW THAT I AM TOTALLY AGAINST  
 PRIVATIZATION OF ALASKA'S PRISONS. I WAS BORN AND RAISED HERE IN  
 ALASKA AND I AM ONE OF THE FEW FROM MY HIGHSCHOOL CLASS THAT  
 RETURNED TO ALASKA TO LIVE AFTER COLLEGE. I HAVE A JOB THAT I  
 ENJOY WITH GOOD BENEFITS AND NOW YOU ARE TRYING TO LET SOME  
 PRIVATE ORGANIZATION COME IN AND TAKE OVER FOR HORRIBLE WAGES AND  
 BENEFITS, INSTEAD OF CUTTING THE BUDGET IN PLACES AND LEAVING US  
 ALONE. I DON'T SEE YOU TAKING MONEY OUT OF YOUR POCKETS. THANK  
 YOU FOR YOUR TIME.

SINCERELY,

SHERRIE BARLOW  
 CORRECTIONAL OFFICER II  
 WILDWOOD PRE-TRIAL

---

Representing (Optional)

---

Address

---

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE JUDICIARY  
committee name  
committee on HB 428, HB 429, dated 1-31-96  
bill/subject

I WOULD LIKE TO VOICE MY OPPOSITION TO THE ABOVE BILL YOU ARE NOW CONSIDERING. I WOULD LIKE TO POINT OUT SOME ITEMS OF INTEREST PRODUCED FROM WORKING PAPERS FROM MY UNION.

DOES IT REALLY SAVE MONEY: THE US GAO REVIEWED LITERATURE ON PRIVATIZATION. IT FOUND EVIDENCE REGARDING COST SAVINGS TO BE INCONCLUSIVE. A CCA OPERATION IN TENNESSEE WAS ONLY ABOUT 1% CHEAPER THAN ITS TWO STATE-RUN COMPETITORS. IN ONE INSTANCE IN TENNESSEE THE PRIVATE PRISON WAS FOUND TO OPERATE AT A 10% HIGHER COST THAN ITS STATE-RUN COMPETITOR. A US NEWS AND WORLD REPORT ASSERTS THAT OPERATORS OF PRIVATE PRISONS MAY END UP CHARGING MORE MONEY ON THEIR CONTRACTS TO COVER COSTS.

DO PRIVATE PRISONS PROVIDE BETTER SERVICE: IN A SEVEN MONTH PERIOD ENDING IN JANUARY 1990, SEVEN INMATES ESCAPED FROM CCA-OPERATED HERNANDO COUNTY, FLORIDA JAIL. CCA OPENED A NEW STATE PRISON IN TENNESSEE AND HAD EIGHT ESCAPES. IN 1985 AND 1986 CCA HAD MORE THAN FIFTY INMATES ESCAPE ONE OF ITS TENNESSEE WORK FARMS. THERE ARE MORE EXAMPLES, BUT WHY BOTHER.

STAFFING: CCA SLASHED STAFFING AT HERNANDO COUNTRY FLORIDA JAIL. THE ESCAPE OF SEVEN INMATES PROMPTED AN INVESTIGATION THAT IDENTIFIED DECREASED STAFFING AS A MAJOR REASON. AN INSPECTION OF A WACKENHUT-OPERATED MONROE COUNTY, FLORIDA JAIL FOUND THE CORPORATION IN VIOLATION OF STATE STANDARDS ON STAFFING. SERVED WITH A DEFICIENCY NOTICE WACKENHUT INCREASED STAFFING TO A LEVEL STILL BELOW STATE STANDARDS. WACKENHUT THEN BILLED THE COUNTY \$780,000 AND DEMANDED THE COUNTY PAY AN ADDITIONAL \$2.6 MILLION OVER THE FOUR-YEAR CONTRACT.

Signed: LARRY BROWN

Testifier

Representing (Optional)

PO BOX 1317, KENAI, AK 99611

Address

283-7164

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE JUDICIARY  
 committee name  
 committee on HB 428, HB 429 dated 1-31-96

**bill/subject:**

STAFFING CONTINUED: MONROE COUNTY RESUMED OPERATION OF THE PRISON. TURNOVERS OF NEWLY-HIRED CCA STAFF IS AS HIGH AS 56%. SOME CCA PRISONS ROUTINELY HAVE TURNOVER RATES OF 50 TO 90% OF NEWLY HIRED SECURITY FORCE. WHEN YOUR CUTTING CORNERS TO MAKE A PROFIT, MCDONALDS WAGES DO NOT FEED THE FAMILY OR DRAW LONG TERM DEDICATED EMPLOYEES. JOHN DONAHUE SUGGESTS IN PRISONS FOR PROFIT "EMPLOYERS WHO HIRE FROM THE PRIVATE-GUARD LABOR POOL PAY LESS MOSTLY BECAUSE THEY GET LESS: LOWER LABOR COSTS MEAN A LOWER-QUALITY WORKFORCE." A 1995 AUDIT COMPARED CCA RUN CLIFTON PRISON WITH TWO TENNESSEE STATE-RUN PRISONS. 214 INCIDENTS OF INJURIES OCCURRED OVER A FIFTEEN MONTH PERIOD AT THE CCA-OPERATED PRISON. THE TWO STATE-RUN PRISONS OF SIMILAR SIZE AND POPULATION REPORTED 72 INJURIES FOR THE SAME PERIOD. STAFF AT THE CCA PRISON APPLIED USE OF FORCE IN 30 INCIDENTS COMPARED TO 10 INCIDENTS FOR THE TWO STATE PRISONS OVER THE SAME TIME PERIOD. IS THE STATE READY TO PAY THOSE LAW SUITS? INVESTIGATORS IN KENTUCY FOUND THAT, "STATE OPERATED STAFF ARE SIGNIFICANTLY OLDER, BETTER EDUCATED, WORKED AT THE FACILITY LONGER, AND HAD WIDER EXPERIENCE THAN WAS THE CASE AT PRIVATELY-MANAGED PRISONS."

THERE IS MUCH MORE THAT NEEDS TO BE LOOKED INTO. PROGRAMS, EDUCATION, HEALTH SERVICES, ETC. FINDINGS IN THOSE AREAS WERE NOT SO GREAT FOR CCA OR WACKENHUT.

BUT IN CLOSING I WOULD LIKE TO ASK THE MEMBERS OF THE LEGISLATURE IF THEY HAVE THOUGHT ABOUT THE ALASKANS ALREADY WORKING IN STATE CORRECTIONS. OVER THE LAST SEVERAL YEARS THESE ALASKANS AND THEIR FAMILYS HAVE BEEN USED AS PAWNS IN LAY-OFFS, FACILILTY CLOSURES, BUDGET CUTS, ETC. WHAT ABOUT THEIR FUTURES, THEIR LIVES? IS ANYONE IN JUNEAU LISTENING? DOES ANYONE IN JUNEAU CARE ABOUT THESE ALASKANS!

Signed: LARRY BROWN

Testifier

Representing (Optional)  
 PO BOX 1317 KENAI AK 99611

Address

283-7164

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the JUDICIARY COMMITTEE  
 committee name  
 committee on CSHB428, dated 2-2-96  
 bill/subject

I would like to point out a single item that seems to be the most overlooked. I continue to hear the comparison of \$107<sup>00</sup> per bed in Alaska, and \$59<sup>00</sup> per bed in the private prison in Arizona.

Please note that this is not Arizona, nor any other state in the lower 48. - it is Alaska. Just living here costs more than in Arizona.

Also, the \$107<sup>00</sup> is, I believe, averaged across the entire Department of Corrections, not for specific facilities. As mentioned by Ken Brown, a sentenced bed at Wildwood is at \$69<sup>00</sup>, not \$107<sup>00</sup>. Much of it has to do with location, as it is the smaller facilities in places like Bethel, Nome etc. that drive the costs up. Even at the higher prices ~~there~~ there, they are needed. The private sector does not wish to operate in the higher cost locations, nor deal with the higher cost prisoners such as pre-trial, pre-sentencing and maximum custody. I do not believe the state facilities will be any more expensive than private.

Signed: Dale Long  
 Testifier  
SELF  
 Representing (Optional)  
# 5 CHALGACH AVE.  
 Address  
282-9874  
 Phone No.

Ken Brown  
My mailing address is: 10 Chugach Avenue  
Kenai, Alaska 99611 776-8979

COPY OF ORAL  
TESTIMONY GIVEN  
TO HJUD ON 2-2  
TELECONFERENCE

RE: HB428 & HB429

I have worked for the Corrections Department in Alaska for more than 24 years. I am a member of the American Correctional Association since 1982 and a certified auditor for ACA since 1990.

- I am only speaking for myself and not the Department of Corrections.

The first thing that needs to be said is that Alaska has one of the safest corrections systems in the country. Every study we've ever had has come to that conclusion. We've never had an officer or an inmate killed in prison. The number of escapes is small compared to other state systems. Prison violence, while increasing, is still minimal compared to other states. The few hostage situations we've had were concluded without injury. Over the years we have developed an effective and professional work force in our prison system. We've never had a prison riot. To even mention the possibility of prison riot or hostage taking is received by some as a scare tactic, and yet riots and prison disturbances are a part of the corrections landscape in many systems. We have been fortunate. Maybe we're doing something right. This state needs to give a lot of serious thought before making major, and perhaps irrevocable changes, to a system that has proven itself to be a good one. If building a 1,000 bed private prison turned out to be a mistake, it would be a mistake that would be difficult to correct. You really need to think about that.

- Many of you are aware that the private sector already plays a significant role in government, including Corrections. The Department is presently spending millions of dollars for half-way house beds, medical services, guard hire, materials and supplies, food, substance abuse treatment, etc. This is one type of private sector spending, but making the leap from contracting for services to privatizing prisons is a radical change. Ultimately we would be privatizing the ability to use lethal force against inmates. This is analogous to a private police force and represents dramatic change in public policy. Such a step should not be taken lightly. The consequences could be profound.

Those promoting prison privatization can show you examples of well run private prisons, and those opposed can cite examples of failure, including cases that required the government to take over the prison after major problems, including riot. But there are State and Federal institutions that have gone up in smoke also. What the Committee needs to think about, however, is what is the State realistically prepared to do if a 1,000 inmate prison doesn't work, if there are major problems. If I'm dissatisfied with the quality of the potatoes I'm buying, I can switch vendors. If I'm dissatisfied with my contract substance abuse counselor, I can get a new one.

Buying and contracting for services, as we are doing now, can not compare to privatizing a 1,000 bed prison. The difference between what is being proposed in Alaska and what is happening in some other states, is the pure magnitude of the proposal. We presently have approximately 2,600 sentenced inmates in our system, and this bill is proposing a private prison to add 1,000 beds for a total of 3,600 and with room for expansion. Do we really want 1,000 out of 3,600 to be operated by the private sector? That's close to 30% of the sentenced beds. No other state that I'm aware of does it that way. I can understand a state like California with 50,000 inmates looking to the private sector for some small percentage of its beds, but it would be unlikely that they would want 15,000 beds in the private sector. From a percentage stand point that is what we would be looking at. Is our system big enough to warrant a private prison of this size? If this 1,000 prisoner unit failed in a way that threatened public safety or staff safety, there is no way this department could muster a corrections force to take over and run the prison. We wouldn't have the staff. We are having difficulty finding qualified staff right now.

Surely the State should wade into the private prison waters slowly and carefully. This bill, as crafted, would be like jumping in the ocean without a life raft. According to the bill the State would only be able to take over the prison on a temporary basis, no matter what happened. I think you have to think about worse case scenarios in this business because corrections is very serious. If this prison failed this state would not be prepared to take it over, even temporarily. It would be too big and require too many staff.

Remember what Sgt. Antrim said two days ago - the bill does not provide for maximum security space, in fact prohibits it, and therefore is not intended for pre-trial inmates. Any pre-trial facility must have maximum security space because police arrest dangerous people who must be housed in maximum security space. One of the big needs in the Alaska correctional system is pre-trial space and this prison would do nothing to help.

I am not sophisticated in matters of public finance but we all know that whoever builds a private prison expects to get their money back. And we are talking huge money, \$100,000,000 that the State will pay back through a rental obligation of no more than \$200,000,000. Isn't that a little like responding to the car dealer who says "Come on down, no payment or interest until next year"? This is not free. The State will pay, one way or another. Maybe the private sector is putting up the money, but only because the State will pay them back plus a profit. Why not ask the Department of Corrections what they think they need and what they could do with 100 million dollars? We've paid good money for some excellent studies showing what kind of beds are needed and where they are needed.

Whatever happened to the Master Plan of just a few years ago?

Nothing in this bill states that the cost of running the private prison must be less than

what it costs to run prisons under government control. WCC prison is operating at a cost of about \$69.00/day/prisoner. Many of the Department's prisons operate very efficiently. Some don't because they are small and isolated or have a large number of high security inmates. Shouldn't there be something in this bill that requires the private prisons to save money? How are they going to do that? The only significant category in which money can be saved is in personnel costs, because that's about 80% of the budget. Here are some Correctional Officer starting salaries:

Recruit (range 9)	\$12.35/hour
Correctional Officer I (range 11)	\$14.46/hour
Correctional Officer II (range 13)	\$16.37/hour

That doesn't include benefits, but we are having a hard time filling all of our positions with qualified people right now. How could the private sector do any better at a lower wage? If you think that's too much money I challenge you to spend 3 or 4 hours on a Friday night at the 6th Avenue jail and see if you'd like to do what these officers do for what they get paid.

I note that "nothing in this Act precludes operation of the correctional facility by a private third party contractor composed of persons employed by the Department of Corrections". Wouldn't it be a monstrous conflict of interest for a Corrections employee to be involved in contracting as a private prison contractor?

I hope I've given you some issues to think about. There might be a place for privately run jails or prisons in Alaska, but surely not at the magnitude being suggested.



ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

January 31, 1996

Representative Brian Porter, Chair  
JUDICIARY COMMITTEE  
State Capitol, Room 118  
Juneau AK 99801-1182

RE: HB428 and 429, January 31, 1996, ASEA/AFSCME Local 52  
Testimony

Dear Representative Porter:

Thank you for the time and opportunity to present ASEA/AFSCME Local 52's considerations and concerns at today's Judiciary Committee hearing. We appreciate your efforts at allowing us to testify on this very important policy shift being considered by your committee.

Enclosed you will find a copy of the testimony of Mr. Russ Clemmons, an AFSCME International Labor Economist who is a recognized specialist in the area of government privatization; similarly, you will find a copy of the testimony of Mr. Marc Antrim, a Correctional Officer III at the Lemon Creek Correctional Facilities; and, finally, you will find a copy of the testimony of Mr. Gary Sampson, a Correctional Officer II at the Spring Creek Correctional Center in Seward.

We thank you for your attention and consideration and stand ready to provide you with any information that the Committee would like to have regarding the issue of building a private prison in Southcentral Alaska.

Sincerely,

Charles L. O'Connell  
Business Manager  
ASEA/AFSCME Local 52

CLO/bhc  
enclosures (3)

ANCHORAGE OFFICE

3510 Spenard Road, Suite 201  
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(907) 277-5200 FAX (907) 277-5206  
TOLL free: 800-478-ASEA

JUNEAU OFFICE

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Juneau, AK 99801  
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FAIRBANKS OFFICE

315 Barnette Street, Suite 104  
Fairbanks, AK 99701  
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TOLL free: 800-478-2305

## EXCERPTS OF TESTIMONY

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

RE: HB428 AND HB429

DAY 1

(Tape 1, R0770, 2:40 p.m.)

## TESTIMONY OF RUSSELL CLEMMONS, AFSCME INTERNATIONAL

CHAIRMAN PORTER: I would like to go next to Juneau here and ask a couple of people at the top of the list to testify perhaps another point of view. Could we ask if Russ Clemmons is available to come forward.

Russ, welcome. Could you give us your name and affiliation for the record and your testimony, please.

CLEMMONS: My name is Russell Clemmons. I work as a Labor Economist for the Department of Research and Collective Bargaining Services for the American Federation of State, County, and Municipal Employees (AFSCME), which is the national union for ASEA Local 52 here in Alaska.

Mr. Chairman, Members of the Judiciary Committee, I want to thank you on behalf of the one million members of AFSCME and the 75,000 State Correctional Officers that we represent, for the opportunity to speak here today on this proposed legislation.

The issue of prison privatization, as you may suspect, is one that concerns us because of its implication for public policy. The appeal of prison privatization is an alluring yet beguiling one. In theory, it is a relatively simple proposition: "build cells, cut costs, and we pass the savings on to government." In reality, however, belies the simplicity of the theory.

The twin imperatives of cutting costs and filling cells translates, most often, into cutting corners in the operation of a prison, both of which has severe consequences that have manifested themselves in several ways, and which ought to be of concern to you

1 as members of this committee, as a Legislature as a whole.

2 The problems with security and escapes have characterized  
3 private-operated prisons from the beginning. AFSCME has not been  
4 the only one that has questioned the consequences of prison  
5 security of introducing the profit motive into the management and  
6 operation of prisons. Five men, including one charged with  
7 stabbing a woman to death, escaped from the privately operated Bay  
8 County, Florida, Jail. The reporters at the St. Petersburg Times  
9 raised concern about privately operated prisons: Will a private  
10 company supply adequate staff to maintain institutional security.  
11 Will it have enough manpower to prevent escapes?

12 Others have expressed concern about the wisdom of  
13 privately operated prisons, especially when it comes to security.  
14 In fact, a much weighted audit of the privately operated South  
15 Central Tennessee Correctional Center (SCCC), comparing it with two  
16 state-operated prisons, found that 214 incidents of injuries  
17 occurred at SCCC during a 15-month period; whereas, 72 such  
18 incidents occurred at the two state-operated facilities combined.  
19 Actually, security problems characterized this prison from its  
20 beginning.

21 Between March of 1992 and April of that year, eight  
22 escapes occurred at the prison, which also had other security  
23 problems, ranging from finding an inmate with a handgun during a  
24 routine search, and inmates begin inebriated in their cells. These  
25 experiences prompted the Memphis Commercial Appeal to comment as  
26 follows, "Tennessee's experiment with a privately operated medium  
27 security prison looked lean and clean when reporters and officials  
28 toured the new South Central Correctional Center. The problems  
29 arrived with the prisoners. In view of the imperatives driving  
30 prison privatization, these problems ought to come to no surprise,  
31 since among the costs private corporations seek to cut are  
32 staffing, which accounts for approximately 60 percent of the

1 operating costs of a prison."

2 Corrections Corporation of America slashed staffing by 17  
3 percent of the Hernando County, Florida, Jail when it assumed  
4 control of the facility. Inmate escapes in 1990 prompted the  
5 County Commissioner to a cost and inspection by the national  
6 Institute of Corrections, an agency within the United States  
7 Department of Justice. The NIC identified understaffing as the  
8 major problem at the jail and recommended that additional  
9 Correctional Officers be hired. However, the comments of the Jail  
10 Administrator (which is comparable to a warden or a superintendent)  
11 officer, I think, a valuable insight into a corporation's  
12 perspective regarding staffing a prison: "The County can agree  
13 with adding guards, if they want to," the Administrator asserted,  
14 "but that means the price of poker goes up, as far as you are  
15 concerned."

16 Viewed from that perspective, it ought not be surprising  
17 when one of the players folds and walks away from the game.  
18 Shortly after Wackenhut Corrections Corporation assumed control of  
19 the (inaudible) County, Florida, Jail in 1990, the county and the  
20 state inspector informed the corporation that the state had  
21 previously ordered eleven security posts staffed. Served with a  
22 deficiency notice, the company increased its manpower to a level  
23 that remained below state requirements. The company then billed  
24 the county for an extra \$780,000 and demanded it would take an  
25 additional \$2.6 million to perform the four-year term to contract.  
26 The county refused, insisting that the corporation should have  
27 known about the state's staffing requirements. Wackenhut  
28 terminated the contract.

29 The loss of control is a danger when any public service  
30 is privatized. When the function is essential to public safety, as  
31 the Corrections System, the consequences are potentially ominous.  
32 Yet, the drive to fill cells -- which is the other imperative by

1 which private corporations make money -- can have such  
2 consequences.

3 A few years after having been awarded a contract to  
4 manage and operate the Hamilton County, Tennessee, Penal Farm, the  
5 Corrections Corporation of America notified county officials that,  
6 because of overcrowding at the facility, it would no longer  
7 indemnify or insure the county against lawsuits. We must speculate  
8 the county attorney responded that, "Your action is a ploy to  
9 coerce Hamilton County officials into constructing additional  
10 facilities for the housing of the overflowing state prison  
11 population, so that CCA may continue to reap monies for housing  
12 these prisoners. If this position of the company is not reversed  
13 or clarified without exception, we will have no recourse but to  
14 consider this an act of default and consider remedies, including  
15 contract termination."

16 Neither the Sante Fe County Commission nor the County  
17 Sheriff were notified when the corporation operated the county jail  
18 imported 54 inmates from the State of Oregon, to fill cells at that  
19 facility. As things turned out, their backgrounds were not quite  
20 what the community had been led to believe. None of the inmates  
21 were supposed to have been convicted of a crime more serious than  
22 armed robbery. In reality, the group included 11 murderers, 17  
23 rapists, and 2 kidnappers. County officials asked that the inmates  
24 be returned to Oregon. But only when threatened with the loss of  
25 its contract did the company operating the prison agree to do so.

26 I would be remiss in my responsibilities as a  
27 representative of AFSCME if I did not address the impact of prison  
28 privatization upon employees.

29 Available information indicates that corporations pay  
30 wages that are 6 to 19 percent lower and provide fewer benefits to  
31 Correctional Officers than public jurisdictions.

32 "But isn't this a good idea?" you may wonder, because it

1 means lower costs and thus savings for taxpayers. Not necessarily,  
2 for at least a few reasons.

3 John Donahue, who has been a Professor of Public Policy  
4 at Harvard University notes in Prisons for Profit: Public Justice,  
5 Private Interests that "Low wages comprises the quality of the  
6 Correctional Officer labor force. Public Correctional Officers,"  
7 John Donahue writes, "are more likely to be high school graduates  
8 who work full-time, year-round in their jobs and to be of prime  
9 working age. The employers who hire the private guard labor will  
10 pay less, mostly, because they get less. The lower the labor cost,  
11 the lower quality of labor force."

12 A study by the Urban Institute, comparing a privately  
13 operated and a publicly operated prison in the State of Kentucky  
14 confirms that staff of the state-directed institution were  
15 significantly older, better educated, had worked with the facility  
16 longer, and had wider correctional experience than the personnel of  
17 the privately managed prison. Staff qualifications, the report  
18 concluded, favor better performance from the publicly managed  
19 facility. So perhaps you might wish to consider this.

20 Public employees are also citizens and taxpayers. We  
21 spend our earnings in the communities where we work, we purchase  
22 homes there, we bank there providing a pool of money with which to  
23 lend others, we buy our cars there, and we support the numerous  
24 small businesses that constitute the fabric of community life  
25 throughout Alaska. Put another way: Our money stays in the  
26 community; it doesn't go out of state and contribute to the profits  
27 of others.

28 Secondly, after all is said and done, after corners have  
29 been cut, staff reduced, accountability jeopardized, and paying  
30 lower wages and fewer benefits, has prison privatization really  
31 saved money for public jurisdictions?

32 After reviewing the literature on this issue, the United

1 States Government General Accounting Office (the GAO), an  
2 independent agency that analyzes federal programs for Congress,  
3 found that the evidence is inconclusive. Hardly a resounding  
4 endorsement. In fact, a 1995 Tennessee audit, comparing the  
5 privately operate medium-security prison with two of the state's  
6 publicly operated prisons, found negligible savings. Impartial  
7 observers have begun to question whether privately operated prisons  
8 actually save money. "It is not easy to make a profit in that  
9 business, so they have got to cut corners any way they can " says  
10 Dennis Colombo, Criminal Justice Professor at Arizona State  
11 University. "Private prisons may well cost more in the long run,  
12 not only in terms of taxpayer money but also in the health and  
13 safety of prison staff and other law enforcement officers."

14 At the very least, the serious doubts regarding the  
15 efficacy of privately operated prisons ought to be of sufficient  
16 concern, requiring a feasibility study pertaining to the  
17 applicability of this idea to the State of Alaska. Such a study,  
18 it would seem, would be essential before a policy decision is made  
19 to privatize a prison; yet, the proposed legislation that you have  
20 before you contains no provision for such a study.

21 The failure to privatize does not necessarily preclude  
22 the state from addressing its problems regarding overcrowding. The  
23 construction of a mega-facility is proposed in the bill may not  
24 necessarily meet the needs of the entire state in this regard, as  
25 some of our members can probably tell you, when they have the  
26 opportunity to speak before you this afternoon. In view of a  
27 system that has been developed around the idea of regionalization,  
28 it may make more sense to consider the expansion of existing  
29 facilities, which may also prove less expensive.

30 Thank you very much, Mr. Chairman, for the opportunity to  
31 speak.

32 CHAIRMAN PORTER: Any questions?

1 REP. TOOHEY: If you had your druthers, would you  
2 rather send the overcrowding outside or would you rather build --  
3 have a private development?

4 I mean, supposing those were the only two issues.

5 CLEMMONS: The way you state the question,  
6 Representative Toohey, is an interesting one. I think there are  
7 some possible alternatives between each extreme that you state.  
8 One of them, I think, as I have suggested: It may be possible to  
9 construct on to additional facilities.

10 REP. TOOHEY: That wasn't the question.

11 CLEMMONS: I know, ma'am, but --

12 REP. TOOHEY: The question was, if you had your  
13 druthers?

14 CLEMMONS: I guess I don't accept the two extremes  
15 by which you state that.

16 CHAIRMAN PORTER: Representative Green.

17 REP. GREEN: Thank you, Mr. Chairman.

18 You indicated that one of the ways it might ultimately be  
19 cheaper would be to segment the funds to expand existing  
20 facilities, rather than have one facility?

21 CLEMMONS: I didn't use the word "segment,"  
22 Representative Green.

23 REP. GREEN: Would that be what it does, if you  
24 break up the funds to various places?

25 CLEMMONS: I'm saying --

26 REP. GREEN: Perhaps I should use some other word.

27 CLEMMONS: Perhaps.

28 REP. GREEN: In other words, you are suggesting,  
29 though, that it would be better, perhaps, to expand the existing  
30 facilities --

31 CLEMMONS: Maybe. It may be something that you  
32 might want to consider.

1           REP. GREEN:   What I am getting at is, we keep  
2 hearing the reason that we spend so much here, one of the reasons,  
3 that prison inmates cost so much here is because of the economy of  
4 scale. And it seems to me that what you are suggesting would be in  
5 opposition to that. Do you care to comment on that?

6           Is that a viable alternative, to expand existing  
7 facilities?

8           CLEMMONS:   It may be. We would be more than willing  
9 to work with you and look at the numbers.

10          REP. DAVIS:   I have a question.

11          CHAIRMAN PORTER:   Representative Davis.

12          REP. DAVIS:   Thank you very much.

13           I don't know if you can answer this, but I guess in your  
14 experiences, because of your traveling all over the United States,  
15 you must go and testify a lot on issues that have to do with  
16 privatization of institutions. And can you tell me, when you go to  
17 these places, is it usually to testify on an existing bill that is  
18 already there or is it something that you go to try to help them  
19 set up, looking at where they should go private or should they  
20 remain the way they are, and what is the time line when you are  
21 dealing with that?

22           I know that at some point we have to look at some of  
23 these things. I'm not really sure what the Administration is doing  
24 and where they are on the scheme of things, of trying to find out  
25 what we are going to do about new facilities.

26           But can you just sort of sum of for me some of your  
27 experiences?

28           CLEMMONS:   Usually, Representative Davis, it's the  
29 former; that is, we are asked to testify on a piece of proposed  
30 legislation. And the process of doing that, we would like to  
31 suggest perhaps some alternatives, suggest --

32           I think the way the debate is usually framed on this

1 issue is that, "We've got a problem; therefore, we must privatize."  
2 And I guess what I am trying to say here is, I think there may be  
3 a range of alternatives, that privatization very often is a knee-  
4 jerk reaction, quite candidly. And I think there is a range of  
5 alternatives, including, you know, let's keep -- if you are going  
6 to build -- if it is necessary to build an existing facility, then  
7 let's look at ways we can keep that facility public.

8 I don't necessarily subscribe to the idea that efficiency  
9 and cost savings are the sole prerogative of the private sector.  
10 I think public management can be as innovative -- I think I heard  
11 a term described by one of the previous commentators or presenters  
12 about innovation and creativity. Well, public management and  
13 public employees can also be creative and innovative. That is not  
14 the sole prerogative of the private sector.

15 CHAIRMAN PORTER: Thank you, Russ.

16 CLEMMONS: Thank you.

17 (end of excerpt/bhc)

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## EXCERPTS OF TESTIMONY

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

RE: HE428 AND HB429

DAY 1

CHAIRMAN PORTER: Could I ask -- Marc Antrim?

TESTIMONY OF MARC ANTRIM, COIII, ASEA/AFSCME Local 52

(Tape 1, R1309, 2:55 p.m.)

CLEMMONS: Marc, welcome.

ANTRIM: Thank you very much, Chairman Porter, for allowing me the opportunity to speak.

My name is Marc Antrim. I am a Correctional Officer III, a Sergeant at Lemon Creek Correctional Center. I have been a Sergeant for about six years, a Correctional Officer for 13.

I want to start by saying that Correctional Officers across the state applaud the Legislators' efforts the last few years, passing stronger laws with stiffer sentencing. We collectively believe that, you know, these laws are going to have a very positive effect on public safety in the state, and basically make Alaska a safer place for everybody to live.

However, I've got to tell you, House Bills 428 and 429 we see as a mistake. What we have here is a collision, a head-on collision, of two very basic values in our society: private enterprise and public safety. The big value, the most prime value in private enterprise is, really, "What is the bottom line?" Unfortunately, you are talking public safety. The bottom line is a very tough thing to get at.

These bills, as I see them anyway, are kind of a fiscal shell game. It costs the Department of Corrections \$105 per day, Representative Mulder just testified it was \$107 -- and I will take him at that. That is a large amount of money, a lot of money. However, it is also a pretty honest figure as we see it.

1           House Bill 429 states that it will only hold male and  
2 female prisoners that have been classified. Okay, so basically  
3 here is what you're not going to get for your \$100 million: This  
4 new prison won't be a booking facility. That is what Anchorage is  
5 screaming for. This won't do it. Booking facilities processing  
6 people into our system is very expensive. You've got all kinds of  
7 unknown factors that contribute to that expense. You've got to be  
8 finger-printed. These people have got all kinds of drug problems,  
9 diseases, people detoxing, fighting. I mean, go down to Sixth  
10 Avenue sometime and just spend the evening down there and you will  
11 see exactly what I am talking about. This affects the bottom line  
12 in a very big way. You know, CCA or Wackenhut, they are not going  
13 to want to get into this. This is not what their intent is here.

14           Conversely, too, this new prison probably is not going to  
15 handle anything that has anything remotely to do with pre-trial  
16 operations, like Cook-Inlet or like any of the other facilities  
17 around the state that handle this function. Pre-trial people, they  
18 break into the system, their lives are over for an extensive period  
19 of time; they need special services. They needs a lot more  
20 visiting time. They need a lot of visits with their attorneys.  
21 After every visit with their family members or after an attorney  
22 visit, they need to be strip-searched. This is a very work-  
23 intensive kind of thing.

24           These folks, they are not going to be interested in  
25 providing this service to us. Again, it affects the bottom line.

26           House Bill 429 stipulates directly that this is not going  
27 to house maximum security prisoners. Well, there is pretty sound  
28 reasoning behind that. These people break a lot of things. There  
29 is assault of the staff, there is assault of the other prisoners.  
30 We have to house them in single cells at Lemon Creek, and they have  
31 to do the same thing down at Spring Creek in Seward because they  
32 are so dangerous to be around; hence the term, "maximum security."

1 Well, these folks aren't going to be interested in doing  
2 that, either.

3 This facility probably won't house any prisoners that  
4 require any special services. So our wing at Cook-Inlet, for  
5 example, it houses prisoners of special needs; for instance, mental  
6 health. You are not going to see something like here because,  
7 again, it is very, very expensive.

8 The bills say they are going to house female offenders;  
9 but, I think when they really take a look at that, they are going  
10 to try to get away from that as quickly as they can. Because, what  
11 we've found at Lemon Creek (now being designated as the long-term  
12 sentence female facility for the state), women have got a very  
13 different set of needs than do long-term male offenders; and we've  
14 found it is very expensive to manage those needs. So I think you  
15 will probably find them dumping this very quickly, if they even get  
16 into it at all.

17 The facility -- one aspect I think you will find, too,  
18 that's very unique (as we found with Arizona that was operated by  
19 CCA), anybody that gets out of line or is for any reason  
20 unmanageable, well, guess what they do? They go back to "the real  
21 prison." Okay? They ship them back. I think the figure is at 25  
22 to 30 people right now that they shipped back for a variety of  
23 reasons.

24 So basically what we have here, probably in addition to  
25 along the way, all the medical expenses are being picked up by the  
26 state, all the transportation expenses (to and from the Arizona  
27 facility, for example) are being picked up by the state or the U.S.  
28 Marshall Service.

29 And imagine, if you will -- at Lemon Creek, which is  
30 where my experience has been, we run two to three medicals per day  
31 from that facility. using our Prisoner Transportation Officers, to  
32 local medical service providers in the city -- imagine, if you

1 will, how many medicals are going to have to be run for a thousand-  
2 bed facility. You are talking probably close to 100 a day, maybe  
3 50 a day, for x-rays, these kinds of things. It's staggering.

4 Basically what this will do is just shift all these  
5 costs. All these things have to be done. People have got to be  
6 booked, there is going to be maximum security prisoners. All these  
7 costs are going to be shifted off of this new private facility,  
8 right back onto the state. So what is going to happen to our cost-  
9 per-day figure? It is going to go higher. It's a losing  
10 proposition.

11 So what we end up with here is basically a facility with  
12 1000 beds in downtown Anchorage that doesn't do anything we need it  
13 to do.

14 What we would like to propose, I think, is several  
15 smaller capital construction projects, site-managed, I guess, if  
16 you will, the construction at existing facilities around the state  
17 that put the beds where they need to be. Because, part of the  
18 reason we have to transfer people around all the time is for  
19 release, and this kind of thing. Your savings in doing that is  
20 lower overhead: you only have to build one kitchen. Your kitchen  
21 already exists at Lemon Creek. If you add another 30 or 40 beds,  
22 that is an expense you don't need to deal with; and staff can  
23 absorb those kinds of increases very easily.

24 I guess all this is really secondary, though. I guess  
25 the fiscal impact of these proposed bills are secondary, to me, in  
26 terms of the risk to public safety that this facility poses. All  
27 the concrete, razor wire, bars, electric gates, we've got  
28 spotlights, searchers, electric sensor systems, all these things,  
29 are really secondary to a good staff.

30 A good staff working inside your prisons keeps things  
31 from getting out of hand inside. It keeps escapes from happening.  
32 What this bill does is allow a private corporation to staff a

1 prison with private security guards. Private security guards do a  
2 real good job of patrolling the shopping malls; but, as I am sure  
3 it not too big a stretch of your imagination to understand,  
4 shoppers and kids running through a mall are a whole lot different  
5 than prisoners walking down a security hallway, convicted felons.  
6 I mean, it's apples and oranges there.

7 As I understand it, these private security guards, as  
8 Representative Mulder says, are going to meet the Police Standards  
9 Council, they will have the same standards we do currently. I  
10 don't see how it is possible, frankly. I don't see it.

11 We've got a number of open positions right now we  
12 couldn't fill if we wanted to. We've got, I think, 30 to 40  
13 positions, something in that neighborhood. I know our facilities  
14 are all grossly understaffed right now, and it is not because we  
15 don't want to fill the positions. People are just not there. We  
16 start out with a group of 150 people when we decide to have an  
17 academy, and we will be lucky if we can get 25 to actually qualify  
18 to go through this thing; because, right now new COs are -- a  
19 person wanting to be a CO has the same standards as a person  
20 wanting to be a police officer. They have to undergo an extensive  
21 background check, they've got to pass a mental health screen --  
22 well, a whole battery of psychological testing. Then, they get to  
23 do an interview. If they pass the interview, we recommend them to  
24 go to the academy. They get through the six-weeks basic academy,  
25 they are sent to a facility where they have to go through a three-  
26 month Field Training Officer Program. If they get through that,  
27 they have to go on and complete a one-year probationary period.

28 We got to this system for a reason. What we are talking  
29 about in this bill is going back to something where we are  
30 basically hiring people off the street. Although the bill says  
31 that the standards will be the same, we cannot find people that  
32 meet those standards now and I don't know where we are going to

1 find another 300 people to staff a 1000-bed facility. I just don't  
2 see it.

3           Essentially, I guess behind all these, too, is the State  
4 assume all the liability for this place. I've got a good friend  
5 who is in insurance; he's an insurance adjuster here in town. He  
6 did a scan on the data base around the country and found that none  
7 of these places are currently underwritten by a major insurance  
8 operation. They are all self-insured, using their own assets; or,  
9 which is generally the case, the government agency they work for  
10 assumes the liability for them. That is something we need to  
11 consider here. Because, when you pay less, you do get less.  
12 Turnover is going to be high.

13           I guess we have to ask: Are these private security  
14 guards going to jump in and break up fights inside the facilities?  
15 And if they don't, is the state going to be sued because they  
16 don't?

17           Are they going to be willing to terminate escapes?  
18 Really think about what that means. Are these people going to  
19 shoot somebody that is trying to get over the fence? I mean, are  
20 they really willing to do that for eight bucks an hour, ten bucks  
21 an hour, fifteen bucks an hour with no benefits? I don't know. I  
22 mean, what kind of people are you going to attract to do this job?

23           I guess in closing, you've got a lot of staff members to  
24 work for you on this committee. Please ask them to do some  
25 research. Okay? Don't just -- Wackenhut and CCA will paint a  
26 very, very good picture of these facilities. They will do a good  
27 selling job on you, and I know they've got a lot of good  
28 information out there. They do have a lot to offer. But what I  
29 would ask you to do is to do some research through the periodical  
30 indexes, check out the newspapers of towns where these facilities  
31 exist right now and see what these people have to say. I think you  
32 will find what I've read so far -- and I've read just a little bit

1 -- is that the citizens in these places are very, very concerned.  
2 They are concerned about staffing, they're concerned about escapes.  
3 These aren't just concerns about what if, what might happen. These  
4 things have happened there. They have had a lot of violence in  
5 these places because they are understaffed, experience is lacking.  
6 I guess this is all I can ask.

7 Thanks very much for your time. Do you have any  
8 questions?

9 CHAIRMAN PORTER: Marc, thank you very much.  
10 Representative Bunde?

11 REP. BUNDE: Thank you.

12 Just correct my assumption if it is wrong. I understand  
13 your concerns about not booking and pre-trial and about women and  
14 this raising the costs. Did I understand, then, that if you as a  
15 state employee worked at a state facility that didn't do those  
16 things, that then that cost would come down?

17 ANTRIM: Absolutely, absolutely. You bet, you bet.  
18 Because, what you're looking at is, a \$107-figure is an average of  
19 what it costs all our facilities. Obviously, it is more expensive  
20 out in Bethel to operate.

21 At Lemon Creek, for example, we just did a recent study  
22 as part of a new program we started out there. We found it was \$77  
23 a day to house at Lemon Creek, and that is totally inclusive of all  
24 these various things, medical costs being probably the largest  
25 component, and transportation. You know, these expenses are  
26 static. This \$59 a day that we're paying in Arizona, that doesn't  
27 cover it. Okay? It does not cover it.

28 CHAIRMAN PORTER: If that all, Representative Bunde?

29 REP. BUNDE: You also mentioned, eight, ten, fifteen  
30 dollars an hour and that you have a gap. What would you have to  
31 offer as a wage to fill that gap?

32 ANTRIM: I would have to offer -- I don't want to

1 slide out of the question. I would have to say you would have to  
2 offer whatever it would take to get people of caliber, of quality.  
3 I mean -- I guess I have to look to the people we turn down to fill  
4 the positions we have now. I mean, apparently the idea here is  
5 that we are so grossly overpaid that we're just a big white  
6 elephant that needs to be eliminated. Why do we have so many open  
7 positions? I guess that is kind of the rhetorical thing I want to  
8 ask here. I mean, it's not because we don't want to fill these  
9 positions. Believe me, our staffs are so overworked. I mean, we  
10 want to get people into these spots, but the folks are just not  
11 there in the community.

12 And I think it is responsible for us to have this --  
13 people around the state like these standards because it eliminates  
14 a lot of things, the potential for prisoner abuse. I mean, we've  
15 got gun towers at our facility. You don't want somebody that is  
16 less than totally stable handling a .38 rifle. I'm sorry, that's  
17 just not a good picture. Okay?

18 So I guess I would want to pay whatever it would pay. I  
19 think we're there right now. I think we're there right now.

20 REP. BUNDE: I certainly don't want your job; I  
21 understand. They would have to pay me a great deal to do that.  
22 But again, the positions are unfilled, but yet you say you are at  
23 that level now. So does it need another \$5 an hour? What does it  
24 need?

25 ANTRIM: I don't know. I honestly can't answer.  
26 Sorry.

27 CHAIRMAN PORTER: Representative Toohey?

28 REP. TOOHEY: Thank you.

29 Would you give the approximate salary of a level-entry  
30 guard at one of the facilities -- at Lemon Creek, after training.  
31 What is the base entry salary?

32 ANTRIM: Uh --

1 REP. TOOHEY: Please answer my question. Nobody  
2 seems to want to today.

3 (Laughter)

4 ANTRIM: I want to, okay?

5 (Laughter)

6 I want to answer.

7 It's a Range 13, is what it is.

8 REP. TOOHEY: Range 13.

9 FROM THE COMMITTEE: You can look it up in the  
10 salary schedule.

11 REP. TOOHEY: That's what I say, I don't have the  
12 book.

13 ANTRIM: It's a Range 13 on the Correctional Officer  
14 schedule.

15 REP. TOOHEY: A Range 13.

16 FROM THE COMMITTEE: It's a different scale from  
17 ours.

18 FROM THE COMMITTEE: Oh, it is a different scale  
19 than ours?

20 ANTRIM: It's a Range 13, and it is on an 84-hour  
21 workweek. So it is --

22 FROM THE COMMITTEE: It's different, the workweek?

23 ANTRIM: Yes.

24 FROM THE COMMITTEE: You're not talking about a  
25 whole lot of money.

26 ANTRIM: I think it's about 13 or 14 bucks an hour.

27 CHAIRMAN PORTER: Maybe you guys can come up with  
28 that information and pass it along?

29 ANTRIM: Oh, absolutely. I can forward that to all  
30 your offices.

31 CHAIRMAN PORTER: Let me -- before we have anymore  
32 questions -- let me just tell the audience and the people on the