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Privatization of Prison Operations

Joint Legislative Committee on Prison Construction and Operations

Senate Committee on Business and Professions

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CALIFORNIA LEGISLATURE

Joint Interim Hearing of the
SENATE COMMITTEE ON BUSINESS AND PROFESSIONS
Senator Joseph B. Montoya, Chairman
and the
JOINT LEGISLATIVE COMMITTEE ON
PRISON CONSTRUCTION AND OPERATIONS
Senator Robert Presley, Chairman

**“PRIVATIZATION OF
PRISON OPERATIONS”**

December 8, 1986

9:30 a.m.

Room 101-C, Police Department, Training Center
200 South Civic Drive
Palm Springs, California

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California Legislature

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CHAIRMAN

JOINT HEARING OF THE SENATE COMMITTEE ON BUSINESS AND PROFESSIONS AND THE JOINT LEGISLATIVE COMMITTEE ON PRISON CONSTRUCTION AND OPERATIONS.

Police Department, Training Center, 200 South Civic Drive,
Palm Springs, California.

December 8, 1986 9:30 a.m. - Room 101-C

PRIVATIZATION OF PRISON OPERATIONS

Agenda

- I. Opening Statements by Senator Joseph B. Montoya and Senator Robert Presley.
- II. Presentation of Testimony:
 1. Mr. Patrick M. Kenady, Legislative Liaison, Department of Corrections.
 2. Mr. Craig Cornett, Analyst, Legislative Budget Committee.
 3. Dorrine H. Davis, Assistant Director, Department of the Youth Authority.
 4. Norma Phillips Lammers, Executive Officer, Board of Corrections.
 5. Steve Zehner, Deputy County Counsel, Los Angeles County Supervisors.
 6. County of Los Angeles:

Harriet Pope, Principal Analyst, County's Chief Administrative Office; Rick Merrick, Area Commander; Barry J. Nidorf, Chief Probation Officer.

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7. Bonnie Trice, Wackenhut Services, Inc., and Buckingham Security Ltd., Legislative Advocate.
8. Mr. Marvin Wiebe, Vice President, Eclectic Communications, Inc.
9. Mr. Roy Adams, M. Training Corporation.
10. Mr. Bruce Lazarus, HITEK Community Control Corporation (Digital Products Corp.).
11. Susan B. Cohen, Executive Director, Calif. Probation, Parole and Correctional Association.
12. Mr. Lawrence Andreuccetti, Senior Labor Relations California State Employees Association/SEIU Local 1000 AFL, CIO.
13. Mr. Ernie De Laurie, Assistant Sheriff, San Bernardino County Sheriff's Department.
14. Mr. Jeff Thompson, California Correctional Peace Officers Association and Mr. Don Novey, State President, CCPOA.

III. Closing remarks by Senator Montoya and Senator Presley.

CHAIRMAN JOSEPH MONTOYA: Why don't we convene our joint hearing of the Senate Committee on Business and Professions and the Joint Legislative Committee on Prison Construction and Operations.

I'm Senator Montoya, Chairman of the Business and Professions Committee. Senator Presley, to my left, is Chairman of the Joint Committee on Prison Construction. Though I haven't been a member of that committee, for your information, I think some of you know I've tried to follow closely what has been going on with our problem. I remember having been at an all-day hearing with you and Senator Davis in Chino a couple or three years back.

Background on this hearing. We are trying to respond to the public concern over rising crime; and as a Legislature we have, in part, responded. We have enacted stiffer penal and sentencing laws -- incarcerating more criminals and lengthening their sentences. These dozens and dozens of laws have contributed to a doubling of the nation's and this state's prison and jail population in the past decade. With costs of housing prisoners escalating to an estimated high of \$60 per day per inmate and no end in sight to the ever-increasing numbers of prisoners confined each year, the system in many states, as in California, is extremely taxed. In California, the present population -- prison population is close to 50,000, and perhaps I guess that's -- really, that number becomes old day by day and, if not, month by month. As I recall we're -- what, accumulating prisoners, Bob, at 2,000 a month or a thousand ...?

SENATOR ROBERT PRESLEY: Accumulating about 300-400 a month net increase.

CHAIRMAN MONTOYA: To meet this increase, the state will need an additional 20,000 prison cells at an estimated cost of \$75,000 each.

On the local level, many of our jails are under court order to correct conditions that violate the United States Constitution's prohibition against cruel and unusual punishment. In Los Angeles, the average daily jail population of 16,119 during the period of July 1984 through February of 1985 exceeded the rated capacity by an average of 4,918 and is projected to exceed the rated capacity by about 10,600 by 1990 even with the addition of the two new facilities totalling 2,100 beds.

With us, to help in terms of gathering information, we've had Mr. Amiel Jaramillo from my Business and Professions staff to gather information. I'm assuming, Bob, that Mr. Bob Franzoia, is it, the consultant to the Joint Committee is here? And if he'd care to come up here, while we don't have other members

SENATOR PRESLEY: I don't think he is here.

CHAIRMAN MONTOYA: OK. We have had, again, some legislative endeavors in the past. Of course, you know that Senator Ayala's bill, that allowed that pilot project in San

Bernardino, is something that is, in fact, in law. We had SB 1982, which we introduced last year, and that was, we understood from the very beginning, just basically to get a dialogue going, get everybody thinking about the idea of privatization. I think if we would have tried to move it, it would have gone absolutely nowhere. Our intent was always to get some dialogue, as I've said, and some input. I don't think that today we need to discuss all of the demerits of that bill 'cause that wouldn't be our approach anyway.

Last, but not least, we have a preprint of Senate Bill No. 15 which would do a couple of things. It would authorize local counties to contract with private vendors. And secondly, it would add to Ayala's project of San Bernardino County, but I think Senator Presley has some other ideas.

And with that, I'd like to conclude my opening statement. And Bob, do you want to tell us, as Chairman of the Joint Committee, what you want?

SENATOR PRESLEY: Well, let me just say that I think the idea of a hearing such as this, to view the privatization idea, which is pretty much being discussed throughout the country nowadays, is certainly in order. It's timely, because last week, for example, we did a hearing in Sacramento on the overcrowding of the Youth Authority, and we find there that they are about 140 percent of capacity. And when you get those kinds of numbers, particularly in the Youth Authority, it has a very detrimental effect on the program, in carrying out the programs of rehabilitation that we try to carry forth within the Youth Authority.

Youth Authority is a little bit different from Adult Corrections in that they are governed by the Youthful Offender Parole Board which is still under the indeterminate sentence, meaning that they can kind of control the numbers coming in, as opposed to Adult Corrections which is under the determinate sentencing law. And as a result, the Adult Authority -- the Board of Prison Terms it's called now -- do not have the parole authority that they do in the Youthful Offender Parole Board and the numbers increase there without any control from much of anyone.

Senator, the numbers are that, as of now, we are about 58,000 prisoners in the adult system; something like 8,000 in the Youth Authority, costing about \$29,000 a year, I think, to keep someone in the Youth Authority; and about \$17,000 a year to keep someone in the state adult prison system. So, given those numbers, both population numbers and cost numbers, I think the fact that this hearing is being conducted and the reviewing, exploring ways of privatization are timely and in order.

The second need for looking harder at privatization than we have in the past, I think, is the Gann spending limitation that's going to come to bear this year, particularly in California. It's going to impact almost everything that the Legislature tries to do in terms of program. With the Gann spending thing before us, unless we can get prison and CYA and those kinds of costs under control, it almost gets

to the point pretty soon where you have to make a priority. You have to say: Do we continue to lock up all these people and pay these costs like \$29,000 versus \$17,000? or do we educate kids in the university and college system? or do we have a transportation system? We've got some very difficult priority decisions to make, particularly within that Gann limit. We just can't do all of it. So something has to give somewhere. And with more and more thinking I think you're going to see this year than you have in the past, that we are going to have to do something to blunt those numbers coming in, coming in both to the Adult System and to the CYA System.

So, we are on -- we are into a year of greater problems than even I guess we've had in years past in this area. In years past, we've always felt, let's keep building the prisons and keep putting them in there until we get all the criminals in prison and then those numbers should slow down, except they never slow down. They keep coming in 300-400 a month, net increase, into the state prison system. And the projections are now that by 1991, instead of having 58,000 prisoners in custody in California in the state prison system, we will have 95,000. So, any of you that are going to testify that can give us any ideas as to how we can blunt these numbers, how we can still protect the public and do it at less cost, that's certainly one of the main reasons I think that we are here.

CHAIRMAN MONTOYA: One final admonition, again, given how far we are behind in terms of constructing with, in terms of the numbers of prisoners, I don't think that we are talking about eliminating or wiping out anybody's job, and I understand -- I mean, that's always a civil servant's concern. But I think the problem is so gross, that that isn't going to ever be a problem. Nobody is going to be without a job.

OK. Why don't we begin then. Department of Corrections, Pat Kenady, Legislative Liaison.

MR. PAT KENADY: Thank you, Senator Montoya, Senator Presley. It's a pleasure to be here in this pleasant venue to discuss a most important issue to the Department and to the Legislature.

The issue of privatization has been billed as a new solution to an old problem. Actually, when you go back into the history of the Department, we started off in this state with privatization, where prisoners at San Quentin Prison in the Bay Area were run through a privately operated prison. There were some benefits with that operation and there were some problems with that operation. Eventually, that operation was terminated and we had the prison system built up through the last 100 or so years.

Basically, our approach and viewpoint on privatization is we believe that good management, good prison operation requires us to constantly monitor developments in the private sector to see if there are innovations or efficiencies, management techniques, technology that we can utilize. We monitor developments in all sorts of technological device, to monitoring, surveillance, electronic hardware inside the prison. We've also been paying attention to some of the lessons that could be learned from the private

sector in some operations of low-security correctional facilities.

We had a little help because the Legislature in 1981 or 1982, or it might even have been before, mandated the Department early on in this overcrowding and building cycle to take a look and get involved in community correctional centers. We have over 1,000 beds right now that are run through over 30 different community correctional centers run by profit and nonprofit private enterprise throughout the state. These are designed to serve parolees, people that will be paroled in the last 90 days of their sentence. They are selected; they are put in various communities where they are going to be paroled to in an effort to get them oriented, a head start on job placement, a head start in education. By and large, in terms of cost figures, the costs are comparable to the costs of prisons except that you do have the avoided cost of capital outlay. We run 5,000 or 6,000 inmates through that system each year.

Building on that experience, we've recently started Return to Custody Facilities or RTC. These are lightweight parole violators whose violation is short of a new criminal conviction, whose violation does not merit returning them to a "hard cell", who can be managed in the community. And we have just recently opened an RTC facility on the Peninsula called Hidden Valley, which was the site of a former federal youth facility, and is being run and managed by a partnership of private and public enterprise. And we have a number of proposals out on the street to expand this role for private enterprise.

Another area that we've been looking at and monitoring are developments in food management. There may be a role in future prison operations for private food managing firms. Also we've looked at the area of medical, whether there are any contracting out provisions that might be applicable. So, the basic approach of the Department of Corrections is to keep an eye on what is going on on the outside and to utilize a partnership agreement when we can.

On the long view, we doubt, because of many, many problems that the Chairman mentioned, legality — questions of legality, questions of whether operations can in fact be handled by a private firm, of privatizing any substantial part of the prison system in terms of your higher security inmates. But in the lower range, the Level 1 and down, we think there is a definite role and we're, as Senator Presley has mentioned, because of this ever-increasing tide of inmates, we're continuing to monitor this and continuing to increase our efforts in this area.

And that, that's the end of my comments. I hope to come here today and learn as much as to tell you about our experience from the different people. So, if there are any questions?

CHAIRMAN MONTOYA: Senator Presley?

SENATOR PRESLEY: How many do you have in the -- not to return to custody but to the first program you described?

MR. KENADY: The Community Correctional Center's work furlough? I think there is

something like between 1,000 to 1,200 beds and because they are in the last 90 days that turns over, so I think the figure is about 6,000 inmates go through that program each year.

Now, as you know, one of the chief limitations to the expansion of this program is the difficulty of finding sites in the community, and I believe you've indicated a concern in this area and may have a hearing on this. Whether it be private or public, siting is a definite problem. We've had as much problem on locating a prison as we have on community correctional centers in various areas in Los Angeles County. For instance, in the City and County of San Francisco, until recently we had no work furlough facility. We recently opened a women's facility. We tried to open a men's facility and the word was from the city fathers, "go to Merced." Well, they weren't that interested in Merced either. So that's one thing that we report, I think it's quarterly and annually to the Legislature on our efforts to maintain and expand these community beds. And each year, we solicit the support of the Legislature in trying to find sites, find communities, work out the problems. It takes an enormous amount of resources for our parole division to find these sites.

SENATOR PRESLEY: That's something where you really contract with private people to go out and find the sites, don't you?

MR. KENADY: Right.

SENATOR PRESLEY: And do they have anything to do with the actual operations of it?

MR. KENADY: Yes.

SENATOR PRESLEY: Do they?

MR. KENADY: Yes. They run the whole thing. We have some parole people that come in during the day. They are on call, but they are basically in charge of running the whole thing. And our experience with it has been very good. As I say, the cost figures are comparable, but you do avoid that capital outlay cost we were to try to accommodate. Plus the program is good, because it's a good alternative to the normal work furlough center which is the Greyhound bus depot in the community. And we try to make that point that at least it's

CHAIRMAN MONTOYA: Is that why that depot looks like that down in Sacramento? (Laughter.) OK, there hasn't been an increase then in the number of -- basically, you said you were talking about 12,000 beds more or less, that figure has kind of remained constant ... (cross talking) ... syndrome.

MR. KENADY: There has been some, right; once we get up maybe a couple of hundred beds, we lose a couple of hundred beds because of rezoning, something like that. It's a constant battle.

Now the increases come in the RTC beds. We have a public facility in conjunction with the Tulare County Sheriff; and then there is Hidden Valley; we are getting a couple sites out in the desert; we are looking all around for those sites. And that's going

very well, had a lot of -- I think we had 15 vendors indicate an interest in that RTCRP. And it's a good use of our resources for these lower level parolees.

CHAIRMAN MONTOYA: How many beds?

MR. KENADY: Let's see here if I have the total. The one in Hidden Valley in San Mateo, is 80 beds, which includes 10 for work furlough and then the rest for parolees. And then we are looking at one in Live Oak, north of Yuba City. That's a 100-bed female facility that's in negotiations. Eagle Mountain, which is I believe at the site of the old Kaiser facility -- that's a 200-bed project. In Baker, which I'm sure you've heard before, Baker is returning as a potential 150-bed RTC facility. And then, as I mentioned, the 330-bed program with Tulare County. Then additionally, this latest round of RPs I mentioned, that's looking for another 17,000 beds state-wide for RTC facilities.

CHAIRMAN MONTOYA: So one of the things then that you were saying about the siting problem, that's maybe an interesting other area that this Legislature must look at. There is just no easy way to do these things.

MR. KENADY: There isn't. We need help and understanding, and there have been some cases where, for instance, the case of Live Oak -- Live Oak is in the County of Sutter -- the County of Sutter and the County of Yuba at one time indicated an expression for a prison. About midway through that cycle, they backed out, dropped us like a hot rock. And we had about a half a million or a quarter of a million dollars in site feasibility studies. The City of Live Oak pursued their interest; and we were able to, with a private vendor, work out things with the city fathers who are very supportive because basically of the economic -- it's an agricultural, rural area and so there was a happy, happy marriage between our need and their need. But that's very rare and it doesn't happen in the major metropolitan areas.

SENATOR PRESLEY: Like Los Angeles.

MR. KENADY: Los Angeles, San Francisco...

CHAIRMAN MONTOYA: Well, shall we go through that number one more time? I said I'd support a bill for Los Angeles County so long as the Governor sees fit to place one in a Republican backyard as well as a Democratic backyard. And I think that's how severe the problem is and that's about as basic as you have to get towards its solution.

We would like, if you don't have the numbers in today in terms of parole violators per year and the RTCs; the other thing is that perhaps some point down the road, you can get me and my staff at least a briefing on the dynamics of what have been the problems in terms of these various sites. I mean, you know, how you got there and got it going and how it tails off, maybe there is something to be learned by -- in terms of building a community consensus. So at some point in time in the future here, I'd like to get a briefing from your staff on that.

MR. KENADY: It would be our pleasure. Thank you.

CHAIRMAN MONTOYA: And you do have some plans for trying to expand, right? But you

do have those problems with the site?

MR. KENADY: Yes, the plans are to pick that additional 17,000 beds and I'm sure with the latest projections we'll be looking more.

CHAIRMAN MONTOYA: OK. Thank you. Next, Cheryl Stewart and Craig Cornett from the Analyst's Office, or shall we wait until...?

MR. AMIEL JARAMILLO: Cheryl is not here.

CHAIRMAN MONTOYA: OK. Mr. Cornett, from the Analyst's Office, Legislative and Budget Committee.

MR. CRAIG CORNETT: Yes. Senator Montoya, Senator Presley, I'm Craig Cornett from the Legislative Analyst's Office.

I've been asked to give you a little bit of background and perspective on the problems faced by the Department of Corrections and then also to talk a little bit about privatization and some of the areas where privatization might be used. I have a handout here for you which will show to some degree what the Department of Corrections is facing right now, what you as a Legislature -- members of the Legislature are going to be facing over the next few years.

As you can see from the first chart, the prison population, as Senator Presley mentioned in his opening statement, has been increasing dramatically and only five years from now, you are looking at an increase of approximately 35,000 -- more than 35,000 inmates from what we have currently today; just a little under 60,000 here today.

If you look on the second graph, you'll see what goes along with that major increase in population is a exponential growth in general fund support cost for the system.

Senator Presley mentioned the per capita cost right now is running around \$17,000. That amount is going to be increasing dramatically as new prisons become operative because these new prisons are much more staff intensive. So, you are going to be looking at a much bigger bill for this system in the next few years.

CHAIRMAN MONTOYA: What is the projection ...?

MR. KENADY: We are projecting that within five years if these -- if the 95,000 inmate figure is correct -- and the Department, I should mention, in the last few years has underestimated the population -- so if that figure is correct, however, you're probably looking at around a little over \$2.4 billion within five years for the system. So you'd be talking about an increase from \$200 million in 1975 to about \$2.4 billion in 1990-91.

Finally, some good news and some bad news. As you can see on the third graph, one is that the Department is building new beds and the new construction program is moving along quite nicely right now. At least in two or three other prisons, San Diego, Northern California Women's Facility, the new Folsom Prison, construction is moving quite well.

The bad news is, even when all these new prison beds are constructed, they won't come close to meeting the need. If you look on this third graph, you can see that in 1990, 1991, the Department will have about 51,000 beds at the conclusion of the new prison construction program, but we'll need 95,000 beds. So, you are looking at a deficit of almost 44,000 beds within five years once again. That's just to give you a little perspective on how dramatic the issue really is.

In terms of privatization, I'd like to first indicate to you and emphasize something Mr. Kenady said, and that is that the Department of Corrections' experience with privatization is not new. However, in the past the Department has -- the experience with privatization has really been limited to specialized, limited services, such as medical care -- a good deal of the medical care is provided through contracted physicians and hospitals. Financing of the new prisons lately has been through some private means also. And then, for some very selected and special housing needs such as the mother-infant program -- programs for which inmate mothers with small children can live together in a setting outside the prison walls; the work furlough program as Mr. Kenady mentioned also. These are all areas where the Department has been working in the last several years. Those areas, as I say, are for a limited selected audience or selected targeted population.

I should mention also, as Mr. Kenady said, that about 1,200 work furlough beds right now out there -- work furlough in community beds generally, including mother-infant, 1,200 to 1,400 somewhere in that area. The Department since 1981 has as its goal and has been the Legislature's goal, that they should have 2,000 beds. So for the last five years they've been considerably under their own goal and under the goal established by the Legislature.

To reiterate also, there are other areas in privatization, selected areas that you may, as the Legislature, wish to pursue and the Department can pursue also. Food services, as Mr. Kenady mentioned, is certainly one. Another is in work programs. I think you may hear from Dorrine Davis from the Youth Authority about some of the unique work programs the Youth Authority has through contracted means and through private vendors.

In general, there are a lot of vendors out there who will tell you, I believe, that they are willing to do just about anything from designing a facility, to building one, to financing it, to managing it, or to servicing a facility also. Now, in terms of the specialized needs in which privatization has been used, the Department has been going a little beyond that lately. This new work, with the Return to Custody Facilities, as Mr. Kenady mentioned, that is somewhat unique in that those inmates who are housed in those facilities are really no different than any other inmates in the system to speak of. The prison system is full of inmates, is full of parole violators; and then these RTC facilities are full of parole violators also. So, this is the first experience really

where you have a facility housing a general inmate, I guess I would call it, someone who is not a — some inmate who did not have any specialized needs as in the mother-infant program or in the work furlough program.

We think these are areas that are certainly worth pursuing. This kind of program or this kind of effort could certainly relieve — possibly relieve overcrowding, possibly make a dent in that 44,000-bed deficit that the Department is going to be looking at, possibly reducing cost.

Now that, as I say, would be moving further along toward what I might call wholesale privatization. Should the Legislature wish, you can go even beyond that, into looking what other states are doing right now in this area and what other states are looking at; that is, contracting out for the entire management of facilities. As overcrowding becomes greater, this may be a more important option for you to consider. I should say that a lot of states are looking at this. The experience so far is — the verdict is still out on most of these experiences and some of the states that have gotten into this have found the experience to not be all that positive. I want to give you a little few examples in this area.

The National Conference of State Legislatures, who we've been in close contact with, has been doing a lot in this area in monitoring what's going on around the country. We have learned from them that there is a lot of privatization going on around the country for services, limited services. There is not a lot of privatization going on for management and operation of entire facilities. At this time, NCSL, National Conference of State Legislatures, and our office, neither of us is aware of any state that is contracting for the management of a major facility; certainly nothing on the magnitude of any of the facilities we have in California. The NCSL also advises there are a lot of misconceptions out there and the privatization may not be as widespread as has been generally reported in the media.

As I said, several states are looking at this, and I want to give you two examples of states that we are aware of. In Pennsylvania, about a year and a half ago or so, a county jail in western Pennsylvania, in the Pittsburgh suburbs, contracted for management of its facility, of its county jail facility. There were a variety of problems that came up; I think cost was certainly one of the big factors. It cost more than the county had anticipated. Soon after that, the Pennsylvania Legislature enacted legislation which established a moratorium on privatization generally for those kinds of facilities until the legislature could take a closer look at the issue. The legislature there established a joint House/Senate committee to look at that issue, and I believe they will be making a report in March 1987 in that state. Just as an aside, one of the problems they found there which may be common to privatization was that in that particular county, the county was not filling up all of its jail beds. So the private vendor, rather than leave some of those beds empty, looked into Washington, D.C. and asked the city fathers in

Washington, D.C., which has a very overcrowded jail system, if they would be willing to transport some of their inmates to Pennsylvania for housing -- something that obviously raised a lot of concern among public officials in Pennsylvania that they would be housing inmates from outside the state.

The other state I want to mention is one that probably had more attention in this area than any, and that is in Tennessee. Tennessee has been getting a lot of publicity about privatization generally; partially because one of the larger private vendors is headquartered in Nashville, partially because the governor -- the current governor, outgoing governor, has been a big fan of this area. The governor in Tennessee, about a year or so ago, proposed to turn the entire prison system over to a private concern. The legislature was not willing to go that route. In Tennessee, there is a juvenile facility that is under private hands; there is also a county jail in private hands. The legislature was not willing to go along and send the entire system out -- put the entire system up for bid for contracting out, but instead allowed a 180-bed work camp to be contracted on an experimental basis. We've spoken to people in Tennessee to find out how that experiment worked. I should say what the legislature did there was establish some very exacting standards. This was a work camp that was being -- that was just finished being constructed by the state; and rather than the state operating it, they decided to go out and have a private vendor operate the entire facility. They established some very exacting standards for the potential contractor, including that any potential contractor would have to show that the contract would be at least -- that the cost would be at least 5 percent less than the cost would be if the state were to operate the facility. That was one of the main criteria. There were others; one being that they had to show very strongly that they had very good insurance, and that there would be no problems with liability -- civil liability against the state.

As the end of the story goes on this one, they put that facility up for contract. They received only one bid; that bid was rejected as inadequate, and now the state is not sure -- the legislative staff I've talked to, they are not sure where they go from here. I guess this just goes to prove that in a state like Tennessee, let's say, which has gotten a lot of publicity about this, there is really not much going on. There is just not much of a track record in this area in general. We believe that privatization certainly is something that the Legislature should be considering, that you should consider and can consider, and that the talents and resources of the private sector can be well used.

On that last page of that handout I passed out to you, we've outlined seven areas -- seven key issues in privatization we think that are particularly important that you would want to consider. There are certainly other areas, I'm not going to go through those individually. As I say, should you decide to move into greater use of privatization for possible management of facilities, we think these are seven issues that

you would want to look at very closely. Some of them I think Senator Montoya mentioned, such as the legality issue. Certainly you want to look at it before moving any further in this area.

One other, just one other aside, I should say. The Department, as Mr. Kenady mentioned, the RTC facility that the Department has recently contracted for 80 beds; one facility with 80 beds is -- 80 beds is a good week in the Department of Corrections in California. The Department has been growing at a rate of about a 100 -- between 150, 200, 250 net increase per week. It's only been one week in this entire fiscal year in which the Department experienced a net decrease in population. So even with an 80-bed facility, you couldn't -- you have to bring more than one of those on a week just to keep up with the way the population is going right now.

CHAIRMAN MONTOYA: Any questions, Senator Presley?

SENATOR PRESLEY: Well, I guess cost is the only reason in the world to look at privatization at all, isn't it?

MR. CORNETT: We think that's certainly ...

SENATOR PRESLEY: Unless you can save the taxpayers' money, why ...

MR. CORNETT: Exactly.

SENATOR PRESLEY: ... there is no big need to look at it.

MR. CORNETT: That's the bottom line.

CHAIRMAN MONTOYA: OK, in that regard, I don't know what the dialogue has been or what the present formula is, but I think an important consideration to develop somewhere in this decision-making process is when you are doing a cost comparison. I'm assuming that most of these private companies who are in these businesses are not incorporated as nonprofit entities; they are in it for a profit. And some of that profit goes back into the tax system to maintain whatever other programs we have at the federal and state and local level. And I think that that is a comparison that never gets in when you are trying to compare costs between what the private sector can do for you and what a bureaucracy can do for you and I think that somewhere, somehow that -- a comparison of that has to be factored in, or let's say attached to the cost of doing business on the part of a public institution. Because in all likelihood -- correct me if I'm wrong, Senator Presley -- I mean all of these sites are, for example, if you are talking about a physical site, I mean they are all off the tax rolls, right? You are not paying property taxes on that and I'm assuming, again, that those kinds of things have to go into consideration, and I don't think that they do, so ...

MR. CORNETT: I should also mention that that example I gave you in Tennessee, the legislature there required that any contract have at least -- that any potential contract show that they can do the job for at least 5 percent cheaper than the state could do the job. That was a very arbitrary figure. If you were interested in going that route, you could say that the contractors show that they can do it at least as

cheaply as the Department does it or whatever. That is certainly one option.

CHAIRMAN MONTOYA: I think probably another consideration in that cost comparison thing is, again, what your fringe benefits are in terms of the private sector versus what the cost is of them in the public sector. I think that's another thing that has to be figured in, and I guess a formula for that hasn't been developed, but it's something that we should. OK, thanks, Craig.

OK, Department of Youth Authority, Dorrine Davis.

MS. DORRINE DAVIS: Thank you for letting the Department comment on privatization, Senator Montoya and Senator Presley.

We, too, have been involved in contracting in the types of services that the Department of Corrections has talked about previously. We have halfway houses and we have group homes. We have specific services like medical and some counseling services and specific services that we contract for; and as our population has increased, these also have increased. We've increased the number of beds we have available in the community in our group homes and in our halfway houses which are some pre-release programs and some work programs we have in the community. Our numbers are significantly smaller. Our total number of beds is -- right around 100 is what we have in the community. Our siting problems aren't significantly different. It is always difficult to open a group home, and it is always difficult to add to the facilities we currently have on site because of the same reasons as the Department of Corrections has cited.

One unique thing that the Department of Youth Authority was involved in, what they consider a form of privatization, is to forming partnerships. One of the missions of the Youth Department Youth Authority is to provide programming for all the wards while they are incarcerated. And the employability programs are our premiere programs in the Youth Authority.

One of the joint partnerships where the Youth Authority has taken the skills of the private sector and the skills of our staff and put them into a single contract have been when our work programs are what we call our free ventures with private industry. You may have heard of these programs. We have five of them; three major programs -- two at the Ventura School, one at the Youth Training School in Chino. These are operated by: Transworld Airlines has a reservation service where they train the wards, pay the wards prevailing wage. This prevailing wage is then -- they pay taxes, they pay for their room and board while they are incarcerated and portions of it then go on the restitution fine and a small portion to forced savings so when they return to the community, they have a savings account that will be available for their personal expenses when they leave an institution. Olga Corporation has a power sewing operation at the Ventura School, and we have a micrographics program that makes microfiche out of medical records at the Youth Training School in Ontario. Those are what we consider our greatest efforts in privatization is working out these partnerships with these corporations to do the job

training and programming of our wards.

One other unique area that the Youth Authority has -- a pilot project that we have in operation or a proposed project that is going in operation is it's small; we have twenty of the monitoring devices to pilot a program of house arrest. It will be done in the Los Angeles area, and this will be for persons who would be violating their parole. We can put them on house arrest and monitor their behavior, and this is, we feel, is a way that might eventually save bed space of returning these parole violators to our institutions. This is a small pilot project -- 20 parolees at a time, and it's in the Los Angeles area. It is very much patterned after the San Bernardino project that's in Senator Ayala's bill or the Preprint 15. It's very similar to those programs.

One area that the Youth Authority is by statute required to do is set standards for all juvenile facilities in the state. And bills that have come up before the Legislature in recent years dealing with forms of privatization such as the bill that Larry Stirling sponsored last year on Vision Quest had in it the same requirements as the Youth Authority to set standards for the operation, and monitor those operations to assure the state that _____ custody of the state are placed, and health _____ standards are maintained. This becomes rather unique for the Youth Authority because _____ for the standard-setting for minors is detained in the state.

I think those three areas were our greatest concerns with privatization. And we are going to make a real effort to -- a big effort to continue these partnerships and to become more and more involved with our free-venture programs. I think you are seeing a steady growth in that area, and we are going to continue to work on those very hard. Our standard contracting of halfway house and group homes has been increasing with our bed space; and the use of these to house parole violators to save bed space in the institutions is something with ongoing practice and we have increased that effort in the last few years and we'll see what this pilot with house arrest does. It certainly is an option that is encouraging to us, because if we are able to use this and our parole agents are able to maintain a person with this kind of house arrest device, it will certainly save bed space for us. As Senator Presley said, we have bed capacity of little over 5,000, and we have around 8,000 -- over 8,000 wards. So we have an increasing problem and we spent a good seven hours last week discussing those problems before Senator Presley's committee. Thank you for your time.

CHAIRMAN MONTOYA: Now, from the cost I think, Bob, that you were mentioning a while ago, the cost is \$29,000 per person?

MS. DAVIS: Right, per year.

CHAIRMAN MONTOYA: It seems to me you'd get no other alternative. Get a tough mother to -- instead of being working, staying home and taking care of one of these guys or something for this kind of money. It's 29 G's per person?

SENATOR PRESLEY: Yes.

CHAIRMAN MONTOYA: It's a lot of money. OK. Thank you.

MS. DAVIS: Thank you.

CHAIRMAN MONTOYA: You will keep us apprised then?

MS. DAVIS: Oh, certainly.

CHAIRMAN MONTOYA: And you are doing it with 20?

MS. DAVIS: It's just a small project of 20. The devices I believe are purchased, and I think it's -- the operation of it is for the spring of this year is, I think, when we're are going to implement the program.

CHAIRMAN MONTOYA: What I meant to say -- or that some tough father, too, could stay home for that kind of money. I don't want to sound sexist.

Craig Cornett, did you want to come back up and comment on that aspect of ...?

MR. CORNETT: Just to add two things. First of all, obviously, from the numbers Ms. Davis just gave you, you are looking at a very different situation here than you are in the Department of Corrections. The Youth Authority is projected in five years to have a little over 9,000 wards versus in five years for Corrections 95,000. The orders of magnitude are quite different although there is an overcrowding problem in Youth Authority's clearly also.

I would also just say that those seven comments, those seven issues we raised, we think are obviously also applicable to the Youth Authority in trying to -- on that \$29,000 figure. Just to add to that also -- the main difference I think you'd find between the Youth Authority and Corrections in those figures is the type of mission; and in the Youth Authority, clearly their mission is very different from Corrections'; they are much more treatment oriented and much more rehabilitatively oriented toward rehabilitation.

CHAIRMAN MONTOYA: Which triggers a question totally unrelated to that. What rate do we have of rectifying the situation or recidivism?

MR. CORNETT: On recidivism? I certainly don't know the answer to that.

CHAIRMAN MONTOYA: Dorrine, do you have any numbers on that? How successful are we for those kind of bucks? Or do these guys just go to the Department of Corrections later at less cost per person? (Laughs.)

MS. DAVIS: Unfortunately, I think your last comment has probably got a lot of truth in it. We have looked at -- our studies usually go for 24 months after release and over 50 percent of that population is rearrested or returns back to the Youth Authority. I'm not sure if the Senator could remember what exactly goes on to the Department of Corrections. There is a smaller portion that actually moves from the Youth Authority to the Department of Corrections. But the younger the offender -- when you get a 12 or 13 year old in custody which we have paroled, they are more apt to be -- to still be in the age where they're back with their gang, back with their home boys, back into their activity, and then back in the Youth Authority. So our recidivism rates are very high;

they are always higher the younger the population that you deal with.

CHAIRMAN MONTROYA: Just a curious aside, it seems to me from what few of these, if I may call them characters, I've seen them, that the Youth Authority really toughens you up. It doesn't do anything about making you a gentler human being. Have there been any studies, just as an interesting aside, about whether you come back tougher? I mean, I don't think it does anything for you in terms of straightening you out. Have any studies been done on that?

MS. DAVIS: I'm not aware of any studies done on a personality issue. Our goal at this point -- we are really focusing on preparing somebody so that they are able to go out and get a job and maintain. Most of our wards are staying on a period of time. They are coming in -- our average age is right around 19, so they are actually adults when they come in and they are leaving as adults. So we feel that our entire efforts to make them employable builds up the self-esteem, builds up the ability to leave a neighborhood, the ability to survive on the streets and gives a lot more options to the young person to change their life style and that's what our focus has been for the last few years.

SENATOR PRESLEY: Another problem, Senator Montoya. When the Youth Authority gets these people, they have already been through several sessions of Juvenile Court and Juvenile Hall, and county camps and all that sort of thing. When they finally get to the Youth Authority, it's kind like graduating, or graduating into the big time. So it gets tougher and tougher then to rehabilitate them or gentle them down, as you say. The primary function, by law, of the Youth Authority is the punishment. Then rehabilitation comes second. But they are spending a lot of money on rehabilitation trying to teach them how to do something to get them back into a constructive job after their release. But I think your recidivism rate is about 50 percent in test ...

MS. DAVIS: It's a little over 50 percent in a 24-month studies after release.

SENATOR PRESLEY: I think we can verify with Mr. Kenady, but I think in the adult system, it's about 80 percent recidivism rate?

MR. KENADY: If you stretch it out about three years, I think that's about right.

MS. DAVIS: The longer you stretch it out, I think, the higher it goes up.

CHAIRMAN MONTROYA: And how many of those people that you get in Corrections are graduates of the CYA system? Do you have any numbers on that?

MR. KENADY: Many cum laude graduates.

CHAIRMAN MONTROYA: (Laughter.) ... It's tragic. It's funny, but it's tragic.

SENATOR PRESLEY: That's why I think if you are going to break this cycle of people getting into the system, we have to do something much earlier than, say, 15 or 17 years old. That's why I introduced that Ethics in Elementary School -- teach ethics in elementary school which, you know, would help I think. The Governor vetoed that bill but I think it would have been a good start. And another one we've tried a number of years which has also suffered vetoes every time is the Parenting Education, teaching people how

to parent.

CHAIRMAN MONTOYA: What did the Governor say in his veto messages?

SENATOR PRESLEY: Cost. Cost. But it's always a difficulty to try to get somebody to spend a little money on prevention. We'll spend these horrendous amounts like \$29,000/\$17,000 a year for these inmates once it's too late. But to spend just a fraction of that upfront in prevention is always hard to sell both to the Legislature and to the Governor.

MS. DAVIS: Thank you.

Board of Corrections, Norma Phillips, Executive Officer.

MS. NORMA PHILLIPS: Thank you. Good morning. My name is Norma Phillips Lammers. I'm Executive Officer of the Board of Corrections. Your consultant asked me to come this morning to first explain to you the role of the Board of Corrections with regard to local jails and give you some information regarding the overcrowding situation in county jails and cost of operation. And to make a few comments on the bill itself -- on your preprinted bill of SB 15.

The Board of Corrections has been around since the 1940s. And since 1948, it's been involved in setting standards for conditions in jails. The inspection process was added on to that in about 1973. Before that, it was sort of a hit or miss; the Board would come to counties when asked. But in 1973, the Legislature put a biennial inspection responsibility on the Board for each county and city jail in the state. We have been doing that since then and we report to the Legislature biennially on those conditions. We look at minimum jail standards; they encompass food, clothing, bedding, medical care, physical plant types of things, square footage and cubic air space; and the Fire Marshal proceeds to set standards for the fire-related conditions in the jail.

SENATOR PRESLEY: Ms. Lammers, before you go any further, could you enumerate all the people at the present time who inspect county jails in addition to yourself?

MS. PHILLIPS: In addition to the Board you mean? The State Fire Marshal will; the board of the local fire authority. The county health department inspects for the health and medical-related standards that the Board sets rather than the Board. We don't have that kind of expertise on our staff. And if the facility holds juveniles, then the Youth Authority will inspect that portion that holds juveniles.

SENATOR PRESLEY: In addition, I think you have the juvenile -- the County Juvenile Justice Commissions or whatever they are called.

MS. PHILLIPS: And the Grand Jury.

SENATOR PRESLEY: And the Grand Jury. The point is, pretty soon you don't have time to run the jail. You're _____ the inspectors all of the time.

MS. PHILLIPS: Keep stirring these people (Cross talking.)

CHAIRMAN MONTOYA: Well, is there a mandate that it be done at so many times a year on the part of any of these people, Bob? Or is it just kind of they come when they want,

or do they really have the mandate to do it but don't come at all?

SENATOR PRESLEY: I think it's a mandate at various times. Most of the time -- most of them I think are annual, aren't they?

MS. PHILLIPS: Right. The Board's is biennial, every other year. Most of the rest of them are annual.

SENATOR PRESLEY: But, I think if we could do surgery on that, we'd save the taxpayers some money. I don't know how we can do it.

CHAIRMAN MONTOYA: Why can't they all go in at once?

SENATOR PRESLEY: Oh, you'd have to coordinate all these different groups and at both the county and state level and you know how that gets to be.

MS. PHILLIPS: You have a number of Sheriff's Department people, I think, that are testifying this morning. They might be able to respond to the burden or problems that creates.

A second program that's operated by the Board was instituted by the Legislature in 1979, and that is the Standards in Training for Corrections Program. And basically at that time the Legislature was responding to increased litigation in county jails, both nationally and in California, with regard to training, and a trend nationally towards failure-to-train types of lawsuits, negligent supervision which would -- types of suits would result in very costly judgments against boards of supervisors. And they established the Standards in Training for Corrections Program and in that they requested that the Board establishes selection standards and training requirements for personnel operating in juvenile halls, jails, or as probation officers.

The Legislature also required that the Board do a task analysis -- contract to have a task analysis done of really what those Selection in Training Standards should be. So, one of the things that's included in the packet that I handed out to you, near the back, are changes to the Selection in Training Standards as a result of that task analysis. That was completed about eight months ago, and we've just gone through the regulation development process. So you'll see under Article II in there, Sections 131 and 132 changed the Selection Standards from what you have listed in the preprint of SB 15 and would require some change. These actually ...

CHAIRMAN MONTOYA: When was this done? Excuse me.

MS. PHILLIPS: These become effective July of 1987. The task analysis has been done over the last three years. Basically, the company that did this under contract surveyed all incumbents in the job, supervisors of people performing these tasks up and down the state; and when a particular task ...

CHAIRMAN MONTOYA: This was done, excuse me, this was done by a private study then?

MS. PHILLIPS: It was. Contracted by the Board. When a task or a knowledge, skill or ability, appeared in 70 percent of the incumbents in that job across the state, it then became a selection or training standard. And so what you have right now is a very

legally defensible set of Selection in Training Standards, and you also know that you are getting a very good bang for your training buck in here because it's been proven in 70 percent of the incumbents that this a necessary type of skill. And so, we would advise that the selections standards in SB 15 be changed accordingly to match these.

The third program operated by the Board is the County Jail Capital Expenditure Fund which is basically the implementation of the three-bond issue, sponsored by Senator Presley. And we do administer those funds. Along with that, we certainly get a lot of data on jail overcrowding, and I will be happy to run through that for just a couple of minutes.

When the construction program started, we had about 40,000 people occupying jails that were rated to hold about 32,000 people -- with some of the construction projects having already been completed, and a lot of them on line -- we currently have about 40,000 beds statewide. Our average daily population in June was 56,200 inmates. I included in the folder a jail population trend graph that was compiled in February. And unfortunately, we have exceeded right now our high projection and as you can see, we have projected to be not quite at the 55,000 level. We are at 56,005 (or 56,500). So I think the high projection of 70,580 inmates average daily population in 1990 is probably conservative at best.

SENATOR PRESLEY: How many beds are in the pipeline right now under construction?

MS. PHILLIPS: Between -- with the latest propositions and our estimates, I think we'll probably have about 51,000 beds on-line in 1990 when we are dealing with the 70,000. So indeed, something else needs to be done.

SENATOR PRESLEY: But you'd be better off then than you are now, if all those figures hold.

MS. PHILLIPS: Yes. Yes, we will.

SENATOR PRESLEY: If.

MS. PHILLIPS: Yes. Definitely, with a lot of work from you.

CHAIRMAN MONTOYA: In terms of this new standard that we are talking about here, that minimum standards for selection, has there been -- because I haven't read through it -- is there a cost figure in terms of what it's going to cost more for these kinds of standards?

MS. PHILLIPS: In terms of increasing the hours? Basically, we've been -- have already increased counties' allocations for doing that, approximately \$250 per head for every new person that they have on board for Standards in Training.

CHAIRMAN MONTOYA: I ask that because I know that whenever we do these kinds of things they always come back and tell us we need more money, right?

MS. PHILLIPS: Yes. In this case, we had the money available to go ahead and put in the increased subvention to the counties for this.

CHAIRMAN MONTOYA: Any questions? OK. Craig, did you have any additional comment?

And the idea for bringing in the Legislative Counsel or the Legislative Analyst is to give us some input that we'll have right there in the transcript so you can -- as you read through, it'll all make better sense.

MR. CORNETT: Just one thing to add, two things to add, actually, to this. First of all, as I believe you know, counties have a good deal of flexibility on dealing with their jail populations -- not a good deal, but some more flexibility than, say, the Department of Corrections has in dealing with the jail population. It is easier to have county prisoners released on -- there are a variety of ways that they can be released from jail: own recognizance release bail; up until last year, 10 percent bail, that kind of thing. So there are some relief valves available to counties.

One final comment just to put the whole thing in perspective for you. You've heard from three different elements of the criminal justice system: the Youth Authority, Corrections and the jail system. Just to give you an idea of how they all interrelate and how they mostly relate to the Department of Corrections: In the Youth Authority, one of the biggest factors in its population crunch in the Youth Authority is what is known as the SB 821 cases, which are people who are sentenced to Corrections but can be housed in the Youth Authority. That is certainly one of the major reasons for their population crunch; in other words, Department of Corrections' inmates. At the same time, in the county jail system, there are many inmates or prisoners in the county jail system who are parole violators from the Department of Corrections who are being held there pending their transfer to the Department of Corrections. So, although that number has decreased in recent years, that is still a major population element in the county jail system.

I just say that just to, again, put into perspective that a large part of the problem in the Youth Authority and the jail system relates directly back to the Department of Corrections and to the state's prison system.

SENATOR PRESLEY: Thank you.

CHAIRMAN MONTOYA: OK, we have several Los Angeles County witnesses. Why don't we start with -- from the L.A. County Supervisors, Steve Zehner, is it, Deputy County Counsel?

MR. STEVE ZEHNER: Good morning, Mr. Chairman, members. I'm Steve Zehner with the Los Angeles County Counsel's Office. And actually today we've prepared sort of a panel presentation on the subjects that were raised by Senator Montoya's Preprint Senate Bill 15.

With me today is Barry Nidorf, the County's Chief Probation Officer; also Commander Rick Merrick from the Sheriff's Department; and Harriet Pope, who is in the County Administrative Office. She is in the section that deals with contracts. What I'd like to do is just make some very perfunctory remarks and then turn the forum here over to the experts.

L.A. County does have a fairly successful history of contracting for different

goods and services. The county ordinance that authorizes the contracting provides a number of standards and safeguards in order to maintain fairly high levels of service and to protect the public interest. In addition, the policies and practices that have developed with the county's contracting experience have been intended to insure a very high level of performance.

Because of the general policy that the county has regarding the contracting issue and because of the very severe overcrowding in the county's facilities, the Los Angeles County Board of Supervisors has consistently supported legislative efforts to authorize privatization of local Corrections facilities. The county, for instance, did support Senator Presley's bill of 1984, that was Senate Bill 2278, and last year sponsored Mr. Cortese's AB 3776, and that was sidetracked in preference for Mr. Cortese's 3775. But both those measures authorize contracted augmentation of Sheriff's facilities, and the Board has also endorsed the concept of contracting for additional juvenile facilities as well.

We clearly recognize that there are some significant public policy issues surrounding the privatization of Corrections. I think that list that you received this morning from the Legislative Analyst's Office, the seven issues, are probably the real key issues that are umbrella-type issues that once those are addressed, all the worms come out of the woodwork at that point, I guess. And naturally, because these are issues of great magnitude and various types, we understand that it's necessary to proceed slowly and carefully in any effort to develop private corrections' facilities.

Like Preprint SB 15, our proposal of last year, 3776, did contain some specific criteria to insure that the public would be protected and that inmates would be handled by both qualified personnel and be housed in adequate facilities. Our original proposal, because of the need to proceed slowly in this area, addressed authorization only for contracted augmentation for misdemeanants. And again, that's an issue that may or may not have to be wrestled with as you move along. I don't think any of the objections that were raised either last year or in prior years to other proposals are things that are insurmountable. They tend to be more philosophical and almost emotional-type issues, things that will come up when — anytime you propose a major change in the way that the county wants to do some business.

The very short thrust of our testimony today is that L.A. County does feel that the high cost of constructing new facilities and maintaining those facilities is becoming very burdensome on taxpayers, that the overcrowding is becoming so severe that we need some additional ways to try to address the problem. The long-term cost of trying to house prisoners in overcrowded facilities while we look for funds to construct new facilities is only adding to the problem because we are seeing a lot of tension, additional lawsuits, all sorts of spinoff impacts that we think could be relieved, at least partially, if the authority were granted to experiment some with contracts in this

area.

At this point I'd like to close my portion of the testimony and ask Ms. Pope to discuss some of the experiences that we've had with contracting in the past.

CHAIRMAN MONTOYA: OK. Why don't we have your team come up and be prepared. We'll start then with Ms. Pope, and then was Commander Merrick going to make a statement and Mr. Nidorf? OK. Ms. Pope.

MS. HARRIET POPE: Good morning. I'm Harriet Pope. I'm a principal analyst in the Contracting Section of the County's Chief Administrative Office. And the role of our section is oversight and development of the county's privatization contracting program. L.A. County is a very large contractor; and the privatization or contracting out of work that has been or could be done by county employees is a relatively small proportion of that, and it's the newest portion of the county's contracting experience.

The two areas I thought I would offer to discuss briefly with you, and respond to any questions you might have, have to do, one, with standard setting. I know that in the field that you are considering as well as the child care field that many of the concerns that the public tends to raise, have to do with -- if a "for-profit" private provider is giving the service, will they nickel and dime and cut corners in order to make a profit and provide poorer care. And certainly in the early history of our country in some instances that did indeed happen where, you know, they'd work them 18 hours a day and feed them gruel, that kind of thing. So I wanted to share with you a little bit what we have developed in monitoring and identifying performance standards for our privatization service contracts, because it's been a growing level of sophistication in terms of making sure that we get the services, that we carefully define the services that we want, the standards to which we want them performed, and subsequently, monitor them systematically to obtain the services that -- the management of services that we require.

Secondly, I thought I would provide you with some additional information on the kinds of savings that we are achieving from our privatization contracting, because it is one method by which additional resources become available to the public to meet critical needs when the privatization contracts do save us substantially over performing the work in-house.

The handouts that I have consist of a general kind of overview: This Guide for Vendors is an overview of the county's contracting program -- all of the county's contracting programs. Inserted inside are, one, a report to the Board of Supervisors on the current level of savings and the types of contracting, privatization contracting which is currently in effect in the county. And as you will see, the annualized savings at this time are in excess of \$24 million a year on an annual award amount of \$44 million a year. So, relating those two numbers to each other, and there are some other factors in terms of revenues, revenue contracts, and so on, you can't make an exact proportion; but what you are seeing is that the savings proportionally are substantial, and they vary

from contract to contract but it's consistent. Of course, our ordinance does not permit us to contract out work that's done by the county unless it is cost-effective.

Also included in your packets are two samples of the types of quality assurance plans which we require departments to prepare prior to solicitation of a contract. And the reason for doing that prior to solicitation is, in part, to make sure that if any documentation, any activity to support our monitoring efforts is required of the contractor, that we've let them know upfront what we do require of them. The one plan is the monitoring plan -- Figure 1 is a monitoring plan for custodial services, and it's a very simple plan. It's just very simple to operate, to follow-up on, and to identify what will occur; again, agreeing with the contractor in advance what will happen if performance to the county standards is not obtained.

The other is a draft of a plan still in development for a more complex type of monitoring of a large number of parking lots, including revenue operations. And it has a number of -- a variety of techniques, we look at techniques all the way from educating users to tell us when things aren't working right, to rather complex statistical sampling, on-site inspections on a random basis, and so on. And I think that that gives us a sense of confidence as we are developing these methods of contracting that even in critical services, that we can continue to be the managers of the programs and make sure that the contractors provide what we require of them.

MR. CHAIRMAN: Ms. Pope, I wanted to ask you specifically without looking into this packet at this very moment, do you feel then that with what you are utilizing in Los Angeles County that you have dealt with the issues that Craig Cornett from Legislative Analyst's Office was concerned about? One was the accountability about the operation that you have going. I don't know if you've had to confront or be concerned about the use of force thing; I don't think you do. But, thirdly, the cancellation of any contracts, and what are the standards that you have set in terms of anybody who wants to -- what kind of a track record -- see we are into a new kind of thing, let's assume, so there isn't much of a track record, but what does the county, and is it in here, require in terms of financial strength to get into this business? I mean it's not obviously something you can start on with a shoestring. So do you feel that you have adequate parameters in terms of financial responsibility, liability, and resources to do these things? You have some standards like that and are they included in here?

MS. POPE: Well, we review each individual solicitation prior to going to the public to get bids of proposals, is reviewed by our county risk manager, who sets the standards appropriate to that particular contract; and this is a person who has extensive experience in the field and in recognizing the risks of county operations; and it may include requiring performance bonds, certainly all appropriate insurance coverage. But it's really tailor-made for each solicitation.

CHAIRMAN MONTOYA: Is this risk assessment person somebody that came out of private

enterprise or is this somebody who's been with the county forever, or you know, I mean, for a long time?

MS. POPE: I know he's been with the county for a long time. I don't know his background other than that.

CHAIRMAN MONTOYA: Bob, any questions? Thank you. OK, we are going to have then Commander Richard Merrick, and then Mr. Barry Nidorf who is a Chief Probation Officer.

MR. RICHARD MERRICK: My name is Rick Merrick. I am a commander with the Custody Division of the L.A. County Sheriff's Department. My remarks are really directed at the portion of Preprint Senate Bill 15 that has to do with privatization of a county jail.

In 1984 our Department participated to some extent in the language of SB 2278, a privatization bill; and we agree with most of the testimony, particularly that by the Board of Corrections, Mr. Zehner, and so forth. Where we have some reservations is in areas where SB 15 differs with SB 2278 and those are areas where language seems to have been lost. From the point of view of the Sheriff he, of course, is the county's jailer, and inmates become inmates by being remanded to the county jail and are the Sheriff's continuing responsibility and would be so even in the event that a contract existed with a private provider.

For those reasons, we have concern that the initiation of a contract, which in the earlier bill was to take place at the request of and on behalf of the Sheriff by the Board, that language at the request of, does not presently exist in the current bill. We think that's at least a partnership. It would not succeed in any event without both parties doing the duties that they are elected for. We, too, echo the concern for including felonies with the misdemeanor population. We think that if this new idea has something to offer, it's going to be something that's going to be proven on an incremental basis. We are not familiar with all other systems, but there is a process going on that I would call distillation but with the emphasis on alternatives to incarceration, those that were compelled into as well as those that will be inherent in the follow-up to Prop. 52 cause fewer and fewer inmates as a proportion to the total population to be there that don't contain some risk element. We believe that in our system the inmates that we call minimum security are at least half who have been sentenced in Superior Court. We are finding it more and more difficult to operate such facilities with the presence of street gangs, racial clashes, and so forth.

Another area that is not in the current bill is a section that in 1984 in SB 2278 called for a sheriff's approval of operational, administrative plans of the private provider and, very importantly, emergency response plans. In some of these areas, the existence of a plan is a concern for the Board of Corrections, but it's probably only the sheriff who can do a qualitative analysis of the existence of those plans. And this is something that has to be done correctly and correctly from day one.

We, too, are concerned about the inspectional process. We don't believe that a

biennial inspection by the Board of Corrections is adequate to ensure the correct operation of any jail, least of all by one operated by a private provider who would undoubtedly be breaking new ground. We also are inspected by the appropriate fire service, the Health Department, the Grand Jury, the California Youth Authority, and the list goes on. I'm sure that other counties, as is the case with ours, have some form of commission, perhaps more than one, specifically empowered to inspect the county jail system. I don't have a current list with me. I know that at one time I think I counted ten or twelve different inspectional bodies who would -- who should have the same access to a privately run jail facility as they do with our county jail and should have the same ability to require compliance with their inspections as they do with us.

Other language that is not in the present bill required that the private provider, while not peace officers and, in fact, some county jail employees are not peace officers, comply with all constitutional and legal requirements as to searches, seizures, admissions, and confessions, and so forth. The statutes and court decisions in these areas are overtly intended to regulate conduct, and we believe that any requirement that we have as to operations in general and the conduct of employees in particular should apply equally to the operations of a private provider.

We have a concern in the area of liability. It's obvious that that's a technical area that's a matter of expertise as we just heard in the prior comments. It's been said, although there was language concerning liability in the earlier bill, in SB 2278, that you can't contract out your liability. And that seems to be the general sense of anything we read on privatization nationwide, that no matter what, the bottom line of the deep pocket will be the county's in the operation of a private jail when we're contracting out what is a responsibility of the sheriff.

CHAIRMAN MONTOYA: A couple of points that I'd like to raise or at least make a statement on. You talked about the matter of protecting people's constitutional rights -- I think that's in essence what you said, and I want it clearly understood that as it relates to whatever endeavor we might be involved with, we would -- and however that has to be written up, we are assuming that. And if it has to be much clearer, I think it will be made clear. On the other hand, that does not mean that everybody who is presently a public safety officer, a sheriff, or whatever, because it's deemed in the law that they will give people their rights or that they do and that it does in fact happen, so I think that there is the clear standard that must be set and, you know, we are trying to do that.

The second thing that you raised, which was raised earlier; and that is, how many people. You said there is probably at least twelve different bodies that trek through and check out the work of your facilities. Can you give me an idea -- I mean, how much time really do these twelve different bodies take up in terms of interrupting the normal activities as you are trying to do your job? (Inaudible.)

MR. MERRICK: Of course, over the years we've come to believe that is part of the normal activities of doing our job, to escort such people and to provide access and so forth. Then we don't ...

MR. CHAIRMAN: How many -- but how many times does that really happen when you consider twelve bodies? I mean, how many people do you have coming through checking you out in terms of days in a month or days in a year? Have any idea?

MR. MERRICK: No. I doubt that -- except in the case of the Health Department, well -- thinking on a statewide basis, if you are dealing with a jail that was one place, a building, I doubt that anyone of these inspections would take up more than a day or two. In the case of our system and dealing with such large facilities, it can add up to a great many days. But we don't quarrel with their existence. They all serve a worthwhile purpose and they don't check the same things. Every time that they check, there is different emphasis, there are new regulations; some of them may, in fact, be response to complaints made by inmates or other persons acting on their behalf. So, I really think that it is a part of doing business and we don't seek to curtail that if we merely point out that because it is a part of doing a jail's business, that it should apply equally to a private jail.

CHAIRMAN MONTOYA: And finally, you mentioned at the very beginning that whatever it was that we intended to do either at the state level or at the local level should be done on an incremental basis because, in fact, there is just not that much of a track record in. I wanted to assure you that I agree with that. I don't think that we are in a position to do more than that. But certainly, that shouldn't preclude the trying to do some of it. Senator Presley?

SENATOR PRESLEY: A question on liability; about how many lawsuits do you have filed against you in, say, a month or a year? Do you know?

MR. MERRICK: I really don't know that, Senator. We have far more claims that ultimately don't result in lawsuits, but that's a very busy process, the constant claims against the county. Some of them are settled, some are not.

CHAIRMAN MONTOYA: Maybe we can get some of that ...

SENATOR PRESLEY: I only raised that question because I know that's a big item in the state system and probably is a very big item with county jails around the state as well. Anytime somebody is in custody and against their will or they're -- what do you call them? -- guests of the hotel and they really don't want to be there, they can find all kinds of complaints and reasons to bring lawsuits against you.

MR. MERRICK: They do indeed. A simple matter. We take in probably 700-900 new inmates a day; and if we lose their clothing, they were not wearing Levis and a T-shirt, they were all wearing sharkskin slacks and gold lame shirts and alligator belts and shoes to the tune of several hundred dollars.

SENATOR PRESLEY: That's a big problem area for liability.

CHAIRMAN MONTOYA: Well, we do realize, I think, that is a problem. But again, if we are to meet the need, I guess we must consider it. OK, is that it then?

MR. MERRICK: Thank you.

CHAIRMAN MONTOYA: Then last but not least, from the L.A. County group is Barry Nidorf, Chief Probation Officer.

MR. BARRY NIDORF: Good morning, and thank you. Just in response to Senator Presley's comments about the fact that we are continuing to increase the deficit of cells and bed space, I believe that there is an answer aside from the need for the delinquency prevention, which is sorely lacking. The answer has been offered by the Rand Corporation in terms of its research both on prison and probation in California as an intermediate sanction. I think something that probation can provide and is providing in many states, we cannot and are not providing in California because of the financing structure. And if I can take just a minute to talk about that because I think it's something that's going to have to be addressed sooner or later, and then I'd like to talk about the electronic monitoring.

The fact that county probation is a county function precludes a lot of programs from being funded which would directly save the state money, because obviously, in a time of a shortfall of revenue and resources, the Board of Supervisors is not as interested in funding a program which would be more expensive than traditional probation but far less expensive obviously than the \$29,000 or the \$18,000 it costs to put a person in a state institution. An intensive surveillance program in the community with elements of house arrest and with elements of electronic surveillance and many other elements could cost five to ten times more than our current probation costs, but would be less than a fifth of the cost of state prison. We have had bills in the Legislature which would provide that, but there is not an interest on the part of the Administration in financing what is essentially a county operation probation. I believe that this issue has to be addressed, and until it's addressed, we won't have all of those alternatives that are available which could impact the ... (new side of tape does not overlap.) ... address your bill but just in response to what Senator Presley had to say.

Los Angeles County is interested and has been exploring not only electronic surveillance but house arrest for several months. We have an organization called the County White Criminal Coordinating Committee, on which sit all of the department heads of Criminal Justice, both local and state. A subcommittee of that has been addressing jail overcrowding and has been evaluating various electronic surveillance equipment available.

The bill -- preprint bill which addresses Senator Ayala's bill of last year on home detention, I think is an effective way of reducing overcrowding. However, there are some cautions that have to be addressed, and I think some problems with the current language which prohibit us from entering into one of the pilot projects immediately.

First of all, electronic monitoring is not for all, and I think we have to be very

wary of what we call "widening the net"; that is, using something which seems like it's new technology and the greatest thing since sliced bread, and using it on people who don't need it. That would be a waste of valuable resources.

We also want to use the least restrictive and the least expensive alternatives possible; and in many instances, of them and particularly out of Municipal Court, some of the offenders that we are dealing with would not require this kind of extensive surveillance.

If we are to participate in a pilot project, we have some concerns that I think need to be addressed. Number one concern is the additional cost. Although the bill allows us to charge, it is our experience that the average defendant who would be placed on the program could not provide the total cost for recovery. And, of course, there is not an economic qualifier. I believe it probably would be unconstitutional to put an economic qualifier on participants. So there is a concern about whatever additional cost over and above fee recovery that we could get from defendants that has to be addressed.

I'm also very concerned about the current law which requires all misdemeanants in a given Municipal Court to be sentenced to this alternative; that is, the law says that a Municipal Court judge shall order home detention rather than custody in county jail. And yet we have a conflicting provision which says that the defendant must agree to be on the program. I believe we must provide for judicial discretion and even more than that, I believe that the probation officer, if the defendant is to be on probation, should have the option of doing the normal investigation.

CHAIRMAN MONTOYA: Is it your opinion or the opinion of others that we should be more specific in terms of what misdemeanors are included and whether or not there should be a clarification as to whether or not the individual wants it or not?

MR. NIDORF: No, I believe that the defendant, if he would rather serve his time in jail, probably should have that option. My concern is that anytime you set very strict criteria without allowing the discretion of either the judge or the probation officer, we are going to end up with inappropriate use -- people who don't need it. For instance, if you were to ...

CHAIRMAN MONTOYA: Are judges pretty good in terms of that kind of discretion?

MR. NIDORF: I think that they are fairly good on it, in terms of making decisions now who gets jail and who gets, for instance, weekend time or who gets work furlough, or who gets straight probation. And the probation officer who does an investigation and can do an investigation before sentencing can provide the kind of information that the judge needs to make that decision. But if you make it arbitrary, then you'll end up with people who might have gotten one weekend or two weekends in jail, now saying we have to put them on home detention but we are not going to do it just on weekends, so we'll give him 30 days or we'll give him 15 days. In any event, it's an extension of the use of a program which is not absolutely necessary.

The law also does not speak to the conditions. For instance, if a defendant is on the program and violates, absconds, or tampers with, there is no discussion as to what are the consequences and I think we have to have consequences. Is it an escape as if he had been in custody? Is it to be handled as a violation of probation? But we need — I'm not saying that we can't do that administratively, but perhaps if we are going to mandate a program which is to be reported on by the Board of Corrections, and I question that whole process anyway, but if we are going to do that, I think we also need to set up some guidelines as to how it will be so that when the report comes back to the Legislature, you'll know what you are dealing with. I'm concerned that we are going to put people on this conditional release with no other conditions; that is, they are not on probation, they have no other conditions. When we go into the house to monitor, we can only monitor those issues regarding the bracelet or the anklet, or whatever we're using and have no other intervention possibilities.

I'll be glad to answer any questions.

CHAIRMAN MONTOYA: Bob, did you have any?

OK. Well, no, I asked that about the judges discretion and whether or not we needed to include that because I guess it's no secret I have a lot of problems with what a lot of judges do, at least as it relates to killers. And I didn't know if they were any more -- if they were any better in this kind of thing. The only other thing that I remember looking at statistically before, in terms of judges, is the kind of variety and disparity that you get in judge -- in sentencing of drunk drivers ...

MR. NIDORF: I think judicial discretion is a double-edged sword.

CHAIRMAN MONTOYA: ... so that's the frame of reference I'm coming from.

MR. NIDORF: Right. You know, obviously, I think it has problems both ways, but my concern and particularly with this, where we would want to make the resources go as far as possible, is that we not make it arbitrary and use it on anybody and therefore restrict its availability for perhaps a wider population.

CHAIRMAN MONTOYA: Bob, ...? All right, thank you.

OK, with that, yes, sir. Do you want to come on up and tell us just briefly who you are? We've got a list of witnesses, but if you prove to us that your need is overwhelming to address us now ...

MR. P. G. CURTIS: My name is P. G. Curtis. I come here today to find out who I need to talk to because I have — need or have about 1,500 ex-offenders for employment.

CHAIRMAN MONTOYA: And who are you? You're a private person?

MR. CURTIS: Yes, sir.

CHAIRMAN MONTOYA: Well, I would suggest that it would probably be worthwhile for you sticking around here and listening to everything that is going to go on, because ...

MR. CURTIS: Well, I don't need to ... (Cross talking.)

CHAIRMAN MONTOYA: ... we are going to hear from some of our private people. And

if you want to testify at the end of our regular list, we'll allow you a few minutes to do that.

MR. CURTIS: Well, not necessarily need to do that today, but I just need to find out who the person I need to talk to. I know I need to talk to the Governor sooner or because we're going to need some _____ involvement in this particular project here.

CHAIRMAN MONTOYA: Well, Senator Presley suggests you talk to Mr. Kenady if he'll talk with you now.

MR. CURTIS: OK, thank you.

CHAIRMAN MONTOYA: OK? OK, we'll get back to our witness list here. Bonnie Trice, from Wackenhut Services, Incorporated, Legislative Advocate.

MS. BONNIE TRICE: Bonnie Trice, representing two private correction companies, Wackenhut Services, Incorporated and Buckingham Security Limited.

CHAIRMAN MONTOYA: And who?

MS. TRICE: Buckingham Security Limited. Prior to making some statements that I have, I'd like to make some comments on things that some of your previous witnesses have stated.

With reference to sites, which we know is extremely difficult to obtain, one of the things that has come to my attention since I've been working on this issue is that perhaps we ought to be looking at some types of joint ventures between the State and the local jurisdictions. Many times in some of these counties that have such tremendous overcrowding problems themselves, if there was a way that we could joint-venture a facility with our RTC inmates and some of the parole violators perhaps that are held in the county jail prior to the revocation hearing, perhaps that would be a way to make it a little bit more acceptable to have a site in a certain community. Anyway, that's an area that no one that I'm aware of is particularly looking at. Perhaps there is a way to expedite the use permit process. I understand that in some cases it can take as long as 15 to 24 months, if there is community opposition. I'm not sure I have the scenario; I haven't looked at it myself whether there is a way to expedite that in some way.

The other thing, of course, I think is some positive media coverage in this. In the sense, if we could somehow or other generate some positive media coverage on (Cross talking.)

CHAIRMAN MONTOYA: Well, as I've said, I am sure Dan Walters will say that we did have a hearing in Palm Springs. (Laughter.)

MS. TRICE: I'm not quite sure if that's the type of positive media coverage we are looking for.

CHAIRMAN MONTOYA: I don't think it goes far enough, huh Bonnie?

MS. TRICE: Not quite, not quite. The other thing I might suggest is that speaking to the recent RFP that the Department put out for RTC facilities. In conversations with the Department, they seem to be open to the concept of larger facilities; i.e., maybe up

to 400-500 inmates. However, when the RFP came out, it had a cap of 200. Again, we are dealing with the population RTC alone of over 15,000 I believe in the state. So at 200 per facility, we are not really taking quite so much. So perhaps they'd be open, more open to taking --looking at larger facilities, the possibility of larger facilities.

Anyway, a little background on Wackenhut Services. It's a for-profit corporation; it's been in existence for over 40 years, providing security services all over the world basically. It has 100 offices worldwide; it has 20,000 employees.

CHAIRMAN MONTDOYA: How many?

MS. TRICE: 20,000. A few years ago, a natural extension to the security services was to look at the correction detention field. And to that end, they are under contract in Guthrie, Oklahoma for a job corps facility, which is male and female, 630 beds, and ages 16-24. It's what you might call a semisecure facility, as it has some primitive fencing. It certainly has a lot of security measures built into it. There is about -- approximately 50 percent of the population is hard-core juveniles that have been undersentenced.

Two other areas right now is that they're in the final stages of being awarded a contract from INS for a detention of illegal alien facility with approximate bed level of 400. And, of course, we are in the process of responding to the RFP for the California Department of Corrections.

I have one brochure -- I'll be glad to get you some more -- which gives more background on Wackenhut and the various programs that they run.

Buckingham Security Limited is also a private corporation. It's based in Pennsylvania. It's been in existence for approximately three years. Its primary focus has been on operating the Butler County Jail for a little over a year now. I think someone made the comment that it costs more than what they had anticipated -- what the county had anticipated. That is true, primarily because the original contract provided for Buckingham using their own employees. The union objected to that, filed suit; and the county determined and through negotiations determined that Buckingham would not hire their own employees. They would take the union forces, which is perfectly fine with us. And that's how it ended up. So, a contract was signed to that effect. And the facility there now operates under Buckingham management with ACSME (?) employees, and it works extremely well. Obviously, the cost ...

CHAIRMAN MONTDOYA: But at a higher cost.

MS. TRICE: The cost was higher. The difference is that even though you are using union employees, you can still have a cost reduction to the county just through the management -- more efficient management basically.

The atmosphere there in the county jail has improved substantially. I know that the inmates and the staff there are a lot more comfortable than they were before. Since they took it under operation, they've expanded it by 20 beds; there are plans under way

for another 55-bed expansion for a DUI program. They've initiated a work release program, a pre-release program. They are taking in U.S. Marshal prisoners for a net income in effect to the counties -- the county that has paid for those inmates.

Since this is working so well, several other counties in Pennsylvania have initiated discussions of the concept of a regional jail whereby several counties will be participating in one large facility, so they are going forward with that.

For the first time we have a report which is almost a blow-by-blow description of how this worked, you know, why it was started, where it came from, why it works, some of the problems that we came up against; many of the changes that were implemented to make it a more efficient operation. This is the draft form that I have right here. The final form is due out the 10th of this month, and I'll be glad to submit that to all the committee members when that is done. It's really quite a remarkable document in terms of just, you know, exactly what they ran up against and what they found out and what they've implemented, what they are facing down the road. It has a cover letter from one of the supervisors in this county that basically is saying that they were very concerned, had a lot of problems with this particular facility, and within three months, Buckingham had turned that around and it's a much better place today for inmates and staff.

CHAIRMAN MONTOYA: Well, if you will submit that, what we'll do is we'll include it as an addendum to our hearing.

MS. TRICE: Right. I've got copies coming probably at the end of this week.

CHAIRMAN MONTOYA: OK.

MS. TRICE: Other than that, I think I distributed out to you some very recent news articles, of course, that appeared in our newspaper which speak again to the problem with particular emphasis on the Gann limitation which is kind of a shadow hanging out over all of us right now.

Generally speaking, private providers are not here saying that they've got some kind of magic answer to ease all this overcrowding. That is not the case; we know that's not true. All we are saying is that we believe it's reached a point in time that is so critical, that all options must be looked at; and we believe that we are one of the options. We certainly approach it from the basis of this being a public/private alliance. There is no way that it can be otherwise because it just won't work.

I was not aware of the NCSL doing some studies in this area. I did know that NIC and NIJ came out with studies several years ago. And to my knowledge, no one is keeping this kind of track record. I certainly hope NCSL is doing that because that's not the case right now.

Some people have accused us of wanting to take the cream of the inmates; that also is not quite correct. Certainly, we would be willing to take very high security inmates. We'd certainly be willing -- well, there are several providers who would be willing to take special needs inmates which are very expensive and usually very disruptive.

It's a case though of, as you said, Senator, approaching something cautiously. We know that we will be given, you know, low security inmates to start with; and until we do prove ourselves in the state, you know, that's the way it's going to be. So we are not taking the cream; that's what you are giving us.

Another comment that you hear quite frequently is that you get what you pay for, implying, of course, that if you hire a private provider, you are getting inferior services. We don't believe that's quite the case. I think you are paying premium dollars right now and you are getting, you know, incredible service. The employees that are working in our state system and local systems right now are working under the most horrendous conditions possible. All we are saying is that by virtue of being private, our ability to be more flexible, to be more creative, we possibly can save you money, possibly can give a little better service, so that you're actually going to get more than what you pay for.

Some of the questions, questions that are outlined by Legislative Analyst, are several of the questions that are always asked regarding use of the private corrections companies. I've got a couple more that I'd like to add to those. On the cost again, I think that the first thing that we have make note of is that we have to compare apples to apples. Many times the per diem cost that is quoted is not necessarily the true cost of providing for an inmate. So I think when we are looking at the private sector, can we do it cheaper, you have to take into account all the true costs that are involved in the system. And then you will come out -- we believe that we can have a 20-30 percent savings. If we don't, you don't contract with us. It's as simple as that.

CHAIRMAN MONTROYA: Well, that's what I was saying about a formula cost comparison that includes all of the kinds of things that I mentioned, and that was just off the top of my head. If a private company is paying for a site, let's say you were involved in that, you are paying property taxes, that certainly is something that isn't computed into the cost of, if you've got a property that's off the tax roles, that kind of thing.

MS. TRICE: That's an excellent point, Senator.

CHAIRMAN MONTROYA: So I think we do have to work towards some kind of an appropriate cost comparison formula.

MS. TRICE: That is very true. Cost-wise again, by virtue of being private, we can be a little bit more flexible. We certainly can be more creative, and we're motivated to do that, especially by being a for-profit corporation. We can act usually more quickly than the public sector can and nowadays time is money. So there are many ways, all the way from a design of the facility to whatever you work out with the developer that you are working with, to going out into the communities -- you will read in this report -- going out into the communities as a private sector in seeking volunteer help, volunteer donations, etc. There are many, many ways that we can reduce the overhead operational cost of a facility. Obviously, you know, the major cost factor comes in as if we were to

use our own employees, private employees.

Accountability. We believe that there is no way that we cannot be accountable. We are going to have legislative oversight; we are going to have state agency oversight; we are going to have local government oversight. Certainly, the contract document in this case plays an extremely major role. In this reference, it sounds like L.A. County has done an admirable job in all of their private contracting out that they've done so far. I would certainly urge us to look at what the feds have done with their contracts. They have been contracting out in the detention area for many, many, many years and developed contract documents that are overwhelming. The last one that Wackenhut responded to took 1,500 pages to respond to it. So in that reference, I think the contract document certainly makes us accountable in all areas.

Because we are sort of new on the scene, we're going to have a much higher visibility. I think in that respect we certainly are going to be accountable to the public. As far as defaulting on contracts, that hasn't, to my knowledge, occurred in recent years. However, obviously, you have to address the potential of that happening.

Performance bonds, as was mentioned previously, certainly punitive -- other punitive sanctions can be written into the contract. I think one thing we need to look at is that most of the companies here are going to have capital investment going in and they certainly don't want to jeopardize losing that. Are there other providers out there? that's the question that's always coming up. Yes, we know now, just by virtue of the responses to the Department's recent RFP, there was, I understand, 30 responses; I understand 15 have qualified. I don't know why the other 15 didn't; in fact, it may be interesting to find out. I can probably bet on the fact that the other 15 are going to do whatever it takes to qualify. So, there are contractors out there that can replace anyone who happens to default on a contract.

The question of civil liability I think has been pretty much stated. It would be wonderful if we can tell you, "Yes, the state will not be liable; no, the county will not be liable; we are going to absorb all that." That's simply not the case. We can indemnify you, up to the maximum; but other than that, the state is retaining control over the policies. It's setting the procedures; in other words, they are still in charge, we are simply providing a service. So with that respect, I would say that yes, you still remain liable. Monitoring programs, etc, hopefully would keep us in compliance so that liability questions would not be a problem.

The use of force or deadly force. Ideally, we would want to establish a special peace officer category which would specify certain training to certain standards that we, too, as private employees would have to meet. A little of -- I'm not sure, but it's 1982, I believe, maybe had a little bit of that concept. There is, to my knowledge, no state now that has any type of special category like that. Federal levels for certain -- in certain instances for certain companies, Wackenhut is one of them, for their Guthrie,

Oklahoma facility, yes, those employees there do have special status. Most of the companies now train their employees themselves, most of them mind and most of them report to meet all the standards that are currently acceptable standards. Other than that, you kind of operate according to legal counsel -- our legal counsel. We kind of operate under the rights of the private citizen to manage any problems that we have within a facility.

I think the one thing it's important to look at here though is that the private company is not going to be operating under overcrowded conditions by virtue of its contract. The environment is going to be, we would hope certainly, substantially better than what exists right now in other public facilities. We believe that if that environment is better, you substantially decrease the chances for any violence or for having to use force. I think that's an important factor that nobody really looks at.

As far as quality of services are concerned, again, those types of things are outlined in the contract. Obviously, we want to have our contract renewed, it's to our benefit then to keep the services as high as possible, to look for creative ways providing those services, to keep the peace, to look for inmates, you know, for work for our inmates, etc. We certainly cannot expect to survive by providing reduced services to inmates. By adequate monitoring, on-site inspections, etc., that will ensure that our services are the best that we can possibly provide.

Getting to the question of employees which is always the major stumbling block in discussion of this -- we are not here to replace any employees. We don't see, as Senator said at the beginning of this, we just don't see where that would be even, you know, a feasible option right now. There is great need for more employees at this particular moment. Certainly with the projections, we are going to need even more. We can work as a management team by using public employees. It's not up to the private provider to really make that determination. We can work it any way. It's really up to the state; it's up to the local jurisdiction to make that type of decision. I think the one thing that perhaps, you know, the correctional unions are not looking at here is that if we were to allow the use of private companies, perhaps they would actually see their ranks grow in numbers, and that's an option I don't think that anyone really considers either.

The other point is that we would hope, again by virtue of being private, that we can provide a much safer environment than what many of the correctional employees are working in right now.

The contract document is the key, naturally. When you go back and read, even though they're several years old, go back and read the NIJ and the NIC reports on this, they too emphasize the extreme importance of the contract document. Again, we can learn from the federal government on that, look at how they structured things, look at what they require. It must provide for adequate monitoring. It must provide for on-site inspections. Certainly if you put in judicious (?) for bidding and renewal procedures,

that keeps a competitive factor in there. Most — as an example, we -- going into the RFP process on the parole _____ state RTC system, those contracts are for three years. We have a substantial capital investment going in. We want to be guaranteed that we are going to be there for more than three years. So, that's why it's in our best interest to operate this at the highest possible level.

A couple of other things. Many times you hear quoted that, you know, it's a sovereign right of the state to take care of the detention of individuals, and that is true. That's putting us on a higher level than what we're trying to be. We are simply providers. We are not taking any of that right of the state away. The state still remains in the power it's in. It still has total control over it. We are doing nothing more than providing a service. The profit motive is sometimes brought up, and about all I can say to that is that if we are doing a good job of fulfilling all of the contract provisions, if we have a good environment for our employees and inmates, then whether we make a profit on it really shouldn't be an issue.

Speaking directly to Senate Bill 1982, Senator Montoya's from last year, which basically established a commission with oversight and control over the private sector. The concept there is very good. We've certainly seen in other areas where that type of commission has done an excellent job; it's established standards, it set up a licensing program, it's monitored it, etc. We certainly think that's worthwhile pursuing. The only objection I would have, specifically, speaking to SB 1982, is that there needs to be much more involvement by the Department of Corrections in that type of a program.

Speaking to the Preprint 15, County Option Bill, that is kind of — well, it's very similar to AB 3775 by Assemblyman Cortese from last year. It's leaner, to say the least. I would urge, Senators, that you take a look at AB 3775. I think there is a little bit more protections in there for counties, a little bit more protection in there for employees, a little better way of tying in some standards. It's certainly not perfect by any means; it just didn't go that far to have that much work on it. But we tried developing that piece of legislation to develop, you know, a fairly equitable piece that was sort of protecting everyone.

In conclusion, I know I'm very excited about the possibility of expanding the role of the private sector in the field of corrections. The need here is so tremendous, that we really do believe that we can provide a fairly good service and possibly ease some of the overcrowding and certainly maybe take up some of the slack. I guess one of the most valid criticisms you hear is, well, where is the track records, you know, let's look at — let's not do anything until we see what other states have done. It's valid to a point. We do have companies now that have track records, agreed that they aren't too terribly long; but we are still looking at over a year in the case of the county jail in Pennsylvania; we are looking at Wackenhut's involvement for the past three years in juvenile facility. There are two other providers in the room today, represented in the

room today, that certainly also have track records. It's wonderful to say let's, you know, we don't have much track record, but nobody is really looked at the track record. And what I'm saying to you is that we have proven that we can do it, certainly at the level that the state of California, you know, would be looking at in the first stages. We just like to have an opportunity to try to do it.

CHAIRMAN MONTOYA: Thank you, Ms. Trice. Any questions? I would just say in terms of the other private sector people who are here is that you don't necessarily have to address all of these issues that were raised by the Legislative Analyst, but there is no question in the course of the pursuit of this for whatever its validity and possibility and potential down the road, that question of accountability, the civil liability questions, the cancellations of contracts, the source of savings. We've indicated to you that we'll try to develop a formula for adequate — for appropriate comparison. The issue of legality is something that we'll deal with. I think what would be of value to this committee on the part of those other private sector people who are here for today is just to give us your experiences in some of our counties in this state or in other states so that we begin to know who some of the private sector players are out there. I don't think, Bonnie, that people need to apologize about the profit motive. I think that that's an accountability mechanism in itself in that it constantly forces you as a private sector individual to be looking at what you are doing and the cost considerations without thinking that there is a Santa Claus out there that just gives you all the more money that you need because we are going to have, you know, some economic problem. We are not going to be able to continue to give the kinds of money that we've given in the past. So I think the profit motive can serve as an accountability factor. Bob.

SENATOR PRESLEY: A couple questions. You mentioned the federal regulations that said it took your company 15 pages just to respond to ...

MS. TRICE: 1,500.

SENATOR PRESLEY: 1,500?

MS. TRICE: 1,500 pages.

SENATOR PRESLEY: 15 times greater than I thought.

MS. TRICE: (Laughter.) Yeah, no, it was 1,500.

SENATOR PRESLEY: Does that deal with private contracting in the corrections field or something else?

MS. TRICE: Well, in this — when I was speaking of the 1,500 pages that was particularly to INS for the detention of illegal aliens. And this is the contract -- this was a proposal that was just submitted recently, within the past several months.

SENATOR PRESLEY: Isn't there one INS facility that's being operated privately somewhere?

MS. TRICE: In the State of California?

SENATOR PRESLEY: No, in the United States somewhere.

MS. TRICE: Oh, yes. No, there's ...

SENATOR PRESLEY: Where is it, do you know?

MS. TRICE: I'm trying to think where there it is. There are a couple of them that are operated by private.

SENATOR PRESLEY: And all these regulations were for that purpose?

MS. TRICE: That is correct. That is correct. Wackenhut is in the final stages right now. Their response to the federal proposal took 1,500 pages. The contract document which is being worked on right now, I would estimate would be like 700-800 pages long. It tries to address all possible contingencies; I have not seen it, you know. When it becomes public information, I'll be glad to share it with you.

SENATOR PRESLEY: Also you made a statement that I'd like to have you elaborate on, and you said that if you went into more privatization, private contracting, in responding to the Corrections' peoples' concerns, is that their ranks would actually grow? If that's the case, it seems like you'd be defeating the purpose of the state. Can you tell me what you mean by that?

MS. TRICE: OK. What I meant by that ...

CHAIRMAN MONTOYA: You were just making an optimistic statement. I think you are going to get deeper into it. It's better if you don't comment. (Laughter.) I would just say, Bob, that as we are trying to develop something, here is my personal feeling about it, and I'm going to get more involved. I don't think it's the state's job. I don't think it's the Senate's job to insure for the unforeseeable future the growth of union ranks, although I've been a union member myself. I think the important thing is, is there's a certain responsibility on our part to make sure that whatever state employees are there continue to stay in place. But if you want to go out and organize these private sector companies, you go out and do it on your own; don't expect us to put it into any law that talks about privatization.

MS. TRICE. No, I think the point I was trying to make is that from the perspective of the private companies, it doesn't make any difference to us whether we operate with -- by taking public employees or by using private employees. So whatever is determined either legislatively or out by the union's organizing. If we were allowed to operate, if we were allowed to start up some facilities, or have more facilities in the state, then there is the possibility that the union ranks could go out for that.

CHAIRMAN MONTOYA: Well, there's a possibility that they could go out and organize them.

SENATOR PRESLEY: I only raise the question because the reason for the state doing it or the county doing it is to save money. And if it's going to have the opposite result of more employees, then you are probably not going to save the money.

MS. TRICE: Well, you are going to have more employees anyway, you know. I mean, just by virtue of the projections _____ additional facilities.

SENATOR PRESLEY: Also the Pennsylvania experience. I think the Legislative Analyst brought it up, you contract, is it your company, isn't it, the Buckingham?

MS. TRICE: Yes. Buckingham.

SENATOR PRESLEY: You contract for the whole county jail operation for that county?

MS. TRICE: That is correct.

SENATOR PRESLEY: And that's the one that's ongoing now?

MS. TRICE: Yes.

SENATOR PRESLEY: But the Legislature back there has put a hold on any further expansion until they what, digest it, see what's happening?

MS. TRICE: Well, I think the moratorium that was established in Pennsylvania was some legislation that was passed two years ago. And it was in response not to the county jail plan, it was more in response to a proposal that was going about for a state facility which was ...

SENATOR PRESLEY: You're saying that they are not displeased with the county?

MS. TRICE: No. No, and I don't know, quite frankly, right now, the moratorium has sort of just slipped off into oblivion and nothing has occurred since then.

SENATOR PRESLEY: How long has it been ...? (Interference.)

CHAIRMAN MONTOYA: Excuse me Bob, I'll be back, momentarily -- I've got to make a phone call. These are the next three witnesses here.

SENATOR PRESLEY: How much -- how long have they been contracting with the county? For what period of time?

MS. TRICE: Almost a year and a half now.

SENATOR PRESLEY: Has the result been that it's saving the county money, do you know?

MS. TRICE: Yes, it is.

SENATOR PRESLEY: Very much, a little bit?

MS. TRICE: No, quite a bit. Yeah, more than they expected. In view of the fact that they could not hire private employees they had to go to public sector employees, made a substantial difference. So, but the cost savings ended up to be more than they expected and actually if certain other things had happened -- if they had been allowed to implement some things sooner than later, they actually could have saved quite a bit more.

All that is in what I want to give to you when it's prepared.

SENATOR PRESLEY: OK. Thank you very much.

Eclectic, is that the way you pronounce that, in Communications?

MR. MARVIN WIEBE: Yes, correct.

SENATOR PRESLEY: It's an odd name.

MR. MARVIN WIEBE: It is unusual. Takes a lot of explanation.

My name is Marvin Wiebe. I'm the Vice President of Eclectic Communications. It is an odd name. We generally go by ECI because it's embarrassing getting all of our mail

addressed to the Electric Company, some of which actually should go to the Electric Company.

I asked to have opportunity today to present to these discussions, as a result of our experience in operating private detention facilities, particularly here in the state of California. The first return-to-custody facility in California is operated by Eclectic Communications. It's a facility that was described earlier in our discussions today, an 80-bed operation, in La Honda, California, called Hidden Valley Ranch.

I'd like to be able to share today some of the things that we've learned and hopefully some suggestions as a result of that contract which actually began in February of this year and our first inmates arrived approximately early May of 1986.

That particular detention facility was operated and started by Eclectic Communications after a number of years of experience in the field of detention services. Notably, that facility had been operated previously by Eclectic under contract to the Federal Bureau of Prisons for three years, primarily to house approximately 60 Youth Corrections Act individuals. When we hear the word youth, we tend to think of juveniles; but in this particular case, these are individuals who were sentenced while they were 18-26 years of age, their sentences were by law amended not to be longer than six years and rehabilitative counseling and supportive services were required. The average age of the individuals that we had were approximately 27 years old in that facility. Although most were either first-time offenders or relatively lightweight offenders.

After operating that facility for three years, the Youth Corrections Act was essentially done away with and the need for that particular contract was no longer and so we converted that facility to use by the Department of Corrections earlier this year. In addition to that facility, we have also contracted for a variety of other detention facilities, notably with the Immigration and Naturalization Service and the United States Marshal Services. For a number of years, we have had four separate facilities under contract and currently operate two such detention facilities for INS and the United States Marshal Services. Those particular contracts in the Los Angeles area and in Imperial.

The observations I'd like to make, based on our experience, are relatively few, but are pretty much supportive of some of the comments that have been brought by other people giving testimony earlier today. I think one of the advantages that we see for us to operate is our ability to move quickly, to address specific client populations and their needs, and also to recognize our role as perhaps temporary in nature. We don't exactly see prisons burgeoning and growing in size for umpteen jillion years. And people have asked me, when I bring this point up what we plan to do in the future. I'm not sure. Maybe we will go into the electric business of some kind or other.

But nonetheless, the reality is that if you look at long-term studies, at least hopefully in an optimistic sense, prison crowding will probably be reduced if for no

other reason our prison -- our general population is growing older and there certainly is correlation between the committing of crimes and age. And while that's not to say that some of the older people in our society won't start committing more crimes, I am optimistic in believing that the Department of Correction's recommendation is that if we have approximately 58,000 cells available for detention, that perhaps that will meet our need until this great mass of people passes, and perhaps we won't need to have additional detention facilities. At least causes private providers to ask the question, "Are we necessarily going to be around forever?"

I think one of the reasons I bring that up is that because we are very flexible and because we are not downed by several civil requirements, we do have an ability to work with employees both in terms of hiring rapidly, and in terms of discipline, and also in terms of termination that ought to be looked at. It also is a factor in terms of the issue of construction which has been brought up, not only for the reasons of cost, but also because 25 years from now as a taxpayer, I'm not particularly interested in paying for facilities that are going to be sitting there empty. The private sector has the advantage, I believe, to take existing sites, or perhaps to create sites with relatively low cost for housing of inmates for the next number of years but perhaps not with a view that these detention facilities will be here forever. Many of these facilities, the ones that we've looked at and are using particularly, will be used for other uses, other than detention in the future; and I see that as a significant advantage.

I also see that our particular role is probably best served in the area of providing client population services in specific clients that may not fit in with the general client populations that we are looking at. For example, the return-to-custody facilities obviously makes some sense because of the parole violators, and particularly, they'll be going back into the community in a relatively short period of time; it makes a lot of sense to deal with them in a short-term facility. There is a lot of interest in what we are going to do with the AIDS population in the prisons; that certainly is an area that depending on the size of that population in the future, and it's difficult to project that, certainly the private facilities or private vendors have an interest in that and can be a real service, I think, to government in providing those kinds of specific care facilities, perhaps on a short-term basis.

In that regard, we see ourselves as a partner to government. We don't see ourselves -- and I speak only for myself because and our corporation, because I know that well, we hear that from others, obviously the fact that certain contractors are bidding for entire jail facilities and so forth, suggests that there is possibility of displacement of civil servants. Our particular agency is not oriented in that direction. We are mainly interested in meeting unmet needs. We had planned, too, to meet those needs on a hopefully cost-effective basis. And that's, I think, an issue that has come up and I'd like to share the benefits of our experience in that particular area.

Our average correctional officer in our facilities makes approximately \$8-9 per hour. Our benefit rates are roughly 22 percent. This compares with a cost figure, at least the ones that I've heard, of \$14 an hour for a state employee and perhaps benefits as high as 38 percent. On the surface, that sounds like we are going to save a lot of money. But I'd like to caution that I don't think privates can make the claim that we'll be saving a lot of money, at least based on our experiences at Hidden Valley Ranch and running other detention facilities. There are some cost savings that we enjoy. But many of these are mitigated by the fact that the facilities we operate are in general much smaller than the detention facilities operated by the state. I would say it's impossible to operate a 200-bed facility or even a 100-bed facility anywhere near as cost efficiently as a 2,000-bed facility can be operated. And for the privates to stand in front of committees like this and to argue that we can provide that service less expensive per day when you are comparing 100 beds to 2,000 beds, I think is just to miss the obvious. There are plenty of easy illustrations to demonstrate how difficult that is to do. So generally, while there are savings in operating our particular programs, when you look at certain costs, those often are mitigated when you look at the size of our operations.

The issue of profitability has come up, and I don't plan to defend profitability at all, but I do plan to share with you our own experience in providing profit-making detention facilities in the state of California. Our experience last year was that we experienced before taxes a profitability of about 7 percent of our gross. That was before taxes. We paid out in federal and state income taxes nearly 50 percent of that last year; and in addition to that, we also paid additional taxes that I think are of interest to this committee. Notably, our facility at Hidden Valley Ranch is a county-owned operation or county facility. We lease that from the Counties of San Mateo and San Francisco; that particular property was not on the tax rolls. When we, as a private provider, took over that facility, that particular facility went back on the tax rolls and we are paying property taxes as well as part of our cost. This all puts more money back into the government sources that are providing the dollars necessary to do these services. And I think, as Senator Montoya has brought up several times today, that's a cost figure that needs to be looked at.

But even aside from the issue of cost, I think there is a real advantage to privates providing services of the kind that we are talking about today, particularly the return-to-custody facilities with which we have the most experience; and that is that they are small enough to offer some services that are beneficial to the inmates who are coming in to them.

I've heard cost be an issue today; and without sounding like a bleeding heart liberal, I think that somehow we can't lose total sight of what we are trying to do ...

CHAIRMAN MONTROYA: Please don't, because this is a conservative caucus here.

(Laughter.)

MR. WIEBE: We can't lose total sight of the rehabilitation aspect of what we are trying to accomplish. I think by testimony, the state correctional officers who are on our site at La Honda at the return detention facility there, and by our own observation having been in other state facilities and in our own facility, it appears to us that these smaller operations have significant benefits in terms of providing a community or a setting that is a more -- a less threatening setting. It is a setting that is not as dangerous for the inmates, one that has fewer racial overtones, and hopefully one that provides more incentive to look at yourself and to do something with your life. I'm not naive enough to believe, with recidivism running at 90 percent and higher, that we are going to solve that problem, but I think it is somewhat naive to also assume that because recidivism is so high, if we just go to straight punishment and don't worry about trying to do any kind of treatment or any kind of rehabilitative service with people, that our recidivism won't even go higher.

It seems to me that this particular idea of taking people, particularly at the prevention aspect and looking at that whole aspect, makes a lot of sense. I have run prevention programs personally in the past and endorse that heavily. I believe that it makes a lot more sense to put a sign in front of a dangerous curve warning people to slow down than an ambulance at the bottom of the hill to catch them when they go over the edge. And that I believe is what prevention is all about.

But nonetheless, even though we can commit ourselves to prevention, we have a lot of inmates to deal with; we need to do that at a cost-effective way. But I hope we don't say to the privates, "Do that as cheaply as you can and we don't care what kind of service level you provide." For one thing, some privates, our company notably, will not be interested in providing that service because that's not what we are in the business for, warehousing people. We believe that the fact that these people get gate money of \$200 when they leave the prisons, the same amount they got twenty years ago, move into a community where their jobs have been often replaced by other people, or perhaps the skill that they had when they left to go into a detention facility is no longer needed because the marketplace has changed or technology has replaced them, move into a setting where their spouses have often left or perhaps remarried, friends have moved, pastors have left the area that they used to counsel with or had contact with, and they walk into that kind of a setting with \$200 in their pocket and can't even rent an apartment or a place to live, I think is really naive to assume that those people are going to be successful, especially when you realize that the vast majority of them have low education, low job skills, and low employment track record, or any kind of a work ethic at all. And for us to give up on that task, I think, is something that I don't want to lose sight of in the midst of all this discussion about cost and attempting to save some money. And so I throw that out there for your consideration.

In addition to that, I'd like to share a couple of other insights from the return-to-custody facility operation that we currently have, particularly in the area of the liability. Somebody has said earlier today that you can't contract out your liability and that's, I guess, somewhat of a dead horse. It's obvious that that's almost impossible to do. But nonetheless, states and government entities try to do that to some degree. And that's presenting a problem for the private provider which if you plan to use this, you'll need to at least recognize and I think at some point address.

Notably, many insurance companies are refusing — in fact, it's almost impossible for private providers to get insurance any longer, because there have been a couple of key cases where suits have been brought against private providers and states have been unwilling, or other government entities have been unwilling, to become involved in the litigation or have attempted to extradite themselves from any sort of liability or responsibility for those actions. That has resulted in insurance companies feeling that their exposure is far greater than they ever thought. They begin to come — feel that perhaps they shouldn't even bother to get into this particular area. And I don't know of many responsible privates that will contract without insurance. I don't know of many responsible government entities that will contract with private providers without insurance. And it's a big, big problem for this particular field and one that needs to at least be looked at. It's one facing our particular agency, and I'm sure a host of others who are in this particular field.

The other thing I think I'd like to address is the area of site selection. One thing that I've been encouraged about, our company has tried to operate or has operated community correctional centers or work furlough programs for a variety of years both for the Federal Bureau of Prisons and also for the Department of Corrections here in California. In fact, we currently contract for approximately 11 or 12 percent of all the beds operated in California under that particular 1,000-bed project. And our experience has been that it's very difficult to find sites. But interestingly, we are finding that public reception to the return-to-custody facilities is better than we get with those CCC sites. And there are a number of reasons for that, one of which is you are talking about a lock-up facility where people aren't going in and out into the community; and that generally meets with better public reception.

The other thing is that we have found that we have been directing our attention lately to areas that have a greater economic need. The communities of Live Oak and Baker have been mentioned earlier today. Those are both operations that we are developing as well as several others we have currently — what we are working on for return-to-custody sites. Both of these areas are in areas where there is an economic benefit for people to be involved in our particular contract business. And they see that and they want to form a partnership with us.

The other thing that I think has been interesting is that we have been able to take

our return-to-custody facility at La Honda and fly groups of people from both Live Oak and from Baker to see that site. Interestingly, many of those people are some of the strongest people against operating return-to-custody sites in Baker or in Live Oak, and after going to our site, have come back to their community and have been willing to say in front of their neighbors and peers that they now can support that, based on what they saw operating at that particular site. And I think that's a real advantage for the state of California to take a hard look at going ahead and involving more and more people from communities to see what these operations are. Many people fear the unknown and when they have an opportunity to see one of these sites, it makes quite a bit of difference. So I think site selection in general is something that can definitely be positive if you are taking a look at the return-to-custody facilities; it will continue to be difficult for the work furlough facilities where people are allowed to go out into the community.

One final advantage to privates that came out of our experience at both Baker and Live Oak that I think should be noted, and that is that there is a basic distrust of the state out there in communities. There is a feeling that once the state comes in and operates or tries to open a facility that the responsiveness of the state to the community's needs and desires and demands is very difficult to get, that the state is somewhat immune from those demands, not entirely obviously, and communities have risen up lately and been very strong in influencing to the state of California. But nonetheless, there is a perception out there that the private provider will be more responsive. And so we have found that people have actually said to us consistently, "If you'll contract as a private provider, we are interested. If the state of California is going to come in here, we are not interested." That's been particularly our experience in Baker, and I don't think there is anything that we are going to do significantly better or different than the state of California would have done. But there is a perception in the community that because there is a private provider who also is involved, that there will be a more responsive ear as well as the state which is also involved contractually in a project. That concludes my testimony.

CHAIRMAN MONTROYA: Senator Presley, any questions?

Thank you very much. The site selection problem is something that's a part of our existing problem. And if Senator Presley doesn't come up with a solution soon, we are going to provide a lottery system that we're sure will succeed, so there will be no political fingerprints and nobody will be to blame and then I'm sure we'll be able to get them done.

With that editorial comment out of the way, we hear next from Mr. Roy Adams from something called MTC.

MR. ROY ADAMS: Good morning.

CHAIRMAN MONTROYA: Good morning.

MR. ADAMS: My name is Roy Adams, and I'm representing Management Training

Corporation. I'm involved in the operations of that company. And here is some background: Bonnie mentioned Wackenhut's involvement in the job corps program in Oklahoma. Well, Management Training Corporation has been involved in the operation of job corps centers; running services of juvenile from the ages of 16 to 26 for a period of 22 years. And we are the largest single operator of these facilities and institutions in the United States. And we are providing services to approximately 15,000 participants per year. MTC is also involved in the facility management operation of large government centers.

One thing I think you might want to take a look at is the cost of the job corps operation when compared to, say, to CYA costs in the state of California. The facilities and institutions that my company operates -- operates those facilities with similar scope of services as those required by CYA at a cost of about 40 percent of the annualized rate in the state of California.

The job corps program nationally is a series of institutions over 100 and that program provides services to a population similar in size to your correctional population within the state of California.

One of the things you may be able to look at because _____ is the format of contracting with a private organization. The job corps has _____; approximately 85 percent of the job corps centers that are operated are operated by private for-profit organizations. And the experience has been -- to give you a little cost comparison, because I know that's really an important question to everybody here.

A small number of the job corp centers are operated by the federal government themselves. By comparison, the annualized costs of the government of public sector operations are 50 percent more expensive than the operations that might not be _____.

Our experience in the state of California has been working -- we are one of the companies that has been qualified to operate RTCs. We found that the joint relationship, the joint responsibility approach of the RTCs is a very effective one; it starts to make a lot of sense. I think I can share some of the concerns of some of the other private operators and that is that the location of sites and use permits, etc., is an extremely protracted process, and any assistance that the government can give us to improve upon that process would certainly be helpful to both you and ourselves.

Also, a gentleman from ECI talked about the size of these correctional institutions. And I think it's important that you not overlook the economy of skill and the increased cost that's going to have to be absorbed if private sector is going to be limited to very small operations. In the job corps business and in the operation of these youth institutions, we clearly can see a significant difference between small operations and the unit cost and those that are much larger. Now I'm not necessarily saying that the private sector should be operating facilities of thousands of inmates, but certainly a cap of 200 -- and some of these sites that are limiting inmates to less

than 100 are not cost-effective. And we are not going to be able to reduce some of the cost and meet some of the expectations that I know are great concern to you.

Also in the area of providing youth services in the state of California, there appears to be provisions that exclude private for-profit organizations; and I think that's hurting the state, because if you take a company like MTC that has had almost a quarter of a century of experience with youth programs, because of the profit exclusion, we can't become involved in that business. And what that also does is exclude some of these large organizations that have the financial and experiential resources that could run some very effective programs for it.

I would certainly encourage a possibility of an RTC-type approach in the area of youth corrections, certainly, when you have companies that are out there that have had so much experience with youth, and our experience with youth has been with those types of individuals that typically end up within the CYA and eventually in your adult corrections system -- talking about unemployed youth, uneducated high school dropouts, 15 to 26, quite an ethnic diversity, some street gang activity and often some conflict with the law in the past.

MTC, I know, and certainly a lot of other companies are very interested in this business; and once again, I would like to say that I think the RTC approach and what I found personally to be the cooperation on the part of CDC is a real good start. That concludes my testimony.

CHAIRMAN MONTOYA: Senator Presley, any questions? Thank you very much.

Next, we have HITEK Community Control Corporation; it's a Digital Products Corporation, and then we'll have our civil servants. We'll start with the California Probation, Parole and Corrections Association, Susan Cohen. OK, yes, sir.

MR. BRUCE LAZARUS: Senator Montoya, Senator Presley, and staff, I thank you for letting me speak with you today. My name is Bruce Lazarus, and I'm a representative of HITEK Community Control Corp. HITEK is a wholly owned subsidiary of Digital Products Corporation, which is based out at Fort Lauderdale, Florida. Digital Products was founded twenty years ago and has been involved as an innovator in the electronic field. One of their main inventions was the robotic telecommunicator. It is called the Telsar (?) and more commonly known as an automatic dialer.

Approximately three years ago, Digital Products took the Telsar (?) and was going to use that into the home health care market, at helping develop a program where infirm people, and people sentenced, excuse me, sentenced people living at home had a form of emergency outlet where they could be contacted, or that the doctors or that the nursing care centers could contact them to know that they were still OK. That evolved into going into the Community Corrections Departments of Florida and up into New Jersey, where instead of going into the health care, they expanded into the Community Corrections Department. They developed three years ago a system with the Telsar (?) where Community

Corrections could use a house arrest and have continuous monitoring for at-home check of the offenders.

Through this three-year period, they developed a little more sophistication by adding a wristlet and a verifier and adding a centralized computer system to help account for all the calls which evolved into today's system of the on-guard, home-electronic monitoring system.

I'm wearing two hats today because I want to tell you a little bit about the electronic surveillance. But also, as I said, I'm a representative of Digital Products and feel that our product is one of the better products out there. Home surveillance or electronic monitoring has been classified into two types of systems: a passive and an active system. NIJ further defined that by calling the active system, "Continuous Monitoring" and the passive system, a "Controlled Program Contact."

Electronic surveillance has a place in the prison and correction system in the United States, California particularly. I should say that all the states are fighting overcrowded prisons, and we are trying to find an answer for that. And there have been programs that have been developed already in New Jersey, in New York, in Tennessee, in Oregon, in Utah, that are using some form of electronic monitoring. As a matter of fact, California has, I believe, two or three systems in process right now that have just started in their pilot program.

Electronic monitoring can save money and can be beneficial. You've talked about the RTC program; well, if you further enhance your probation and parole officers with an electronic monitoring system, then you won't have to worry about creating new facilities for RTC. We have found that a lot of offenders that had to be returned to custody can be averted from going back to custody by having closer surveillance. Electronic monitoring offers that closer surveillance.

I should say that electronic monitoring is not jail. It can help with the overcrowding in jail, but it is not jail, and there is a perceived — there is a community out there that perceives some form of monitoring where you can have 24-hour tracking guidance. Well, you can't do that in electronic monitoring, and I think this is one thing we have to make the community aware of. It is not jail. It is a tool that can be used by probation and parole to help supervise and more closely supervise the offenders that they have out right now. Electronic monitoring does not tell you when someone — it will tell you when someone has left, but does not tell you where they've gone. Therefore, you have to be very careful, and you have to develop programs which are specialized programs and have the supervision and are well thought out; that electronic monitoring will complement.

Some of the programs that we've seen are, of course, intensive supervision with a house arrest, or they have for the infirmed or aged to relieve — to help take them out of jail, or medically infirm people; again, to relieve them from the jail, they are

sentenced to home with electronic monitoring; protective custody, to relieve them out of special forms of custody; again, they are relieved and put on an electronic monitoring device.

Will electronic monitoring help overcrowding? As what I've listened to today, I don't know if it will help overcrowding, but it will release some bed space that then the more felons and the more criminally, or the more dangerous ...

CHAIRMAN MONTOYA: More serious offenders?

MR. LAZARUS: ... yes, the serious offenders are then put into custody. Electronic monitoring, as I said, has been classified into two types of systems: the passive and the active system. Are you familiar with how that operates? I mean, to help with time, would you like me to go on and explain a little bit about the system itself?

SENATOR PRESLEY: Yes, why don't you?

MR. LAZARUS: OK. The active system is a radio frequency type of system. It has three component parts. The offender wears a transmitter on their body, whether it be around their leg, around their neck or their arm that submits a signal to a receiver placed in their home. Once that offender goes out of the range of his home, whether it be 150 to 1,000 feet, and there is a lot of different variations in the companies that are out there, that signal that's interrupted seizes a line or creates a new telephone line and calls back to a central processing area and emits a violation. Again, the concept is the offender sentenced to home is not supposed to leave.

This radio frequency in itself has some problems in that it has some interference. The industry as a whole — again, I don't represent radio frequency — has come together and they are trying to correct that problem. And I'm sure as technology advances, it will get tighter and tighter and tighter, but the nature of radio frequency, I don't believe can 100 percent assure you that you have someone at home. And again, this is a perception that the community wants to know that we have someone sentenced to the house. But most importantly, we have to go out there and tell them that this is not what's going to happen; you have a control over them. We need to educate that it's the program that we are developing that will be useful not the tool in itself.

Digital Products has developed an electronic monitoring device that does not use radio frequency. It has a wristlet and verifier -- let me show you. We use a wristlet and a verifier that hooks into a telephone connection. The offender wears the wristlet, the verifier is placed in his home, again hooked up to the telephone lines; and on a random basis, he is contacted anytime during the day and night. Using the automatic or the robotic telecommunicator, his number is, again, randomly picked out, he answers the telephone, he is asked a few questions to make sure it is the offender, and then the wristlet and bracelet is supposed to be placed in to get a preparatory handshake. As with any type of electronic monitoring system, we all have a computerized or a computer central system that will collect the data and present, on a case by case or an officer

caseload, the attempts and failures with the system.

Electronic monitoring can be beat. Electronic monitoring, the offender can cut it off and leave. But again, this is used as a tool with the probation officer, and you have to be very careful with who you place on it.

To summarize, I feel that this is something that can be used in the corrections institution that will save money. As Barry Nidorf said, there is legislation now -- that you presented legislation out there right now. I think it needs to be expounded upon. In our personal opinion, we don't feel it should necessarily be 100 percent a judicial process of who is sentenced to electronic monitoring. The probation officers and the sheriff who are with the offenders on a daily basis, if they do the correct investigation and know their offenders well enough, they are the ones that can make the decision. You don't want it to be a mandate to create widening of the net, because if that happens, you are not saving any money. And at this point in time, with the 17 states that are being used, there has not been any civil liberty problems and that's because there isn't a widening of the net. But they've stated that if it becomes anything besides an alternative to incarceration, or the releasing of over -- of the prisons that are to be used in parole and probation, then there will be some suits filed. And I think that's very important; we should address ourselves to make sure it's only as an alternative to incarceration.

CHAIRMAN MONTOYA: OK.

MR. LAZARUS. I have a small presentation, but I think in the best interest of time, again, it's more on the preparatoriness of Digital Products; I don't think that's what we are here for today. If you'd like to see it, I can show it, but otherwise, I'd save it till I meet with other people throughout the state.

CHAIRMAN MONTOYA: I think you can do that. If there is some additional presentation that you might want to give us to add to the hearing, we can do that. We'll be interested at some future time also in that presentation as we try to interest other people.

MR. LAZARUS: Certainly. OK. Thank you.

CHAIRMAN MONTOYA: Thank you. Next, we'll have the California Probation, Parole and Correctional Association; then the California State Employees Association; and then the L.A. County Sheriff's Office in the person of Earl Shields, Deputy of Custody.

And again, what I would remind all of you people is that I personally appreciate the support that you've given in the past. I just think that sometimes, however, people feel that because of a relationship like that, we shouldn't do our job; and I think everybody understands very clearly that we have a crisis in the state and at the local level and this Legislature must of necessity look at all of the alternatives. I say that because I know sometimes there is a private expression of frustration at our trying to do our job, but I really don't foresee this problem of even prison siting or anything like

that going away. And all of these numbers, of course, indicate that the problem is only going to get more. I think we have a responsibility as legislators to take care, if you will, of civil servants who are in place.

The idea of organizing private employees is something that you as these interest groups must do. That's your job; and perhaps there is that possibility. But I'm reminded of when I was involved in the Education Committee and we were trying to think of the notion of some people going to private schools and getting a voucher, if you will, for doing that; and there was a proposal that was being circulated for the ballot and I thought I was going to be killed by all of the attendant public employees who thought they would be affected. And the reason that we had those hearings was because sometimes these ideas find their way onto the ballot. So, I hope that for whatever concerns you have you will understand that we believe it's a part of our responsibility to look at these as alternatives. Susan?

MS. SUSAN COHEN: Senator, I agree and CPPCA certainly commends you for taking that responsibility. I would like to clarify that the California Probation, Parole and Correctional Association is a professional association. Not disavowing my brothers, sisters and friends in the labor movement, but this is not a labor organization.

Our position, to start with the bottom line, is that there has to be a partnership between the private sector and the public sector with regard to criminal justice system activities. We support, encourage, and advocate well-qualified private sector programs which are resources to public sector services and programs in Corrections.

I think as you've heard today and as you pointed out in creating this hearing in the first place, we are coming rapidly to a point where communities are going to have to ask how much justice they can afford; if they want to afford criminal justice as we've known it, or educational or transportation or mental health or the other critical services provided by government. And I think that what is the responsibility of all of us, of practitioners of Corrections, of those who advocate for Corrections, of legislators and another policymakers, is to find the broadest range of solutions to what's a critical and certainly not likely to go away problem.

One of the key points that I'd like to make, I think you've heard it today already, is that we will not be able to simply build our way out of the corrections dilemma. Regardless of whether the private or the public sector does it, building buildings isn't going to get the job done because it takes too long. The siting, the EIRs, the construction itself, finding staff, hiring them, training them, take too long and it costs too much. A recent article which I think was included in the packet Bonnie Trice gave you from the Sacramento Bee indicates, that even if we added another \$2.3 billion to the current \$2.3 billion construction program for prisons, we'd be overcrowded and that hasn't begin to address juvenile halls and jails, the other elements of the system.

It may be that private supplemental adult inmate housing as was described in

Preprint 15 is one answer; it's a limited answer. There are those critical questions that have to be asked before we create, authorize, allow private jails. You've heard most of them. Craig raised them very early on in the morning. It's important that we answer first, I think, the question about the appropriate locus for decisions regarding and the responsibility for depriving people of their liberty. Can government delegate responsibility for that? That's a question that you as legislators, as policymakers, will have to answer.

The second question, relative to liability, you've heard a great deal about today. If you can't give away your liability, what way then is there to deal with the public private partnership? I suggest that one of the ways to look at that is with the relatively fine distinction as has been described by the California Correctional Executives Council; and that is, with policymaking, residing with the state; with implementation of policy, residing with whoever you either hire or contract with to carry out those policies. Assuming then though, a partnership between public and private sectors where each learns from and benefits from the expertise of the other, what will it take on the part of legislation to make that work? I was very interested in Commander Merrick's comments. California Peace Officers Association and CPPCA went to Senator Presley in 1984 to talk about the issues that ultimately turned into Senate Bill 2278. I think those issues are still the critical ones today. In the first place, standards -- there

cannot be contracting for corrections unless private providers, and most reputable private providers say the same thing, unless private providers are held to and inspected under, at least the same standards of professionalism that is standards for facilities, and for staff, for hiring, for training, for operation, for medical care, for educational and other programs, the same standards that apply to the public sector. Not only must there be standards, but the standards must be enforced. There must be some mechanism to inspect and monitor those standards.

Secondly, as Commander Merrick pointed out, the lines of authority must be clearly drawn and everyone must understand them. The legislation that you proposed last year, Senator, Senate Bill 1982, spoke to authority for contracting for state facilities being with a commission that you would create in that legislation. That's certainly a viable mode, but it would be important to take into account the fact that there are not only state facilities or state adult facilities at issue, but local facilities for both adults and juveniles.

Now, any language -- the language that was in SB 2278 and which Commander Merrick referred to, relative to contracting being at the request of and on behalf of the Sheriff, I think is valuable language. Further, Senate Bill 2278 because it talked about local juvenile facilities as well as adult facilities, included language which said, "Or the Chief Probation Officer". I would suggest the sheriff, the chief probation officer

or a local department of corrections director, would all be appropriate personnel for local contracting, to have the authority clearly distinguished because in the end, as has been pointed out, the Penal Code, Welfare and Institutions Code, the Government Code, the Administrative Code, all give responsibility to those personnel, the sheriff, the chief probation Officer, or the director of the local department of corrections, to receive inmates and take care of their well-being.

Mr. Cornett's points I'm sure have stuck with you. You don't need me to reiterate those questions, so let me go to another of the issues you raised with regard to this hearing; that is, the question of alternatives. What else can we do in addition to having other and additional people running correctional facilities? Well, the dramatic and apparently unending overcrowding of our state and local corrections facilities will not, as has been said several times, be mitigated by building more facilities or developing more facilities; we do as Senator Presley pointed out, have to get to the front end. We are going to have to put some of our resources to prevention, to community education, to public education; we are going to have to realign our priorities a little bit so that some of the possibilities which people maybe a week ago said, "No, no, that's not enough of a sanction, it isn't enough punishment," so that we can educate people to say, "Yes, that is an appropriate sanction." So that folks will absorb the notion that home-detention, as you've been looking at it today, is at least as stringent as some other kinds of sanctions. That phrase about that "You've been bad, go to your room," sounds amusing until you visit the experience of someone who has spent five days or ten days or fifteen days confined to a limited number of feet in his or her home where his family can be in contact with him but he can't go out and play with his child; he can't go to the store for a pack of cigarettes, he can't anything. His home, in fact, becomes a prison. Home detention, electronic monitoring ...

CHAIRMAN MONTROYA: We've got to watch the way we handle this because ...

MS. COHEN: Indeed we do.

CHAIRMAN MONTROYA: ... there is no question that legislative wives might want to put one of those on so we do stay home during the four days we are in the district. (Laughter.)

MS. COHEN: Senator, I wouldn't touch that. (Laughs.) Whoa -- but I did touch that. I'm sorry.

CHAIRMAN MONTROYA: But no, it is a problem; we realize that.

MS. COHEN: There will need to be a canon of ethics or guidelines perhaps developed. I'm sorry

Other kinds of alternatives that need, I think, to be explored: intensive supervision, be there probation or parole -- in some states it's called one and in some states it's another -- has the ability to maintain certain offenders at the local level under close scrutiny. Those folks don't ever make it to jail or to prison and they are

still safe in terms of the supervision that they are afforded. Restitution, restitution centers, restitution programming is a viable alternative for some offenders; community work and work in lieu of incarceration; programs that have been effective in other states both for state prisoners and local prisoners, they are possible. In this state, the programs are possible to be expanded.

As Mr. Nidorf pointed out, the resources may have to be reallocated. There seems to be a greater willingness to spend money at this moment to build prisons than to beef up what's the local intervention before people get to prison. We may need to revisit that.

I would like to caution you on behalf of CPPCA, however, that the committee continues and the Legislature as a whole, continues to look at a range of possibilities. Please don't fall into the trap of adopting what looks like a quick fix, whatever it is. Those of us in Corrections, as Senator Presley knows and as you know, Senator Montoya, have been wrestling with these very complex problems for a long time. And every time we think we have the answer, it turns out to be only an answer for part of a problem. The problems are extremely complex and the solutions will have to be broad, diverse and complex in their own right.

In closing, I would like you to consider the difficult role that we put private providers in, particularly those who are in the "for-profit" business, when we make them or ask them to decide whether their energies are going to go to taking care of inmates or to making the profit that they have to make. The nursing home industry is an unfortunate example, I think, of what can happen when private providers have a captive audience with whom they have to deal and they have to make decisions as to whether they'll take care of the client or whether they'll take care of their board of directors who is looking for the profit.

CPPCA is committed to continuing our work with this committee, with Senator Pesley, with the rest of the Legislature, on these important issues and others affecting corrections. We hope that you will continue to keep your eyes on the broad, the big picture, rather than to focus on any small element, particularly only cost. That reminds me of a story that I'd like to leave you with -- an interview of one of the very first astronauts to go into space. He was asked how he felt and his response was, "Well, how would you feel sitting on top of 20,000 tons of dynamite that was built by the lowest bidder?" I think that corrections is at least as explosive a field, and we wouldn't want to be blowing up any of our good intentions.

CHAIRMAN MONTOYA: Susan, I thank you for your testimony. I think there have been several points that you've made that I think it's important to enter into the record; first of all, about any legislative effort. I think anybody who follows the other work that I've done in the B&P Committee understands that we try to work for a bipartisan consensus. We think any good legislative endeavor is really more than the work of one

person or even one party. There is room for, certainly, at least a couple of committees.

I think there are some ongoing things that have to be stated relating to what was said earlier. Mr. Nidorf is the one that mentioned the issue of the state's greater financial involvement.

I would just remind again, Senator Presley, these local people, that if we're, in fact, going to get involved in greater financing like a joint effort, obviously it means that there must be some diminution of local authority so that we can be involved in what it is we're financing. Relating to what Commander Merrick said about -- at the request of the sheriff, I can just tell you that in relation to the L.A. County Sheriff and as a person who had local government experience, I have found any, any L.A. County Sheriff and I've seen a couple now operate pretty close, they are very, very reluctant to give up any jurisdiction, and that doesn't relate -- it doesn't matter whether it's a local city trying to establish its own police department, or trying to impose some of their councilmanic will upon the Sheriff. And I would just hope that at the request of the Sheriff doesn't mean again, with some sense of balance in terms of the decision-making, because I think again, that that's important; it is a partnership.

Bob, did you have any...? OK then, why don't -- thank you, Susan, very much.

California State Employees Association, and then from the L.A. County Sheriff's Office ... OK. Mr. Shields left? Well, we have heard from four people from the Sheriff's, so I think we are all right.

MR. LAWRENCE ANDREUCETTI: Members of the Committee, my name is Lawrence Andreuccetti, Senior Labor Relations Representative for the CSEA/SEIU Local 1000 AFL-CIO Contracting Out Investigation Unit. I am here today to present the union's position regarding privatization of prison operations.

CSEA/SEIU Local 1000 represents 3,850 civil service employees in nine collective bargaining units in the Department of Corrections, 1,734 employees in California Youth Authority. We represent a large majority of the civil service workers that perform "ancillary functions" in institutions.

In the past, contracting out proposals to contract out traditional civil service work were few and far between. However, during the past couple of years, the state has substantially increased the amount of proposals to contract out traditional civil service work to private contractors and other public agencies. In general, this situation was caused by shrinking department budgets, loss of budgeted positions and new positions, no reduction of workload and constant political pressure to do more with less.

The Department of Corrections is one of many state departments that are facing operational problems, even though they are one of the few departments that have received large increases to expand the prison operations. From the budget material available and future inmate increase projections, the inmate overcrowding situation may not be eliminated even under the current CDC expansion program.

CSEA/SEIU Local 1000 has organized a statewide joint committee of California Youth Authority and Department of Corrections' employees to address employee concerns in these institutions. Many of these issues are issues that concern not only the employees but CDC management, concerned citizen groups and inmate representatives, such things as:

- o Overcrowding
- o Understaffing
- o Work speed ups
- o Health and safety in training
- o Erosion of professionalism
- o Poor prison construction
- o Increased inmate and teaching class size
- o Inadequate work equipment

These issues along with many other concerns will be either negotiated during upcoming collective bargaining negotiations in 1987 or legislation will be sponsored by CSEA/SEIU. The union is very aware of the problems in the Department of Corrections and the individual institutions in particular.

Based on the union's experience in representing correctional employees since the early 1930s, it is our position that in the long run, it is not in the best interest of the citizens of California to contract out any of the current or future Department of Corrections' or CYA prisons' operations.

With respect to SB 1982, CSEA can support the separation or isolation of inmates for safety or medical reasons, but cannot support the privatization aspect of the bill. The union's opposition to privatization is based not only on our union's experience with state contracting out work but also the position of professionals in the criminal justice field.

According to Mr. Mark Cunniff, the 1985 director of the National Association of Criminal Justice Planners, there are some major policy areas that need to be explored before privatization of prisons should be undertaken.

First of all, what does a secure correctional institution represent?

It's Mr. Cunniff's position that incarceration is the most intrusive act government can take against an individual. In a democracy such as ours, it deprives the individual of his or her most cherished possession — his or her freedom. When incarcerated, the individual is no longer free to make even the most basic of decisions; i.e., when to eat, sleep, wash, etc. Those decisions are made for the individual by the people running the secure detention facility. The inmate is under the total control of the correctional institution and that control is achieved through force.

CHAIRMAN MONTOYA: Excuse me. Is there any need for having that other than if he can be heard? OK. Well, you can hear back there, right?

(Inaudible comments.)

CHAIRMAN MONTOYA: OK. Go ahead, proceed.

MR. ANDREUCETTI: The inmate is under the total control of the correctional institution and that control is achieved through force. For even though force may be rarely invoked to maintain control in the institution, its presence is always felt. You are dealing with a secure correctional institution with a service that is very different from any other service performed by the government. Incarceration is something we do to a person; it is not something we do for him. Incarceration is a function that we allow only government to perform and our laws spell out clearly under what circumstances this sanction may be invoked.

One must wonder, therefore, about the kind of statement a government is making about itself when, after invoking its mechanisms of social control, it turns the convicted offender over to a profit-making firm to administer its punishment. Does a government that does not trust itself to administer one of its most basic functions deserve its citizens' trust and support?

2. Should cost considerations outweigh society values?

Mr. Cunniff states: "Does a government really want to undertake a public policy that makes the administering of punishment a money-making proposition? Does the government want to emphasize such a mercenary value as profit in its response to a social problem as opposed to values as fairness, equity and personal accountability? Is our society simply a marketplace where monetary considerations drive its decisions or are there other values that are more deserving of our attention?"

These questions raise the issue of propriety, the appropriateness of the response of the circumstances being addressed. Propriety is a legitimate concern to be raised in an examination of the role of the private sector in corrections, and I believe it is the very first one that should be discussed.

Correctional responses to criminal offenders do reflect on society's values. Because our society is complex, there are many different values competing with one another in an endeavor such as corrections. Efficiency and effectiveness, despite what the private contractor may assert, is a value present in corrections and in criminal justice. However, it is only one value. It is a value that competes with other values and usually is a value that is secondary to other considerations.

There are minimal standards that have to be met when the government incarcerates an individual so as to maintain a measure of human dignity. The day of the dungeons have passed. There is also competition among the different goals of corrections as to the most appropriate interventionist strategy for dealing with the convicted offender. Is corrections to punish, deter, incapacitate, reform, or train the convicted offender? Consensus is difficult to reach on this question nationally, locally, and even institutionally.

The motivation behind the debates and discussions on the purposes of corrections

flows from a desire to advance the general welfare of the society. Costs are a concern in making decisions on these matters. Costs, however, are not the primary consideration. Only government would entertain operating a correctional program, such as reinstitution where the resources necessary to operate the program would exceed the amount of money the offender is likely to generate because the goal is not financial return but rather such concepts of personal accountability. This way of thinking would have a hard time being accepted by the private sector."

3. Should cost consideration be at the forefront of the correctional decision-making process?

Again, Mr. Cunniff states: "The major danger of bringing the private sector into secure correctional facility is that it runs the risk of bringing cost considerations into the forefront of the decision-making process to the detriment of the other values held by the society. The private sector is more concerned with doing well or making a profit, rather than doing a good job (advancing the general welfare). The private sector brings with it a new entity into a decision-making process — its board of directors. The only concern of a private board of directors relates to whether or not the company is making a profit. The advancement of social welfare is a secondary or tertiary concern and that turns the purpose of Corrections upside-down.

"An assumption that the private contractor makes in approaching corrections, is that there is consensus on what corrections ought to be doing and that the service can be defined as any other marketable commodity. The private contractor also believes that with the service being defined, the contractor will be pretty much left to his or her own devices in providing that product. These assumptions stem from an operational definition that does not hold in criminal justice; i.e., that there is only one decision-maker in criminal justice/corrections; rather there are many. Power resides in many different quarters, the Legislature, the County Commissioner, the Governor. Our governmental structure is not a model for efficiency. Indeed it was intentionally designed so as to separate powers and thus it is designed to be somewhat inefficient. When a private contractor states that he can go out to plan, build, and operate a facility more quickly than government, that contractor is assuming that government is willing to give him or her powers that it is not presently willing to give to its own agencies. If government is not willing to give a Sheriff or a Commissioner of Corrections, the Director, the authority to do whatever they deem necessary to meet the problems they encounter in doing their job, I seriously doubt that government would provide such powers to a private contractor. The powers be in government demand to be consulted and to have their consent given to whatever responses correctional officials propose to deal with their workload."

I want to say that there is another individual, Mr. Michael Keating, who is a criminal attorney and is Executive Vice President of the Institute for Conflict Management, stated when he was posed the question, is the privatization of corrections

either a new idea or a good one? His answer was, "I would argue that, at least for the present, privatization is a bad idea for three reasons. First, the record of historical and contemporary corrections suggests that the successful operation of a secure adult correctional facility requires skills, abilities and resources we are only beginning to understand and accumulate. A jail or a prison is not a fast food franchise and the application of modern business methods and technology offers no better promise of creating humane and effective prisons than any of the other nostrums pushed by earlier generations of prison reformers. Moreover, the mixture of private enterprise and corrections in the past has produced little discernible progress and monumental abuse.

"Secondly, careful examination of cost-effectiveness claims for privatization, which are overwhelmingly the principal justification touted by its advocates, shows them to be, at best, suspect, and, in any event, the rigid application of cost-effectiveness measures in corrections has resulted historically in disaster and tragedy.

"Finally, the private operation of jails and prisons raises serious legal, ethical and policy issues, and it is clear that a great deal of thoughtful study and analysis is needed before local jurisdictions embrace privatization as a means of escape from their pressing, clamorous correctional problems."

Rather than go into in detail all of these legal issues, in my presentation they are listed out; and I don't want to take the time of the committee right now to go through them.

CHAIRMAN MONTOYA: We appreciate that.

MR. ANDREUCETTI: But let me just summarize them very briefly for you. There are basically nine of them.

First of all, government cannot totally delegate its correctional responsibilities -- we've heard about that earlier -- their police powers.

Secondly, long-term contracts to result in corrections graft and favoritism. And they were talking about a long relationship with the contractor, dealing with politicians, and you know how that works in terms of trying to get the politicians to go along with -- going along with the contract.

3. Identification, we heard earlier, of private corporations and their employees will be very expensive due to liability of misconduct. In fact, some insurance companies, as mentioned earlier, will not do it.

4. Destruction of public employment labor relations in Corrections. And this deals with the fact that once -- if you do do that, in terms of contracting out this type of work, you'll destroy what relations you do have in the labor area. And I think it's important to be concerned about that.

5. The bankruptcy of a contractor. There should be some thought made as to what happens if the contractor goes into bankruptcy. Who is going to pick up the freight? Who is going to take care of the business once the contractor does go bankrupt? It's

something to consider.

6. Contractual problems. Not putting everything into the contract. Due to the complex nature of the law, standards, and policies, I heard there was an 800-page document being drafted with respect to a contract. In California specifically with the laws that are involved, they'll be much larger than that. They go by weight rather than pages.

7. Monitoring the contract and I should think there is a large cost, I believe, in monitoring a contract. And if you — there is a case that I'd like to cite, even though I know you didn't want to get into the legal area here. Let me just get to it; just a minute here; I'll find it. It's a Ruiz vs. Estelle. It's a 1980 court case out of Texas. And I don't have the information with me, but I do know it had to do with the degrading and brutalizing and unconstitutional methods of the way they were treating the inmates in that situation. Based upon that particular court case, it's my understanding that the monitoring system in Texas for that contract is in the millions, in order to make sure that things are done appropriately. So that's something that I think that should be considered by the Legislature in going through this.

8. Difficulty in holding private contractors accountable for their actions. And you note that the current court cases have problems with child care providers. There has been a problem in finding fault with contractors who do that kind of work. I'm ~~not~~ saying that these contractors are bad contractors; I'm just saying that there is a possibility that there could be some problems in this area. And also, a philosophical concern and an ethical concern that needs to be looked at is a profit from the punishment of others. I think that's something that has to be looked at, maybe it's not a very good subject to discuss, but I think the Legislature is going to have to deal with that concept.

I'll move on in my presentation.

Members of the Committee, the major cost reduction factors that the private contractor can offer are employees that work for less wages and benefits or can supposedly use less employees to accomplish the same job. Close examination of this will reveal that current state civil service employees that work in the prisons have gone through extensive training to become professional correctional employees whatever their classification is.

The correctional employees we represent have classifications such as Supervising Cook (Correctional Facility), Carpenter (Correctional Facility), or Vocational Instructor (Machine Shop Practices), just to name a few. Each one of the employees in these classifications are performing three jobs in one. Let me explain: An employee, for example, in the Carpenter Class, has three jobs that he or she does: First they do their trade, which is the carpenter trade. Secondly, they also do custody, control of inmates while assigned to the carpenter; you don't have to have a correctional officer right

there or anybody else to make sure that the inmate is under control once they actually do get out of control. And number three, on the job training, provided to the inmate by the carpenter. This is basically the same for all the other classifications that we represent in the prisons.

For the money being paid these employees, the citizens of California, are getting, to quote an old cliché, "the biggest bang for their buck." Private contractors cannot really compete with this situation no matter what they say. These contractors have good marketing techniques and use slick presentations.

The only motivation that is moving a private corporation to want to operate local jails, state prisons, etc., is profit. The correctional system is now considered a profit center in corporate America.

Some of the corporations that have entered into the corrections field are, as we heard today: Corrections Corporation of America, Wachenhut, Central Data Corporation, RCA, Buckingham Securities Ltd. And there is a long list of others. These are not small "mom and pop" operations. They are large corporations with a huge amount of assets and shareholders.

In conclusion, the union opposes the privatization of prisons for many reasons as mentioned during this testimony. However, the bottom line is the use of private contractors to operate prisons or jails forces the contractor to make a profit usually at the expense of providing proper and adequate services.

And I'd like to conclude my testimony at this time.

CHAIRMAN MONTOYA: All right. We thank you for your great flexibility on the issue. (Laughter.)

MR. ANDREUCETTI: I may want to make one other statement, if I may, Senator. It's a philosophical problem.

CHAIRMAN MONTOYA: And I understand your position; but again, see, the difficulty that we have and for as safe as our districts may be, you know, we are referended periodically and we are the politicians, yes, and we do have to make those decisions.

In terms of the liability question, I'd just remind you of a couple of things. We seem to be headed in the direction of taking more and more responsibility. We saved that thrift and loan up there in Contra Costa County. We started paying for -- we paid \$6 million for some spoiled watermelons this last year. And that gets a little bit out of hand, and I just go back again to the idea that we can't have a narrow focus, as policy makers for this big state of ours.

MR. ANDREUCETTI: I know it looks that way from the union's point of view. You have to realize, I'm sure you do realize, it's a philosophical problem that we have. The corrections situation for us is tied in with all the other contracting out that's going on in the state. And on that point -- and I'm sure you have legal people working with you -- you need to check out the State Constitution provisions. You know we filed suit

in Superior Court of Sacramento regarding the whole issue of contracting out, being a violation of the current codes, being a violation of the Constitution. We lost that at Superior Court. It's now being -- it's going to go to the Appellate Court. I'm sure it will end up in the Supreme Court.

There is legislation coming in again this year regarding expanding more contracting out. We are coming in with bills which would do just the opposite. So, this whole issue in prisons, I'm afraid, is going to get tied up in this other problem with respect to the overall big picture of what's going on. And the union is not saying that we'll never look at anything else, we will, but we want these other things taken care of first in terms of the constitutional questions and whether or not it can really be done properly or not.

CHAIRMAN MONTOYA: Well, we do appreciate, you know, you giving us your point of view and, again, I think we have to go on investigating.

MR. ANDREUCETTI: Sure.

CHAIRMAN MONTOYA: I was about to make a point that I think -- oh, it's an important point and that was relating to this whole solution and everything that's impinging upon a solution. I don't think it's a solution to a problem to have judges turning people loose just simply because the state or local entities can't marshal the necessary resources to do something. We are not working in Utopia here; we are talking about some problems that I don't think are resolved by, you know, judges turning people out. So at some point in time, in my opinion, we'll have a little bit of a conflict with the judicial system if they continue to do those kinds of things.

Bob, any comments?

MR. ANDREUCETTI: There is one other thing I might just mention, and then I'll leave, and that is that the private contractors -- and they did mention it and I will have to agree with them -- they do have some innovative and creative ideas, but those are not mystical. Those same kind of creative ideas and management techniques can be done by people in Corrections. And some of the fault needs to be laid on, probably, the Department of Corrections in terms of things that can be done with their employees and with their management people to get them to be motivating and creative in trying to resolve some of these issues. I'm not sure, I'm not saying they haven't tried, but sometimes we feel, sitting across the bargaining table from the state, it doesn't look like it, even though we've offered proposals to try to do that very same thing. So it's not that mystical.

CHAIRMAN MONTOYA: Thank you.

MR. ANDREUCETTI: Thank you very much.

CHAIRMAN MONTOYA: San Bernardino County Sheriff's Office, Ernie De Laurie. Perhaps you can help us expedite by just adding to what hasn't been stated or agreeing with what has been stated by our previous witnesses. Thank you for coming.

MR. ERNIE DE LAURIE: My name is Ernie De Laurie. I'm an assistant sheriff with the San Bernardino Sheriff's Department.

I would first like to preface my comments with one broad statement that we are philosophically opposed to the privatization of county jails. We have little doubt that the detention of inmates can be contracted to a private organization, but the responsibility remains with the sheriff. We not only see this responsibility towards the safety and well-being of the inmate; we also see this responsibility extending to the safety and well-being of the members of the community in which the facility is located.

However, like yourself, we have looked to the future and realized that it is probably inevitable that alternative considerations be observed, and with that in mind -- I don't want to parrot or echo Susan Cohen or Commander Merrick's comments on Senate Bill 2273. However, I've had several conversations with Commander Merrick in the last couple of days, and I'm in agreement with him that some of the things that have been omitted in the preprint of Senate Bill 15, we would like to see reinstated in the bill. Those specifically are the wording, "at the request of the Sheriff," and also that the bill only direct itself towards misdemeanor inmates, and that there be consideration given towards emergency operational plans which far exceeds that which is in Title 15 of the Administrative Code. Also those constitutional issues which must be adhered to by law enforcement personnel, we feel should also be adhered to by the private provider.

It's our feeling that if the private provider has to provide the same level of service as law enforcement agencies, specifically the sheriff, that we would feel that it would be very equitable to compete with them at any time. That's the end of my comments. Thank you.

CHAIRMAN MONTOYA: Well again, remember that in relation to the bills that we introduced that we needed a point of departure, and the obvious objective initially was to do this as an interim hearing, and we know there is a long way towards getting anything done, but it's served as a tremendous process of edification for myself in this area.

MR. DE LAURIE: We're aware of that.

CHAIRMAN MONTOYA: All right, thank you. Any questions, Bob?

Last but not least, we have Don Novey, State President of California Correctional and Peace Officers Association, and Mr. Jeff Thompson and also California Attorneys for Criminal Justice at the end.

_____ : All at the same table?

CHAIRMAN MONTOYA: No, no just -- why don't we start with Mr. Don Novey, and Mr. Jeff Thompson.

MR. JEFF THOMPSON: Actually, I'm Jeff Thompson. I'll actually start it because Don showed up late as usual.

CHAIRMAN MONTOYA: OK. I like those suspenders, I must say that right away.

_____ : ... rising to new heights, Senator. (Laughter.)

MR. THOMPSON: Senator Montoya and Senator Presley, for the record, I'm Jeff Thompson with the California Correctional Peace Officers Association and indeed this is Don Novey, our State President, here with me.

We are pleased to provide some input to this issue; we haven't been strangers to it. We were involved with SB 2278 when it was working its way through; and in fact, we were opposed to that bill initially. When we did hammer out the understanding that it applied to misdemeanants, it seemed appropriate and we removed opposition at that time. We are not coming from the classic union mold on this issue, but we do feel very strongly that where you do have convicted felons to take care of, that you need peace officer staffs; and from what we've been able to garner, our understanding is that the state really cannot contract out that police power.

Just as an observation, it seems like the impetus for the whole consideration of privatization comes from the overcrowding crisis in the Department of Corrections and the majority of these inmates are medium security adult felons. And in fact, age is the only thing that differentiates them from a lot of the occupants within the CYA.

We don't believe that the private contractors come close to handling the level of security required and so, therefore, we are really not threatened as most groups might be thinking that we might lose jobs or that type of thing. It's such an overcrowded system; there's such a need for the classic large grand scale of facilities that it doesn't really give us that great of concern there. But there is a lot of drawbacks to the concept of privatization especially when you get down to the real gut issue of turning over a prison operation. And we think that the Legislative Analyst's issues are to the point; we'd like to address a few of those.

I won't read this whole folder. The reports that were being cited, the one from National Institute of ...

CHAIRMAN MONTOYA: Well, if you have some written testimony, we will include it as -- we will include the entirety of the comments as part of the hearing, OK?

MR. THOMPSON: Fine.

CHAIRMAN MONTOYA: So if you want to highlight the points that you are saying about the Legislative Analyst's comments.

MR. THOMPSON: OK. With regard to accountability, we have a gut feeling that because this is a private sector proposition and because they are private, you are not going to have the kind of public accountability you are going to require. Let me give you a case in point.

A couple of years ago, parole agents came to us and said, "We are having more and more problems with these work furlough centers in terms of crimes being committed by some of these guys out in the communities, and we think we ought to upgrade the monitoring by adding one parole agent in each of these centers so that you have a mobile officer to --

peace officer to go out and pick up on them and provide some deterrent from the kind of activity that was going on." And I'm talking specifically of drugs which were a prevalent problem.

We introduced, through the help of Assemblyman Steve Clute here in Riverside, AB 2968 which was to effect what they call the "high control parole model" to add an agent to these houses and the halfway houses were getting pretty well stuffed at that time and the one agent assigned is just overloaded.

We found that the private sector opposed the legislation and our whole impetus here was public protection. We wanted one more agent to go out and provide some kind of a roving police force, if you will, so that the local police didn't have to do that. And we found the private sector was possessive to the point where they didn't want our intrusion on their turf. So we had a feeling that accountability here might be something that you will see -- I won't say evaporate, but it will -- it may decrease.

Certainly, when the Governor makes an appointment to Corrections, the Legislature has a direct impact on whether or not a certain director or superintendent is, in fact, appointed. There is direct control and very direct accountability at that point, and I'd remind you of the choice of a Mr. Denton that came up which the Legislature did not feel was appropriate. And by exercising the checks and balances there, you were able to achieve extremely tight accountability there.

On the issue of use of force, in the U.S. Supreme Court Fuentes vs. Chevrou, they said that it was unconstitutional to transfer the state's police power to private interests. The New Mexico Attorney General, after their terrible riot there, recognized that force could not be delegated. And when you get right down to it -- to the real overcrowding we've got, the real inmates that we are handling, the multiple offender types, require force to keep in line; it requires an officer with police officer powers to handle because they can effect an arrest.

The civil liability issue comes right into play on that topic because in the case of Randal vs. Cohen in the U.S. Supreme Court in 1982, they indicated the contractors' actions are, in fact, state actions. And if a security person for a private entity makes an arrest, that has to be an arrest on the virtue of a citizen's arrest and all the liabilities around that are right there and the state has to take responsibility for it.

Additionally, because it's a private entity, they do not operate under the sovereign immunity clause that the public agencies enjoy, and the U.S. Supreme Court in Procurier vs. Naveret (?) ruled that public officials are entitled to qualified immunities acting in their official capacities. Private people would not be afforded that, that kind of protection.

In terms of the -- I won't go into cancellation of contract. I don't really know that much about that area, but I would like to point out that one question of cost savings has come up, and I'm sure that's something that it is a concern to you.

The facility in Florida that was given a fairly large chunk of felons to handle, and I might add that most of the kinds of camps and operations we are looking at are fairly small, this was an attempt to take on about a 500-unit -- 500-bed unit of serious offenders in their youth authority. The Eckert (?) Foundation took that on; they claimed to be able to run it \$600,000 cheaper. However, one of the issues was they couldn't establish comparability, which I know is one of your tests that you want to be able to develop to be able to do this. They couldn't really show how they were comparable, but they went ahead with their claim.

Their first year of operation, the Foundation had to add a quarter of a million dollars to offset costs. The following year, that one went up to \$300,000 over their appropriations to run.

At the beginning, they did have, in fact, fewer staff in the state facilities and they now employ more. They had some mix in their staffing patterns. They had fewer supervisors but they were higher paid, but they made up by decreasing these salaries for the line people; and as a result of that, the lower salaries now yielded an inability to attract and retain staff, which is the problem we may be able to overcome in California, most recently. When we came in as the association representing the officers in 1982, we had about a 24 percent turnover rate in some of the institutions and on an average about 18, and that's been reduced down to about 11 1/2 percent or 12 percent. And that does have to -- that does speak to the fact that if people are provided a decent salary and they are going through the Academy and they are beginning to achieve greater professionalism, and begin to feel like they are being compensated, if they do take that on as a career and not just another job, and that gives you benefits that you can't really gauge any other way.

The other nice thing about having your peace officer staffs there handling it, is that as a peace officer you have a responsibility to act immediately to a felony in progress; and in fact, if you don't, you are in deep trouble.

We wonder whether or not private security staffs would have that same kind of motivation. They certainly wouldn't have the same sort of legal requirement. As we are finding our system being permeated with assaults on a daily basis and the drugs and all that, we think it's extremely important to have a good type professional peace officer staff handling your prisons. The local types of operations for juvenile offenders and as we have agreed to in prior legislation, misdemeanants poses us no real philosophical problem. We understand some of the needs there. But the larger questions before you about really contracting out and privatizing, privatization in the prisons seems to raise more problems than it solves from our perspective.

CHAIRMAN MONTROYA: Thank you.

MR. DON NOVEY: Thank you, Jeff. Senator Montoya, and the now absent Senator Presley, I'm Don Novey, President of the California Correctional Peace Officers

Association. To give you a little flavor of myself, I'm the only one in this room that's worked at a state prison for 15 years. I've been State President longer than the LA prison site's been a problem, and that's quite a long time.

The interesting thing is -- and I'm going to be somewhat brief here. The histrionics behind this whole privatization vs. Chester Allan Arthur (?) 1333, finally having civil service in this country, is that today, in our profession, we have people that want to make it a profession, that come in as a profession; and we are quite proud of that.

When I came on board, Senator, I came from a family -- you might laugh at this since some of you have similar background in this area -- of professional fighters. All Polish extract, all born losers ...

CHAIRMAN MONTOYA: (Laughs.)

MR. NOVEY: The interesting thing about that is that some of us, as we grow into the third or fourth generation, have finally decided to make a career. I stumbled into this profession, but the youngsters of today are making it a career. We want to keep it that way. I think with privatization imbuing its wonderful head up here because there is dollars available we might have a misdirection.

Another classic problem that's occurring, they're taking our supervisors in state service and, you know, we have this, was it Rancho Honda or one of those John Wayne type places, yeah, Hidden Valley, and they are taking our state supervisors which they are allowed to do under 3522 of the Sierra Law; of course, Ralph Dills would go crazy, but I guess you know nobody is really paying attention to that. We need them in the prisons now. This is diminimus, you know, having an 38-bed facility. We've got 58,000 going on 100,000 it looks like now. San Diego is ready to go; you know we are not going anywhere anyway, you know; art and the gang are all going to sit back and you know, the resin I guess is going to rub. I think this is diminimus, to be honest with you. You know, there are just 1000 or 2000 inmates, and I don't think they can go above that. I think there is an acknowledgment, you know; they can only have so many robots doing so many things and widgets and all them other little things they have out there.

What we really need, and I think that we can go to this committee today, we need these supervisors back on the line. There's a dearth -- we're short right now of quality management at the middle level in our departments, and they're putting them all out there in these private sector ventures. I think that's something you should look at today. I know we haven't discussed it earlier, at least it wasn't brought up. That also applies to some of Susie Cohen's crowd and the probation/paroles area as well.

The courts' privatization. There is going to be such a growth in that area. We all well know that the courts under Prop. 4 are exempt. In other words, all the monies -- you have to just keep kicking the bucks out. They are going to add that wonderful exemption. You are going to have Vasconcellos and Mr. Alquist and them going crazy over

there because they are throwing maybe right now 50, 60 million into San Quentin, and it might go up into the hundreds of millions of dollars with all these court interventions. We've got real problems there; and this might tie in with the privatization as well, because everybody is suit happy today in that profession. It goes beyond Ruiz. We've got Rhoads (?) v. Chaplain (?). We've got Toussaint here in California. We've got a whole hodgepodge of these things and these judges are now beating their drums. And I don't think privatization is the answer. I think we ought to stay with the career professionals.

I think the cost is also diminimous proportionate to the time scale. What I mean by that -- New York's had its major disturbances; Idaho, Oklahoma is blown up, their institution's going down; New Mexico, they just had a major riot in Arizona. California is kind of proud of its professionals, and I think they are getting better in Corrections.

I have my druthers about management though, Senator. I mean we have some management I don't agree with in their thinking, but that will change in time hopefully.

And other than that, I know that Senator Presley finally qualified for Social Security; he was 62 last week. That's all I got to say.

CHAIRMAN MONTOYA: Well, then he can afford more than ever to be a real statesman in this area, and we'll look for his continued leadership. (Laughter.)

MR. NOVEY: What happened to that Palm Springs prison?

SENATOR PRESLEY: Palm Springs prison? Don't bring that up.

MR. NOVEY: Oh, I'm sorry, sir.

CHAIRMAN MONTOYA: When we built a couple in L.A., and I agree with him. OK. Thank you very much.

The California Attorneys for Criminal Justice, is that individual here?

_____ : Are they here? We can speak for them if you want. (Laughter.)

CHAIRMAN MONTOYA: And again, I want everybody to understand that we don't need to be reminded by the lawyers about people's civil rights. We are concerned about all of that, too. And I think that these proceedings are diminimous only if you consider that they are a very small part of the solution. The solution, number one, is the siting process. I mean even with just public institutions. The second part of it is judges thinking that the solution, the utopian solution, is to put people out on the streets. And at some point in time, I think there is going to have to be more conflict in that regard because that certainly is not a solution, and I don't think that in terms of what we had in mind, that we envisioned going out to private enterprise for, you know, maximal security kinds of prisons. But I think we do have to. It is our responsibility in terms of looking at what the answers and what the solutions are, so that we can all have a little bit better understanding. And obviously, we had Legislative Analysts here for purposes of kind of understanding and keeping us in line in terms of what the

constitutional questions might be and what the problems might be; and obviously, we have a battery of 40 Legislative Counsel lawyers who are very conservative in terms of interpreting whatever legislative proposals we're putting forth.

So, I think we are treading on safe ground in having had the hearing, and with that, we thank you all for your participation and we are glad that on the fifth day of being here that we've had an opportunity for Senator Presley to provide some sun — it's about time. Bob, did you have any statements?

SENATOR PRESLEY: I'll tell you, you didn't call me personally though. (Laughter.)

No, I think the purpose of the hearing has been well served and it's something that we should certainly continue to pursue because of the cost, the high numbers that we've discussed at length, and I think we just have to keep at it and keep looking for alternative solutions if they are needed that are cost-effective and acceptable.

CHAIRMAN MONTOYA: Totally unrelated to that, just again, one more public comment, Bob. We've had several caucuses on the issue of that L.A. prison situation. And I've indicated on at least four different occasions in these caucuses that, again, if the Governor were willing to consider the idea of a prison in Republican areas where obviously they are not liked any better than in Democratic areas, the responsible thing for most of us L.A. area legislators would be to vote for it; and certainly, the vote was close last time. And if that were the situation, I mean I would be there. We can't have the Governor of this State saying to the L.A. Times that there is no way he is going to put a prison in an L.A. area, in a Republican area. That's not responsible.

So, I'm looking forward to a bill sometime quickly here so that we can do our part, because I'm an advocate of L.A. having — perhaps not 33 percent of the prisons, but certainly two or three or four.

Thank you very much for your participation.

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Addendum:

As mentioned on page 31 by Ms. Trice, this is a copy of the report she refers to on Private Prison Management.

PRIVATE PRISON
MANAGEMENT
FIRST YEAR REPORT

1985-1986

BUTLER COUNTY
PENNSYLVANIA



PREFACE



INTRODUCTION

The authors first thought that a chronological review of events from October 1, 1985 through October 2, 1986 would be the clearest method of describing the first year of privatization of the Butler County Prison. A chronology rapidly became confusing however, and it was decided to present the main elements of management change as separate categories. The reader who is interested in a particular development may turn to that particular section for a more complete discussion.

This method results in some repetition for the reader who intends to go from beginning to end, but it has the advantage of simplicity.

Privatization of secure adult correctional facilities is a concept whose time has only recently arrived. As in other historical instances when the status quo no longer functioned satisfactorily, the required change prompted controversy.

Well meaning but uninformed members of the general population have feared that privatization is synonymous with privateers. Special interest groups have feared loss of turf. Skeptics have feared that promised improvements would lead only to more of the same mismanagement. Civil rights activists have feared that inmates' constitutional rights would be infringed upon.

The media has published both the promises of private reformers and the fears of the opponents to change.

Until a track record of privatization could be established, all arguments were theoretical. Since none of the varying positions had been put through the crucible test of experience, all positions had at least the possibility of equal validity.

On October 1, 1985 in Butler County, Pennsylvania, the first prison in the United States that formerly was under public management made the transition to private management. The enclosed report is a synopsis of change that occurred during the initial year of private administration.

In a nutshell, Butler County's prison privatization experience has been extraordinarily successful from virtually every point of view. The County Commissioners have saved money and are confident that the prison for the first time is under competent, professional management. The union for the first time in history has a signed contract with the county. Employees have better working conditions, higher pay and greater pride. The sheriff has fewer hassles and less expense. The prison board is confident that they have a smoothly running prison, functioning in accord with local, state and federal laws. Inmates have brighter, cleaner, safer and more peaceful living conditions. New programs have been instituted that have positively impacted on work release, health, education, cleanliness, physical fitness, work and recreation.

This report was prepared by Buckingham Security Ltd. at the request of the Butler County Commissioners and the Butler County Prison Board. It was submitted to both boards and accepted by them during their respective monthly meetings in October of 1986.

A reader having further questions of this report should feel free to contact Buckingham Security Ltd., P.O. Box 631, Lewisburg, PA 17837. Attention: Joseph Fenton or call (717)-523-3210.

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Office of the Commissioners
RICHARD M. PATTERSON
CHAIRMAN
LAFAYETTE BUILDING
BUTLER, PA 16001-5978
PHONE: 285-4731



County of Butler

November 13, 1986

Mr. Charles Fenton, Warden
Butler County Prison

Dear Warden Fenton:

Less than one year ago, we had a great deal of concern about the Butler County Prison. It occupied our time almost daily. Control was in question. Both the employees and the prisoners were in a serious state of turmoil. Court action was involved, and the public was agitated by negative media comment.

Within three months, due only to the professionalism of Buckingham Securities, the whole matter has made a one-hundred-eighty degree turn, and all is quiet and all is under control, including the cost.

And so to all of those moguls from far away places who were condemning our proposal a year ago, I must say, "Take an objective look at Charlie Fenton's team because they perform well."

One more thought, in Rotary we have the four-way test for proper ethics. One of these is, "Is it fair to all concerned?" In applying this test, I discover that even the prisoner gets a better deal than formerly, much better.

Thank you for coming to Butler and giving me greater peace of mind.

Sincerely,



Richard M. Patterson

RMP:mt

UNION RELATIONSHIPS



Union relationships have always been at the very heart of privatization discussions. Prior to October 1, 1985, the date private management of the Butler County Prison began, there had never been a negotiated contractual agreement between Butler County and AFSCME, the union which represents the county prison employees. Each year since the employees were unionized, negotiations had gone to impasse and arbitration. Instead of contracts there had been arbitrators' awards.

These difficulties seriously impacted on the ability of the county to plan for future needs. While space for expansion was available in the old warden's apartment of the prison, as well as in the former telephone company building which had been acquired for expansion purposes, no agreement appeared to be possible between the union and the county concerning either staffing or operational plans for these proposed expansions.

After the Butler County Court had ruled that private management and the union must co-exist, Buckingham Security determined to fashion policies and agreements that would meet the needs of everyone concerned. Only by satisfying the county administration, the taxpayers, the union, the union members, the court, management, and, yes, the inmates, could progress commence.

With the help of these new policies, the first contract ever between Butler County and AFSCME was signed in December and took effect January 1, 1986. All full time employees retained their jobs and received pay hikes commensurate with the time that had elapsed since the last salary award. Management was free to develop areas of job responsibility and a scheduling process which eliminated part-time work.

The agreement made possible the development of standards which met Pennsylvania, Federal, and professional criteria. Results have exceeded anyone's expectations. The former warden's living space now houses an expanded Work Release Program. This not only provides a better service to the inmates and the community, but has greatly expanded the county's receipts from Work Release fees. These have increased approximately ninety percent (90%). Relatively inexpensive bed space has been added. In addition, the newly utilized space has provided room for a Pre-Release Program which is a significant benefit for the inmates and the community.

The agreement made it possible to eliminate the former janitor's position with its salary and benefits cost. Over twenty (20) inmates now perform janitorial and food service work. This means a cleaner and more attractive prison, better food and sanitation, and the first opportunity for positive inmate work activity in years.

After Federal standards were met, and in part because of the additional bed space provided, it became possible to follow the lead of surrounding counties and accept U.S. Marshal's prisoners. This is now resulting in a net county income that exceeds \$2,000.00 per month.

The former telephone building is now being developed as an Alcohol and Drug Treatment Center which also is projected to operate under private management. This will generate additional income for the county, create at least a dozen jobs, and provide expansion room for the foreseeable future. This contrasts with other counties in Pennsylvania which are building multi-million dollar new jails or additions.

The largest single immediate monetary benefit for the county, resulting from a new era of union-management relations may stem from a new insurance package. The union and the county have been so pleased with progress since the original two year contract took effect, that they have entered into a new three year contract that will become effective January 1, 1987. Under its provisions, all county employees regardless of union affiliation will be enrolled in the AFSCME health benefit package. The county thereby saves three hundred thousand dollars (\$300,000.00) in premiums over the period of the contract.

Despite early controversy, Buckingham Security has been able to implement its management practices in a program which successfully employs AFSCME members. Both management and union have been able to adjust to a new reality with the net result of improved services to inmates, better working conditions for line employees, and substantial savings to Butler County.

STAFF DEPLOYMENT



The use and cost of staff at the Butler County Prison has been a long term subject of concern and dispute. It still is. The discussion here will be in terms of what was, what was planned, what is, and what can be.

WHAT WAS: When Buckingham Security Ltd. was initially asked to survey the prison by the County Commissioners, it was given staff listings that indicated twenty-five (25) full time and fifteen (15) part-time employees. One couldn't determine then and even now one can't be certain if all were simultaneous, but they were at least contemporaneous. There existed no provisions for systematic sick or vacation relief. Vacancies were filled on demand by part-timers. There was no administrative verification of employee presence since each person checked himself in on a hand printed form.

There were no defined jobs for the guards. Everyone who was there seemed to do whatever he thought was right at the time. Some women employees were matrons and worked a complicated part-time schedule that brought them all full benefits. When working, they sat at a desk in the upstairs corridor near the women's quarters. Another group of women were either cooks or kitchen helpers. Between them they did all kitchen work and were relieved by other part-timers.

There was no systematic hiring process despite county-wide procedures. As vacancies occurred, someone who was willing to do some part-time work would be contacted occasionally and "brought on." If he or she accumulated enough hours in this fashion, status was achieved and union enrollment occurred. After this happened, he or she was entitled to full time employment, by seniority, whenever openings developed. The difference between full time and part-time employment was negligible or non-existent in some cases. At least no distinction could be made by the number of hours worked.

There was great friction between the county and the union. Although only line staff was enrolled in the union, everyone except the warden was on the "union side" in the disagreements. The ongoing dispute was so severe that there had never been a contract during the existence of the union. The working situation was governed by a series of arbitrators' rulings.

In addition, the continuing dispute made it impossible for the county to use vacant space in the old warden's apartment or to even plan to use the former telephone building which had been acquired with an intent to use as a prison annex.

WHAT WAS PLANNED: Based on an analysis of the facility and the work load, Buckingham Security Ltd. determined that twenty-two (22) full time staff, including administrators would be sufficient. In response to an invitation to bid on labor services, Buckingham calculated on that basis and submitted a successful bid. Subsequently, an agreement was negotiated to provide management services. The respective elements in the two agreements were determined by the County of Butler. There was an apparent large savings under the "labor services" element.

Buckingham Security Ltd. prepared to operate and staff an efficient and secure facility and to expand services, as agreed upon, to the empty warden's apartment and the telephone building. The county expected to receive a well-managed prison, and to have the ability to absorb population growth for the foreseeable future without the burden of building a new prison.

WHAT IS: At the eleventh hour another factor of the county decision-making process intervened. The original decisions were changed with literally only hours to go. The Butler County Court determined that new (private) management was proper, but that existing (union) workers had to be retained. One signed agreement had to be scrapped and the other revised. Buckingham Security Ltd. now became responsible for management and operating costs, and the County of Butler had responsibility for capital improvements, medical, and labor costs.

At this point no one knew specifically what savings remained, but the county anticipated quality, professional management from Buckingham Security Ltd. An obvious part of this expectation was the plan to implement usage of the two expansion areas that would obviate building a new prison.

The first order of business in staff deployment terms was to fashion a union contract. Until that was accomplished there could be no job definitions and no effective re-deployment. Buckingham Security Ltd. participated in the negotiations in regard to assignment of staff and management obligations. Factors such as sick time, pay rates, personal days, disciplinary principles, et al. were in the hands of the Butler County negotiator and were largely taken

from the status quo. A significant change which the parties agreed to was the upgrading of the food service workers to guard status. All agreed that management should assign duties and schedules. For the first year, staff agreed to be all full timers and no part-timers.

The first contract ever between the county and the union was signed and became effective January 1, 1986.

A roster was implemented immediately which provided for vacation and sick coverage and eliminated part-timers. Planned improvements in operations and inmate treatment shifted from first gear to third. Within six more weeks, the prison had been inspected and approved by both Pennsylvania and Federal authorities as well as the Pennsylvania Prison Society.

Some early disagreements coupled with sensitivity to the need for gradual transition made full implementation of the "roster process" for manpower utilization a slower process than was originally hoped. Because there had never been a need for specific vacation scheduling, the union employees had trouble adapting to it. A schedule was therefore not agreed on until April 1, 1986, a delay which substantially cut efficiency. Likewise, the union resisted the concept of sick and vacation relief and was slow to accept this alternative. The County, at Buckingham's urging, conceded a number of short term issues in order to get solid long term agreements which are now in place.

The union insisted, and several Prison Board members agreed, that each of the three daily shifts should have equal manpower. Again, a one year agreement was accepted in order to secure long term stability. Now there is a consensus that staffing of the graveyard shift should be lesser and that a busier shift can utilize greater numbers.

The union position largely mirrored Buckingham's in terms of reasonableness and good faith through the first operational year. There are currently no serious disputes, nor do there appear to be major roadblocks to the planned advances in efficiency and service to the county. Buckingham believes that a too aggressive pursuit of short term savings would have cost much more than the yield.

WHAT CAN BE: At this writing, the capacity of the existing prison building has been increased by more than ten percent (10%) and it is foreseen that another five percent (5%) increase can occur. This has not required and will not require any additional staff. The telephone building is now available for development of an additional fifty percent (50%) capacity.

The eleventh hour labor agreement cited previously froze an unbalanced status quo. Of the twenty-one (21) employees on the county payroll, nine (9) are women. Of the nine (9) women, five (5) are approximately sixty (60) years of age. Of the four (4) remaining, two (2) weigh approximately one hundred (100) pounds. No individual should be disparaged on the basis of sex, age or weight, but assignment problems have been created in a prison whose inmates are predominately young, sturdy males.

In the past, there seems to have been a turnover rate of three (3) or four (4) individuals a year. One assumes that those who liked the work least or saw themselves as least suited for it left. Since Buckingham Security Ltd. has assumed management, much of the former stress has disappeared and there has been zero (0) turnover. No employees have left.

As attrition develops, and someday it must, Buckingham anticipates recruiting and training people eminently suited for this particular work. Then efficiency will be more likely to reach optimum levels.



SECURITY



County prisons are multi-purpose. A major function is to serve as a holding facility for inebriates who are out of control. A few days or hours later they may come to their senses but there is a period of time when they are dangerous to themselves and others. Violent conflicts formerly occurred between staff and inmates during these out of control periods and now are a thing of the past. The Buckingham staff, already trained in interpersonal techniques, has trained the holdover county staff with a result of almost completely avoiding these confrontations. On the rare occasion when it has been necessary to subdue an inmate, proven methods have been used which largely avoid injury to anyone. Since Buckingham began management there have been no serious injuries by staff to inmates or by inmates to staff.

All inmates in the state prisons are first held as pre-trial detainees in county jails. Butler has its fair share. Some of the pre-trial people are dangerously violent, and many face the kind of long sentences that motivate escape. Buckingham Security Ltd. has controlled these threats by knowing and executing professional practices.

The earlier custom in Butler of law enforcement personnel bringing firearms into the prison was ended. Secure repositories and procedures were provided so that there is no longer a possibility of a prisoner snatching a weapon and wreaking havoc.

A professional system of counting prisoners and recording the counts was instituted. Previously, there had never been a proper count of the prison population. Inmate files were systematically organized for the first time, and a method established to ensure that proper legal authority existed for every admission. Equally important, a tracking system was instituted to make sure that every release was made on the proper day and that every release was properly identified. Previously, it was an informal matter. Formal records are now kept and checked daily.

Key control has been established. Each employee now has a defined job and a defined area of responsibility. Key rings have been organized for each post. By interfacing the jobs and the rings, one can insure that access keys to the outside are not compromised by being carried into inmate areas. Spare keys are available and locked in a safe. Security doors are identified and a system provided so that they work in conjunction with each other in a sally-port fashion. A master schedule identifies each ring, each key on it, and all keys are identified every day. An emergency ring has been assembled for access in case of fire or other emergency and is tested weekly. None of these techniques was previously known.

A vital component of security is inmate control. This necessarily requires that staff and administration move among inmates and inspect, instruct, correct, and listen, while remaining in charge at all times. Without this kind of control, inmates can and will abuse one another fearfully and will be able to involve themselves, unchecked, in other unwholesome activities.

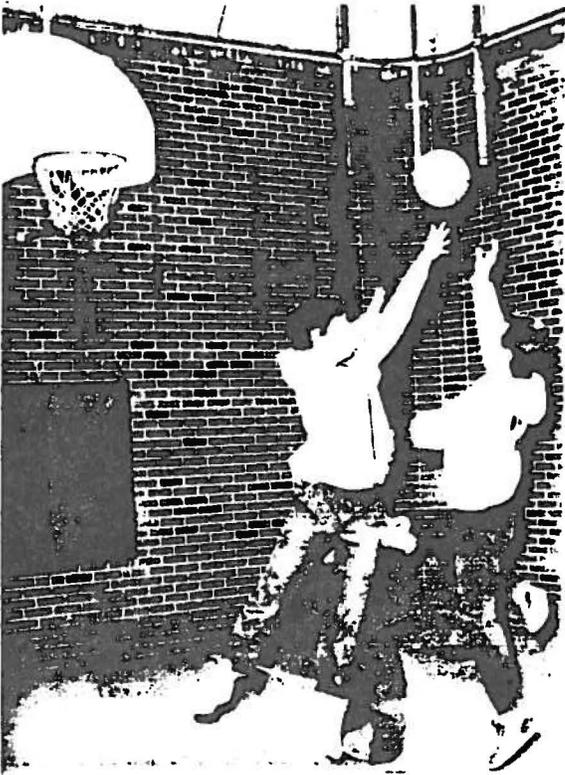
Prior to Buckingham's arrival, the staff remained out of the areas where inmates lived. They stayed out of the passageways when inmates were moving through them. During the infrequent outdoor periods, a staff member watched from an overlooking window. The myth existed that various areas in the prison belonged to the prisoners whenever they were in them. It was thought to be dangerous to intrude.

During that time, behavioral standards were set by inmates. Their cells were dirty and beds unmade. The common areas were a shambles and garbage and cigarette butts crusted the passageways. Inmates were rude, threatening, and obscene to each other and to the staff. It was not considered prudent, or even safe for visitors to go inside the block where the inmate cell ranges were, let alone to pass into their living areas and mingle with them.

Beginning immediately, Buckingham took control of the prison. All staff, including the warden, mingled with the inmates daily. Cells are inspected, beds are made, cigarette butt cans are in use, and an atmosphere of mutual respect prevails. The entire prison now belongs to the county and the county employees govern all of it at all times. All inmates are now assigned specific bunks in specific cells and the staff knows that each is accounted for.

An important element of control, and security in general, is proper classification. Based on a professional ability to evaluate individuals, to establish proper categories, and a thorough familiarity with prison problems, inmates must be grouped in ways that first minimize or eliminate problems and secondly, localize them and make them manageable. Buckingham brought these skills

INMATE TREATMENT



and experience to bear. Much of the current success is due to a thorough grasp of these fundamentals.

The practice of security checks was a new one to the county prison, but this practice is vital in preventing escapes. In place now is a documented system of regularly checking every bar, lock, window, door, and wall. Now management knows that each security element is solid. For the first time, the outside of the prison is routinely checked from a security perspective.

In casual conversations about prisons, it is common to hear callous sentiments expressed toward inmates in general. Whenever the speaker is not responsible for the outcome, it is easy to say, "Who cares," or "The more they suffer the better." Nothing will change that attitude quicker than having a relative put in jail.

Buckingham Security Ltd., along with the majority of the country, all of the courts, and most of the media want prisoners to have treatment that is at least decent. Buckingham's standard of decency is that of the ordinary GI soldier. A man or woman should have a decent meal, clean clothes, and a place to live that's clean, warm and dry. While in prison a person should do as told but that person should be able to keep his dignity and should receive as much respect as is given. Above all an inmate should not have to live in fear! No fear of beatings, rape, or bullying should ever exist. There ought to be positive activities available for those who so desire. These standards weren't always met before Buckingham assumed management. They are now.

The Butler County Prison always had good meals, but now they are improved. The menu has been strengthened and the quantities increased. New items of kitchen equipment make some things possible that weren't before. An arrangement with the Regional Food Ministry permits the prison to receive some surplus produce after the needs of the poor are met. With this help Buckingham has been able to serve fresh fruits and vegetables, pastries, and even asparagus. Infrequently, a large excess shipment of produce is received, the inmates process it and it is forwarded to Sunnyview to provide a treat for those elderly folks. The inmates feel especially good about their part in this effort.

Clothing and bedding were always adequate and have stayed the same.

Recreation has changed dramatically. Buckingham found upon arrival one limp basketball, one handball, and a basket mounted on the recreation yard wall at the wrong height with no pads on the wall. Inmates were seldom allowed in the yard. The temperature had to be over sixty-five degrees, but it couldn't be too high and someone had to be willing to sit in the viewing window to watch the inmates. If the option to go out was allowed, it was offered to every man in the place simultaneously. If a man was fearful of those living in other areas, or if he simply was timid, he just didn't go out. Effectively, less than twenty-five percent (25%) ever got outside, and those few very rarely. None went out at all between October and May.

In re-structuring the duties of the staff, Buckingham created a Recreation Officer. He gets the inmates outside in homogeneous groups nearly every day the weather is favorable. If it's cold, he wears a coat and the inmates have blaze orange warm-up jackets provided at no cost to the county. There are now good basketballs, handballs and volleyballs. The basket has been re-set properly and pads are in place. A volleyball and a handball court have been painted.

The Recreation Officer remains with the men and organizes, supervises and instructs. He stages tournaments and prizes are provided. Buckingham provides a separate area for the older or infirm to exercise or just take fresh air in safety. Other men who are classified as lower security inmates can go out by themselves while the recreation officer is otherwise occupied. The women are now afforded outside recreation every evening that the weather permits. An exercise bicycle has been provided, again at no cost to the county.

Because it is more pervasive, indoor recreation is even more significant than outdoor. Buckingham has provided exercise apparatus, hitherto unknown, to all the inmates. There now exists a regular system of purchasing, rotating and replacing table games for the amusement of those who enjoy them. Various tournaments and contests are organized in checkers, chess, pinochle, monopoly, etc., and for the first time prizes are provided. Needlework has been purchased for the few women who are serving longer sentences.

When Buckingham assumed management, the library consisted of a pile of ancient, hard covered books about two feet high tapering at the edges to five feet across. The books were heaped in a passageway with light so dim that titles couldn't even be read. Lighting was so bad in the inmate quarters that reading was a genuine hardship. Buckingham worked with the county maintenance department in designing and installing a new lighting scheme that has made reading a pleasure for those who are literate. By organizing outside volunteer help, hundreds of titles of current paperback books have been acquired at no cost. The books are attractively displayed on shelving acquired by Buckingham in categories featuring Western, Mystery and Adventure, along with a number of Romance novels. There is also an extensive section of Religious and a fair number of General Interest books including Classics. Some inmates now read as many as five books a week. Library visits are now arranged in small inmate groups so that no one need be afraid to visit. Law library access meets Department of Correction standards.

There had always been G.E.D. classes conducted weekly at the prison; they now are held twice weekly.

Medical care was outstanding in some respects, but seriously lacking to the point of being illegal in others. The outstanding feature had been that sick call and intake exams were provided by a M.D. five times a week. The shortfall was that the doctor did not function as medical director and the distribution of medication followed discredited methods that have repeatedly been thrown out in civil suits. Some of these suits have been extremely expensive to various jurisdictions.

Buckingham secured help and advice from the Pennsylvania Department of Corrections, the American Correctional Association, the District Attorney, the Butler County Medical Director, and the prison doctor. New medical standards and procedures were formulated and approved by the doctor. Medication is now disseminated according to law and in the method approved by the State of Pennsylvania. Regular meetings occur between the doctor and the administration covering all matters of mutual interest.

Many years ago inmates performed some work at the Butler County Prison. The reasons this was discontinued seem to have faded out of everyone's memory. In any event, when Buckingham assumed management of the prison, not only was no inmate performing any job, however menial, but the staff generally believed that prisoners were not supposed to work. In fact, many staff members expressed shock and disbelief when told that there are prisons where inmates routinely perform a great deal of service.

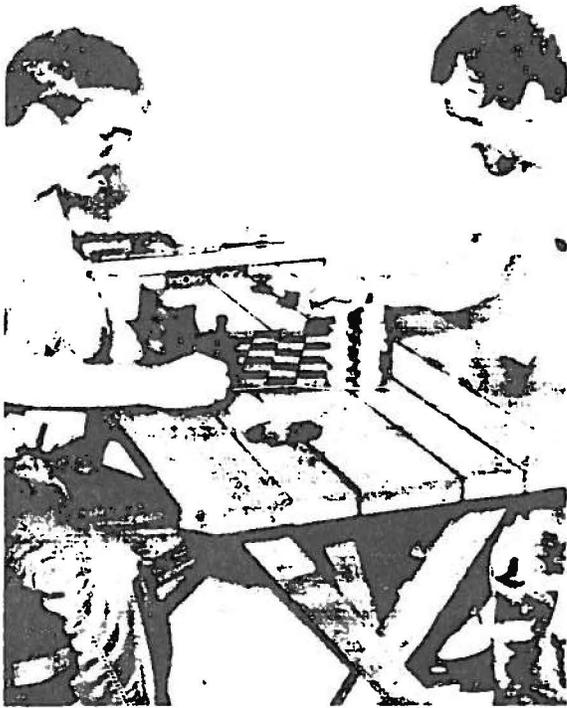
Work is the single proven treatment method that is most effective with prisoners. It helps them adjust while they're in prison and it helps them stay out of prison after they are released. Buckingham has attempted to provide all the work possible. Ten (10) inmate janitor jobs, some more significant than others, were created as well as two (2) laundry jobs. A kitchen crew with two (2) inmates on duty at a time with two (2) relievers was also established. A program of painting the interior of the quarters area, using inmate workers, is nearly finished. Work programs have included both women and men inmates. The net effect of these programs has been a great positive difference in the quality of inmate lives.

Old black and white television sets have been converted to color sets at no additional cost to the county. Funds were obtained from commissary profits. The TV conversion has been linked to the painting program. As each quarters area completes painting it receives a new set.

The Work Release Program has been completely rejuvenated. Prior to Buckingham's management, ten bunks were crammed in a small, dingy room where work release prisoners served their entire term. Frequently, ten bunks were not enough for the number of work release prisoners and offenders had to be placed on a waiting list to serve their sentences. Buckingham moved this entire group to the spacious area that was originally designed as the warden's apartment but had long remained empty. There now are sixteen beds available for work release which eliminates the waiting list. Some room for expansion remains.

Buckingham's treatment staff has been relocated to an office in this Work Release section and extra beds are available for a new and innovative Pre-Release Program. Selected men with pending release dates are moved in to this program and participate in structured individual and group meetings on the subject of employment readiness. They learn to complete job applications, to





read want ads, to interview for a job, both in person and on the phone, and to apply for jobs. Some of the group can get first-hand discussion of the real demands and problems of working. Not only are practice applications filled out and interviews held, but selected men go on authorized visits to potential employers to actually apply for a position. If work materializes, Buckingham pleads with the court about placing the man on Work Release status. Each work release inmate pays the county \$7.50 per work day as rent.

The former work release area was cleaned, painted and decorated. It is suitable for a five (5) bed geriatric unit. Older and infirm inmates are placed here. They are quiet, secure and comfortable. They cause no problems and they don't get hurt. It is a relief to everyone.

One of the measurable outcomes of a greater emphasis on inmate control, security and decent treatment has been a pronounced decline in emergency hospital trips. The Sheriff met with Buckingham the first week that Buckingham assumed management and asked that an effort be made to control the number of emergency trips that he said were averaging about four (4) or five (5) a week. Not only were the resulting medical bills high, but his costs for escort deputies were also high. Currently, it is a rare week when there is a single emergency call for this service.

It was brought to Buckingham's attention in December of 1985, that there is always a potential for huge costs to the county when a prisoner becomes seriously ill and is hospitalized from the prison. Buckingham was asked to limit this expense as much as possible. Buckingham has worked closely with the courts, the magistrates, the district attorney, the doctor, and various community resources in order to place the sick under the aegis of some other cost-bearing jurisdiction. Buckingham has been able to place at least six (6) seriously ill inmates under other auspices, not counting two cases of infectious hepatitis which were treated at the prison by quarantine. There have been no prisoner hospitalizations for more than overnight since December 1985. Buckingham believes that the average savings to the county, per case, could be conservatively averaged at five thousand dollars (\$5,000.00). No individual, thus released, received less treatment or less effective treatment than he or she would have had if he she had remained a county prisoner.

Counseling services have been more than quadrupled under Buckingham management. Previously one counselor who had been promoted from the guard ranks because of his inmate skills, attended to all counseling. Since he was also trying to cope with a chaotic file system, had no systematic feedback reports from other staff, and served in his spare time as union president, his efforts, while heroic, were limited in scope and effect.

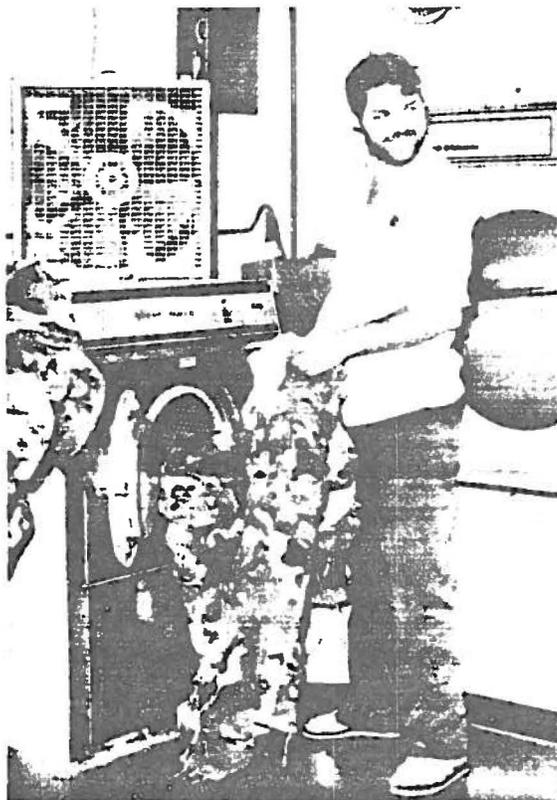
Buckingham employs four (4) individuals with college degrees in either criminology (with emphasis on counseling) or psychology and a combined total of more than thirty years in casework or casework supervision.

Not only has all this training and experience been focused in counseling inmates, but there is now for the first time, systematic staff feedback, systematic case-review, and extensive one-on-one training of the pre-existing counselor.

COMMISSARY

The handling of inmate funds previously followed a system that was at best inefficient and at worst created suspicions of theft. Money in an inmate's possession at the time of incarceration or money brought to him after he arrived was placed in a small envelope with his name on it. As he bought commissary items or authorized other transactions, cash was withdrawn from the envelope and change was made. A running account was kept on the face of the envelope. Upon release the inmate received whatever money was left. These accounts were impossible to audit and as far as is recorded, no audit was ever attempted.

There were only forty-nine (49) commissary items offered to the inmates. These were kept in a cabinet to which everyone had access. The inventory and cash flow was impossible to audit, and until Buckingham took over no audit was ever attempted. Other than cigarettes which were underpriced for staff convenience most items were overpriced. There was very little relationship between demand and either the items that were stocked or the sizes they came in. There were numerous examples of this but the most obvious was



RELIGION

probably an inferior pocket comb that sold for thirty-five cents (35¢). Currently a better quality comb is offered for ten cents (10¢).

The commissary checking account amounted to \$9,567.27. Presumably this had accumulated since the beginning of the commissary. Other than a basketball and a handball, there is no evidence that any other items were purchased from the fund for inmate welfare.

An arbitrary list of commodities was classified as "welfare items" and indigent inmates would receive these items sometime after admission. If they remained in prison and stayed indigent, periodically they would be issued the same package again. Included in the list were envelopes, packets of tobacco, soap and other items.

There was a weekly "shave day" when a mirror, a can of shave cream and razor were issued to all men in a specific living area. The result was both unsanitary and unsatisfactory hygiene.

On the day private management began all cash was counted, attributed to individual inmates and banked. Each inmate now has his own account; all accounts are balanced several times in different ways each week. Every transaction is signed by an officer and receipted for, and inmates receive a check payment in full upon release. The process is simple, modern, businesslike and has already been audited.

Commissary stocks have been completely overhauled. Buckingham secured professional advice and substantially added to the available items, obtained popular sizes and reduced prices. Storage areas are now secure. Buckingham sells approximately seven hundred dollars (\$700.00) per week and shows a "profit" for the inmate welfare fund of approximately five hundred dollars (\$500.00) per month. In the first year eight thousand four hundred forty-four dollars and forty-two cents (\$8,444.42) were spent for exercise apparatus, athletic equipment, table games, foul weather clothing, new television sets and other welfare items, and there remains four thousand five hundred dollars (\$4,500.00) in the checking account. All money is now banked in interest-bearing accounts and the interest accrues to the welfare fund.

The commissary now offers disposable "Bic" razors and tubes of shaving cream. Metal mirrors have been mounted. Everyone who wants to shave is now able to shave every day.

The improvement is dramatic.

Religious services depend upon volunteers. There were several dedicated contributors to the religious atmosphere prior to private management and these persist today.

Every Friday Reverend Kifer holds services in the visiting room for male inmates who choose to participate. His group distributes religious literature and arranges occasional special programs. The orientation of these services is Christian although they are non-denominational, and all are welcomed.

Mrs. W. Vinroe offers a weekly religious gathering for the female inmates who care to participate. In view of the small numbers there sometimes are no participants which makes her perseverance and dedication all the more remarkable.

Several clergy visit with individual parishioners. Some have served several inmates. The Gideons have made Bibles available to every inmate and to the library; they visit nearly every Sunday to counsel any inmate who wishes to accept their help. Deacon Jerry Stein of the Catholic community is also available on call for any who desires his services.

Buckingham hopes for more participation by mature, prudent and responsible members of the religious community. Serving a prison population may be not only difficult and unrewarding, but fraught with dangers. Those who volunteer are extraordinary individuals.

COMPARATIVE COSTS



The issue of savings through privatization is the one most often raised. Critics in fact raise the question from both sides. First, they say that savings aren't desirable because some other goal is more significant, and they then say that there really aren't any savings anyway. The fact is that in conventional public prisons, the standards of performance are generally very poor. Privatization should easily operate to the same standards for much less money or much better standards for the same money, or ideally, a combination of the two: better standards for less money.

In Butler County the original plan was to provide a superior facility for a substantially reduced sum of money by virtually completely privatizing the prison operation. A few functions such as capital improvements and medical services were to remain with the county, but all others were to be assumed by Buckingham Security Ltd. The costs to the county were contractually stipulated except for the functions the county retained. The savings were precisely documented and were recognized as being large.

At the last minute that decision was changed by the courts. The court determined that the existing union and its members were to be retained. No one knew what this meant in terms of personnel costs.

Ultimately, it has meant that the Butler County Prison would operate with twenty-seven (27) employees instead of twenty-one (21); it meant nineteen (19) sick days a year per employee instead of five (5), thirteen (13) holidays instead of ten (10), a much more costly medical package, and a nine percent (9%) retirement payment on top of social security. It also temporarily meant a perceived obligation to replace people at time and a half whether they were needed or not and a perceived prohibition against changing shifts to achieve efficiency. These latter two items have now been finally resolved, although the indecision that they caused was very expensive.

Standards of performance have improved dramatically but the process of improvement has taken months, and after one full operating year is still incomplete. Had the Court ruled differently, the process of dramatic improvements could have been completed in weeks.

This is not an argument that the union and its members should not have remained, but only an explanation that there are different costs involved when one makes dramatic changes within an organized established work force as opposed to instituting changes with newly hired employees.

The actual costs can now be compared with previous years. A comparison can be made with what would have been during 1986 without privatization, and what costs would have been with total privatization.

Three significant related cost areas other than the prison budget can also be compared. The cost to the sheriff's department of escorting medical trips and the cost to the county of prisoner hospitalization can be determined. There is some factor of chance in these two areas, but the effect of private management is clear. There is a most significant reduction in inmate trips to the hospital, thereby decreasing both sheriff's escort costs and hospitalization costs.

Both county legal and insurance costs have been positively impacted by private management. There were no lawsuits lost during the first year of privatization, nor are any of the frivolous ones filed likely to be lost. The major area of legal vulnerability, the dispensing of medication, has been corrected and brought to accepted standards.

The final area is the three hundred thousand dollars (\$300,000.00) of savings incorporated in the new insurance costs which resulted from the latest union contract. This was discussed in detail under the section, Union Relationships.



DRUG AND ALCOHOL



Nearly every prison inmate has had a negative involvement with alcohol or drugs. This truism has been a fact of prison life since prisons were invented. Today, with mandatory sentences in place for drunk driving, and on the horizon for various drug dealings, a new dimension of the age-old problem is emerging for prison management.

In Pennsylvania, the first-time D.U.I. offender receives a mandatory sentence of forty-eight (48) hours. When this law was initially passed, there were many of these short-timers but now there are many more of the second offenders who receive a mandatory thirty (30) days. The forty-eight hour sentences had a minimal effect on the prison count. Every thirty-day sentence raises the monthly count by one. In one year there has been a ten percent (10%) increase in prison population based on this factor alone. Soon the third-time offenders with minimum sentences of ninety (90) days will be more common. Every one of these will increase the monthly count by three. Within another two years, an increase of thirty to forty percent (30% to 40%) from this process alone is anticipated.

Based on Buckingham's previous experience and training the Butler County Prison has qualified for and secured a license for treatment of alcohol-related problems. Available records indicate that Butler is the only county prison in the Commonwealth of Pennsylvania to be so licensed. As soon as the renovation of the telephone building (Washington Center) is completed, it is anticipated that a treatment center for alcohol related offenders will be instituted there. Available information indicates that this treatment center will result in immediate additional savings to the county.

SUMMARY

In a single year of private management, life in the Butler County Prison has been dramatically changed. Conditions for both staff and inmates are much better. A sense of pride and self-respect has been developed in both groups and has grown into an attitude of mutual respect, one for the other.

Costs have been held down while quality of life has gone up. Organization and motivation have been the keys to implementing this reality. County-union relationships are at an all time high to the advantage of both entities. The prison is more secure than ever while more activity and interaction between staff, visitors and inmates occur than at any previous time. The quality and amount of recreation is much improved. Cleanliness and a peaceful atmosphere have replaced filth and fear as the prevailing environment. Work release programs have been featured, expansion has occurred, and revenues to the county have been significantly increased while operating costs have been cut.

Inmates have been professionally classified and are now being treated for their real weaknesses. Hospital visits have been decreased while the quality of medical help has been increased. The environment for religious services and for peaceful contemplation is much improved.

The Butler County Prison under the management of Buckingham Security Ltd. has been transferred in a single year from an "out of control" dangerous facility to a model correctional institution wherein all the involved parties, including county officials, staff and inmates, take pride.

