HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

House Bill 1469
Private Prisons
Privatization of Prison Services

House Labor Relations Committee
House Judiciary Committee

Main Capitol Building
Majority Caucus Room, Room 140
Harrisburg, Pennsylvania

Thursday, October 25, 2007 - 11:00 a.m.

BEFORE:
Honorable Robert Belfanti, Majority Chairman
Labor Relations Committee
Honorable Ron Buxton
Honorable Eugene DePasquale
Honorable John Galloway
Honorable Marc Gergely
Honorable Neal Goodman
Honorable Michael McGeehan
Honorable John Sabatina
Honorable Tim Seip
Honorable Frank Shimkus
Honorable Ron Waters
Honorable Thomas Caltagirone, Majority Chairman
Judiciary Committee
Honorable Harold James
Honorable Jewel Williams
BEFORE: (CONT'D)

Honorable Scott Boyd
Honorable Steven Cappelli
Honorable Jim Cox
Honorable Will Gabig
Honorable Glen Grell
Honorable Carl Mantz
ALSO PRESENT:

Vicki DeLeo
   Majority Executive Director
   Labor Relations Committee

Maryann Eckhart
   Majority Administrative Assistant
   Labor Relations Committee

Joanne Manganello
   Majority Research Analyst
   Labor Relations Committee

Bruce Hanson
   Minority Executive Director
   Labor Relations Committee

Pamela Huss
   Minority Administrative Assistant
   Labor Relations Committee

John Ryan
   Majority Executive Director
   Judiciary Committee

David McGlaughlin
   Majority Senior Research Analyst
   Judiciary Committee

Jetta Hartman
   Majority Committee Sec./Leg. Asst.
   Judiciary Committee

Michael Fink
   Minority Research Analyst
   Judiciary Committee
## CONTENTS

<table>
<thead>
<tr>
<th>WITNESSES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honorable Neal Goodman</td>
<td>5</td>
</tr>
<tr>
<td>Prime sponsor</td>
<td></td>
</tr>
<tr>
<td>Ann Schwartzman, Director of Policy</td>
<td>10</td>
</tr>
<tr>
<td>Pennsylvania Prison Society</td>
<td></td>
</tr>
<tr>
<td>Alex Friedman, Associate Editor</td>
<td>34</td>
</tr>
<tr>
<td>Prison Legal News</td>
<td></td>
</tr>
<tr>
<td>Joan Erney, Deputy Secretary</td>
<td>66</td>
</tr>
<tr>
<td>Office of Mental Health &amp; Substance Abuse Services</td>
<td></td>
</tr>
<tr>
<td>PA Department of Public Welfare</td>
<td></td>
</tr>
<tr>
<td>William Sprenkle, Deputy Sec. of Admin</td>
<td>82</td>
</tr>
<tr>
<td>PA Department of Corrections</td>
<td></td>
</tr>
<tr>
<td>Resources for Human Development</td>
<td></td>
</tr>
<tr>
<td>Monique Hales-Slaughter</td>
<td>110</td>
</tr>
<tr>
<td>Naemah Solice Nelson, Business Coordinator</td>
<td>111</td>
</tr>
<tr>
<td>PA State Corrections Officers Association</td>
<td></td>
</tr>
<tr>
<td>Roy Pinto, Vice President</td>
<td>117</td>
</tr>
<tr>
<td>Percy Poindexter, Vice President</td>
<td>120</td>
</tr>
<tr>
<td>Frank Smith, National Field Organizer</td>
<td>127</td>
</tr>
<tr>
<td>Private Corrections Institute</td>
<td></td>
</tr>
<tr>
<td>AFSCME Council 13</td>
<td></td>
</tr>
<tr>
<td>Dave Fillman, Executive Director</td>
<td>162</td>
</tr>
<tr>
<td>Darrin Spann, Asst. to Exec. Director</td>
<td>162</td>
</tr>
<tr>
<td>Nathan Benefield, Dir. of Policy Research</td>
<td>169</td>
</tr>
<tr>
<td>Commonwealth Foundation</td>
<td></td>
</tr>
</tbody>
</table>
CHAIRMAN CALTAGIRONE: The hour of 11:00 has arrived. We would like to start the hearing. And if the members would please introduce themselves on the panel? Starting to my left, please introduce yourself for the record and the county you represent.

REPRESENTATIVE CAPPELLI: Representative Steve Cappelli from Lancaster County.

REPRESENTATIVE McGEEHAN: Mike McGeehan from Philadelphia County.

CHAIRMAN CALTAGIRONE: Tom Caltagirone, Berks County.

REPRESENTATIVE BOYD: Scott Boyd, Lancaster County.


CHAIRMAN CALTAGIRONE: And chief counsel, John Ryan.

MR. RYAN: John Ryan.

CHAIRMAN CALTAGIRONE: Just to let the members and testifiers know that this is being televised live by PCN. And we would like to start off with a very dear friend from Schuylkill County, Representative Goodman.
Good morning, Mr. Chairman, and I would like to thank you for conducting this hearing and providing me the opportunity to speak today before the House Labor Committee on the merits of House Bill 1469, Private Prison Moratorium and Study Act.

Currently in the State of Pennsylvania, there are 27 state correctional institutions. These institutions house approximately 40,000 men and women across the state.

These 27 institutions also serve as a productive and valuable employer to many residents of the commonwealth. Statewide, more than 15,000 Pennsylvanians are employed by the Department of Corrections. These state employees are well-trained, highly respected, and protect the residents of Pennsylvania from criminals who threaten the safety of our communities. They also serve as an important role in the rehabilitation process of the prisoners they oversee.

I, myself, have two correctional institutions in the 123rd Legislative District. They are SCI Frackville and SCI Mahanoy. They employ 556, and 438 prison staff, respectively.

There are currently no state private
prisons in Pennsylvania. However, private
facilities do exist in the commonwealth at the
federal and county level.

As many of the members of the committee
know, the General Assembly is also considering the
construction of as many as four new facilities in
the not-so-distant future. That is why I have
introduced House Bill 1469. My legislation would
impose a moratorium on the operation or construction
of a private prison at the state level and create a
legislative task force to conduct a comprehensive
study with regard to private versus public prisons.

Until that task force has completed its
investigation, my legislation would impose a
moratorium on a construction of any state
private-prison facility within the commonwealth.

The Pennsylvania Department of
Corrections has proven it is capable of safely and
effectively managing the state prison population. I
do, however, have concerns about private prisons
being considered as an alternative to running state
facilities. Advocates of privatized prisons claim
that for-profit firms operate prison more
effectively than state-run facilities; when in
reality, the estimated savings turn out to be an
exaggeration. For example, in 1998, a study by the United States Attorney General, at the request of Congress, found there was no strong evidence to support the claim that privately-run facilities are more cost-effective. In fact, the study found that most cost comparisons omit the hidden costs associated with profit prisons, such as those associated with escapes, the procurement process, legal contracts, administrative costs, contract monitoring, and other overhead costs. It is estimated that these additional costs could add as much as 10 to 20 percent to the total contract. The study concluded that there was no overall savings to the taxpayers by choosing a for-profit prison or over a state-operated system. Prisons should be staffed by professional correctional personnel dedicated to preserving public safety. Conversely, in 1999, a study by the National Council on Crime and Delinquency showed that for-profit prisons offered lower wages and inadequate benefits to employees who are then asked to put their lives on the line every day. This results in a high employee turnover, poorly trained
employees, understaffed prisons, and then a higher rate of assault on staff and inmates than public facilities.

When the judicial system sentences individuals to serve time in prison, it is the government's responsibility to maintain accountability for the humane treatment of its inmates.

The Pennsylvania Department of Corrections has proven it is capable of safely and effectively managing state prison population. These concerns regarding privately owned and operated prisons are worthy of a thorough investigation so that we can protect the integrity of our prisons, the safety of our streets, and recognize the value of our dedicated correctional employees across the state. It is with this in mind that I have introduced House Bill 1469.

Again, I thank the Chairman and the members of this committee for this opportunity to testify before you today.

CHAIRMAN CALTAGIRONE: Thank you.

REPRESENTATIVE GOODMAN: And I would also like to join my committee now. Because I know there is a long list of testifiers that are going to cover
both sides of this issue, and I am very eager to hear from both sides. Thank you, Mr. Chairman.

CHAIRMAN CALTAGIRONE: Certainly.

There are some additional members that have joined the panel, if they would like to introduce themselves, starting from Ron Buxton and mentioning his --

REPRESENTATIVE BUXTON: Ron Buxton, Dauphin County.

REPRESENTATIVE GRELL: Glen Grell, Cumberland County.

REPRESENTATIVE MANTZ: Carl Mantz, Lehigh and Berks counties.

REPRESENTATIVE GALLOWAY: John Galloway, Bucks County.

REPRESENTATIVE SABATINA: John Sabatina, Philadelphia County.

CHAIRMAN CALTAGIRONE: And our Labor Chairman Bobbie Belfanti.

I would like to next move to Ann Schwartzman from the Pennsylvania Prison Society. Ann?

MS. SCHWARTZMAN: Thank you, Mr. Chairman. Thank you, members of the committee, and everybody attending.
Individual freedom is the most fundamental right of the United States citizen. It's a foundational element that should never be relegated to any private entity. It is the responsibility of government that should never be consigned to nongovernmental enterprises, especially where profits triumph.

As an organization that was instrumental in the development of the penitentiary system, The Pennsylvania Prison Society is opposed to private prisons.

Founded in 1787, the Prison Society is the oldest reformed organization in the world. We began with Ben Franklin and a number of other members who were the leaders of their day.

Since that time, we have provided programs, we have advocated for a number of different situations, we have helped separate men and women who were incarcerated, we have helped separate juveniles and the mentally ill.

We have a cadre of volunteers that go around the state and work with inmates to try to alleviate problems.

The Prison Society has a long history of working with government, and we hope that we will be
able to continue doing that; this is one of the key issues that we have worked on over the years.

The Prison Society has played an active role since the mid-'80s when this issue first cropped up, when there was a threat of a private prison in Armstrong County which actually lead to a moratorium on private prisons. The residents of Cowansville, PA, were surprised when a busload of inmates from Washington, D.C., came in the middle of the night to go into and stay at the 268 Center. They were blocked from entering and returned shortly thereafter to D.C.

The moratorium was established shortly after that. We testified in numerous hearings, as did many of the other individuals in this room. During the time of that foiled 268 Center, only a handful of private prisons were operating. Now 31 states and some 112,000 inmates are involved in private prisons.

In the mid-'90s, the Prison Society joined again to caution against private prisons. Then Governor Ridge was among the staunchest opponents of those institutions. Ten years later, we are back again. This time, there are more examples of why we should not engage in private
institutions; one nearby, Youngstown, Ohio, is perhaps the most instructive.

The nation's largest private prison operator, Corrections Corporation of America, opened that facility and faced an outbreak of mayhem and murder, finally settling a $1.6 million lawsuit for wrongful deaths. They had disturbances, they had escapes. An after-action document suggested there were:

- Inadequate medical care for prisoners;
- Failure to control violence in the prisons;
- Substandard conditions that lead to the uprisings;
- Criminal activity by a number of the employees;
- Escapes and incorrect releases of the wrong incarcerated inmates.

Are these the kind of results that we want in our communities? Obviously, the answer is no.

Issues and complaints about private prisons can be found across the country. In doing some research, we found at least seven states that have major complaints right now. Complaints of
squalid conditions and abuse in the Florida-based GEO Group actually resulted in their firing by the Texas Youth Commission Officials.

That happens to be the same corporation involved in the Delaware County Prison. GEO originally saved the county millions of dollars for construction, and originally it seemed like they were going to save more millions down the line.

Some of that is questionable now, and new studies are being done. The ongoing operation also appears to have settled a number of wrongful death cases. There are many death cases leading to unnatural causes in Delaware County; something that looks a little suspicious. The county has settled several lawsuits for over a hundred thousand dollars for grave illnesses not diagnosed, for squalid conditions, for releasing the wrong inmates.

Colorado has at least four private prisons. These have been found to have poor inmate programs, security problems, and fiscal woes.

In 1995, a facility in Rhode Island was brought on line with 300 beds. Unfortunately, the beds were not filled; something happened that the contract wasn't correctly carried out. Lobbyists from Cornell Corrections, the company actually doing
and supplying this prison, decided that they needed
to lobby Justice officials and get some inmates into
their facility; they had a bottom line to meet.

They were able to fill that facility with
232 North Carolina inmates; but Rhode Island did not
contract for state inmates from North Carolina with
violent histories, they wanted federal detainees.

Cornell, oddly enough, is now operating
the Moshannon Valley Correctional Center here in
Clearfield County. According to the feds., from the
middle of October, there were roughly 1,500 federal
inmates in that facility. Even though it took five
years to battle the construction to actually have
that facility on line, there were problems with
environmental issues and problems deciphering state
law. Many of the residents were in support,
although some had major questions, but those in
support are expecting to see huge tax benefits,
employment opportunities, and other economic
benefits. That jury is still out.

A report from the Institute on Taxation
and Economic Policy in 2001 stated, and I quote,
"Given the relatively low wages paid by industry and
its limited ripple effect on the larger economy,
subsidizing private prisons may not provide much
bang for the buck... A lot of small, struggling communities have spent a significant amount of money to bring these prisons into existence. There's no evidence there has been any payoff for them."

That study further states that subsidies are often given to private prisons that not only construct but operate their facilities. From a study done with just 60 private prisons, there was a total tax incentive package of $621 million given to those prisons. And that's not just the daily amount that is given to house the inmates; that is just given upfront to carry on.

In Hardin, Montana, Two Rivers Authority built a facility, $20 million, a detention facility, for 464 inmates. They were told or promised or whatever that the US Marshal's service would need those beds. The US Marshals finally said, no, we don't need them. Negotiations are now going on with Wyoming to see if their state inmates as well as federal inmates can use those beds. They are not the federal detainees that were originally discussed.

A detention center in Elizabeth, New Jersey, in the mid-'90s, experienced an uprising when detainees burned the facility to the ground.
The Department of Justice and Immigration Services canceled their contract, meaning the government had to step in and pick up the pieces. But the reason, apparently, was inadequately trained officers, because they wanted to save costs.

Other cases suggest medical issues. There is one in particular that we have seen where a diabetic was denied care. When he complained, he was put into solitary confinement. When he was there, he lost his earned time, he lost his community corrections slot. There are suits all around the country for inmates who are grieving about problems with private prisons. Medical issues in particular.

Clearly, solutions to overcrowding and tremendous costs associated with corrections and criminal justice must be found. Private prisons is not the answer. Corporations motivated by profit cannot fill the role of the government in such critical areas.

The decision to take freedom away is one of the most powerful tools a government can utilize. It cannot be taken lightly. Prisons are important. They are part of the system. And parts of the system have been privatized. We have seen food
service, medical care, halfway houses, treatment

centers, and even management of facilities going up

on the block.

What we haven't seen, though, is the

state allowing the entire entity to be taken over,

and that step shouldn't.

We urge the members of the committees to

vote for House Bill 1469 to continue and

re-establish the moratorium, to study the issue

until authority, responsibility, liability and

punishment can be addressed.

A number of states now are actually

re-thinking their private prison contracts.

Arizona, Alabama, Wisconsin, Idaho, Montana, are

just a few that are starting to say, no, we want our

inmates back. We can do better in our home states,

in our public prisons.

Although cost-savings in general tend to

favor private facilities, states are examining other

factors as well. How about re-entry? How about

recidivism? What does a private corporation have to

do with that? Those concerned with private prisons

suggest that administrative overhead is missing from

most comparison studies and that those studies are

really looking at apples and oranges.
Other critics suggest that private facilities take low-cost inmates or the cream-of-the-crop inmates that are medically sound and nonproblematic so they are not going to cost the private corporation any more than what was originally budgeted for. Other people suggest that the details are what counts. It's the contract. You can put anything in the contract you want; but if you don't put it in, you are not going to get it.

Corporations constantly concerned about their shareholders often overlook the key issues. What does it mean for an inmate to come back to the community, to rejoin their family, to get a job, to be a taxpayer instead of the tax burden? These issues, however, have become paramount in the search for combating crime and enhancing public safety.

To us, the bottom line is:

Are the commonwealth and its citizens responsible and liable for those in its care or are the shareholders' profits what we are responsible for upholding?

Thank you.

CHAIRMAN BELFANTI: Thank you very much.

Are there members with questions? Representative McGeehan.
REPRESENTATIVE McGEEHAN: Thank you very much. And, Mr. Chairman, I want to begin by just thanking you and Chairman Caltagirone and Chairman DiGirolamo and Chairman Marsico for allowing this hearing to take place. I think it's an important issue, evidenced by Representative Goodman's legislation and the interested parties who are here to testify today.

I have the unenviable position of having all the correctional facilities in the City of Philadelphia located in my district. I probably, of any legislator in the commonwealth, have more prisons in the district than anyone so it's a concern particularly to me and that's why I am so grateful to the Chairman for agreeing to this hearing. And the issue of private prisons concerns me greatly.

In the states that you talked about, I am shocked that 31 states now have either constructed private prisons or are administering private prisons.

And the seven states that have complaints, what are the nature, generally, of the complaints?

MS. SCHWARTZMAN: Actually the complaints
are widespread. Medical issues are critical. Cleanliness is a big issue. Access to attorneys is a big issue. Access to family visitation is a big issue. There are a lot more, but those generally are the ones that seem to crop up.

REPRESENTATIVE McGEEHAN: You talked about the private prisons being able to siphon-off the cream-of-the-crop if there are any of those who are incarcerated. How is that done? How does the state or a locality pick what prisoners go where? And do they, in fact -- Is there a selection process? And is that going on, to your knowledge?

MS. SCHWARTZMAN: There is a selection process. I am not exactly sure how it works, though. We can find that out.

REPRESENTATIVE McGEEHAN: You talked about, those in support are basically hoping for the tax benefit for the locality. Is there a study -- And maybe you are not the person; maybe there is someone else that may answer this. But is there a study of the long-term tax consequences for these states?

MS. SCHWARTZMAN: Not that we have seen.

REPRESENTATIVE McGEEHAN: Private versus publicly-run prisons?
MS. SCHWARTZMAN: We have not seen that, but we have seen numerous articles that talk about the costs incurred and how counties are surprised when they are not saving the big dollars that they thought they would.

REPRESENTATIVE McGEEHAN: Thank you, Mr. Chairman.

CHAIRMAN BELFANTI: Thank you.

Representative Cappelli.

REPRESENTATIVE CAPPELLI: Thank you, Mr. Chairman. Mrs. Schwartzman, thank you for your testimony. It's been very enlightening.

I have got more or less a global question for you. I know here, in the commonwealth, we operate 27 correctional facilities, I believe 13 community correction facilities and additional complexes. Our inmate population is now over 46,000, an all-time high, which is quite disturbing.

You had mentioned in your testimony, and Representative McGeehan touched on it as well, 31 states are engaged with private contractors for correctional services, 112,000 inmates. Are those inmates state and federal or is that number exclusively state inmates?

MS. SCHWARTZMAN: That's a combination:
state, federal, and even some county inmates.

REPRESENTATIVE CAPPELLI:  Okay. Besides the economic issue--and I agree with your assessment that we are probably looking more at apples and oranges when these proposals are proffered--are we looking at a larger problem of capacity, both from a state perspective and a Federal Bureau of Prisons' perspective?

Is it a case where the systems, the states' as well as the feds, simply don't have the physical capacity or necessarily the financial resources timely enough to provide adequate facilities and space?

MS. SCHWARTZMAN:  I think the capacity question is one of the questions, but Alabama is one of the states that actually is not facing an overcrowding situation to the extent they used to, and they are actually looking at pulling back. They have extra beds now that they can put their own state inmates into.

Pennsylvania clearly is in a whole different situation, but we are also looking at alternatives that could be established right now, and we would suggest that those alternatives be put in place before we do anything as drastic as look to
a private prison.

REPRESENTATIVE CAPPELLI: I appreciate that. And I agree with the legislation and Representative Goodman that one of the foremost provinces of state government is to ensure for public safety, and that's a responsibility that we should not be subcontracting out. I was just concerned that, you know, nationally, that if we have a prison capacity crisis, that we address it, and address it quickly. Thank you very much.

CHAIRMAN BELFANTI: Thank you.

Representative Sabatina.

REPRESENTATIVE SABATINA: Good morning. Thank you --

MS. SCHWARTZMAN: Hi.

REPRESENTATIVE SABATINA: -- for your testimony. When Representative McGeehan had asked you what are some of the problems with the private prisons, you had said, access to attorneys. And I was just wondering, is that because the prisons are restrictive in who enters, or the attorneys don't want to travel to? In other words, I am wondering why that is a problem.

MS. SCHWARTZMAN: Um-hum. It's the access in general. Some of these facilities, state
inmates or federal inmates have to travel, you know, by airplane, whatever, and the attorneys don't want to do that; no one is going to pick up their cost. It's actual access in the facility just because of the complexities in all of the different facilities.

Some of the other problems, though, deal with the employees and the correctional officers and not receiving enough training, not necessarily knowing what the rules are. Private prisons are well-known to try to skimp somewhat on employees' salaries and benefits so you don't necessarily have employees that know what the rules are within their institution.

REPRESENTATIVE SABATINA: Well, I know in Philadelphia, attorneys travel down I-95 to go visit prisoners on State Road, and I am just wondering what the problem would be traveling to a, I guess, private facility as opposed to a state-run facility?

MS. SCHWARTZMAN: Going to State Road, I don't think would be that big a problem. But, for example, for the Rhode Island facility where North Carolina inmates were, that could, in fact, be a problem for their attorneys, and more so, really, for their families.

REPRESENTATIVE SABATINA: Okay. Thank
Representative Buxton is next.

REPRESENTATIVE BUXTON: Thank you, Mr. Chairman.

When you were listing all the concerns that you have with the private prisons as a follow-up to the question of Representative McGeehan, I really didn't hear you say much about staffing.

Is there a major staffing issue with private prisons as compared to those public prisons? And I think you kind of touched on some training aspects in your answer to Representative Sabatina.

But my concern is, do we see a great difference in staffing from one type of prison to another and the training that individuals received, compensation that these individuals receive? Is there a turnover of staff in one institution versus the other?

What have your studies indicated, as far as staffing situations, that may be of great concern for this committee to be familiar with?

MS. SCHWARTZMAN: Generally, what we have
seen--and we have only done some research, we need
to do a lot more--that the employees' salaries are
much lower; they get much, much fewer benefits or
the benefit package isn't quite as good as what the
state or county employees might receive; and the
training is usually limited. Oftentimes, they are
put in situations they have no experience with.

In the situation, for example, in
Pennsylvania, where Delaware County opened up, a
number of actual officers who had worked in the
public facility were brought over, but they,
themselves, saw a big difference between how the
public facility worked and how the private facility
actually worked; they were not given the same
training, they were not given the same benefits,
there were difficulties.

One of the big questions came up when a
contract was ready to be renewed, what were the
correctional officers going to do? They are private
employees. They have a right to strike. Can you
strike when you are working for an institution such
as a prison? I mean, huge issues that have to be
explored, huge issues that have to be looked at.
And these cannot be done unless there is a major
study done that really looks at what is happening
around the country.

    REPRESENTATIVE BUXTON: Just as a quick
follow-up. I am no fan of private prisons, but some
of the problems that you just enunciated, couldn't
they be covered in a contract between the state,
county, or local government with the private prison
vendor? For example, could they dictate in a
contract what staffing should be?

    MS. SCHWARTZMAN: I don't know for sure,
because I have never actually seen the contract.
But my understanding is, if you can legally put in
any language that you want, you would be able to
actually enunciate that.

    Our concerns, though, go even further,
and I should have mentioned before, you also have
the issue of whether or not you want these private
correctional officers using weapons, these private
correctional officers punishing people. How far
does it go? Are they law enforcement officers? Are
they private institutional correctional guards?
There are big questions that have to be answered.

    REPRESENTATIVE BUXTON: Thank you.

    MS. SCHWARTZMAN: Thanks.

    CHAIRMAN BELFANTI: Thank you.
REPRESENTATIVE GOODMAN: Thank you, Mr. Chairman.

I commend you on all of the research that you did here. As I was doing my research to propose this legislation, I found that there were many unanswered questions. As I began to ask more questions, I got fewer answers.

And one of the things that really jumps out at me here is, you called it, the Institute for Taxation and Economic Policy, a Good Jobs First Project. When I did my research on the 1998 study that was conducted by the US Attorney General's Office, I was asking about some of the cost. Because the myth out there is that private prisons are more -- they are cheaper to run, they are more cost-effective, they save the taxpayers a lot of money. But when I ask a lot of different questions, I don't get straight answers.

And one of the things that really did jump out at me in your testimony, and what I found in my research, is how many private prisons get money upfront, get tax abatements. Here, you point out that $628 million in tax-free bonds and the government-issued securities provided financing for over 60 private facilities.
Representative Buxton, I think was alluding to, was that you can write any contract you want. I mean, you can write a contract that says you are going to cover from A to Z. The problem is many of these county and federal private prisons are also on a budget, and they know if their contract gets too explicit as to what they want to cover, no one is going to put a bid in.

And another problem that I found was, there are many companies that will come in and do the first bid low, knowing that once the facility is built and once they are in there operating it, the governing body doesn't have any other avenue but to renew their contract.

And some of the sweetheart deals that I was able to find, like some of the money upfront, some of the grant money, some of the tax incentives that are given throughout the country to some of these private facilities is absolutely, I mean, just, it's unbelievable.

Where here in Pennsylvania, the Commonwealth of Pennsylvania, you know, we are, the Department of Corrections through the Department of General Services, are the ones that put out the
contracts, and we are the ones that make sure that, you know, all the I's are dotted and the T's are crossed, and it's ultimately our employees that are the ones that are operating these prisons and they are answerable to us; wherein, the private sector...?

So I don't really have a question, Mr. Chairman. I just want to say that I am very impressed by the length and breadth of your testimony here. And as someone who was trying to find as much information as you did, you did a very good job. Thank you.

MS. SCHWARTZMAN: Thanks.

CHAIRMAN BELFANTI: Thank you. And we don't want to fall too far behind on our schedule. I am going to apologize early, that I am not going to be remaining beyond the next half hour or so. I appreciate Chairman Caltagirone co-chairing the meeting with me. I have an ophthalmology appointment back in my district, which I can't skip. I have postponed it twice before.

But I did want to ask one question of my own, and that is a separation between the adult prisons, that I believe you are mostly interested in, and the juvenile prisons.
Which we have two different types in the state. One operated by DPW. We have a facility in Danville, which is in my district, which has been somewhat notorious for problems and the Secretary herself has been greatly involved in some of the problems there. And then the other is the prisons operated by companies like Northwestern Academy, which are typically boot camp settings. They are unionized. And we don't seem to have many problems with those facilities, other than the school districts failing to want to reimburse for the tuition for the educational process within those facilities.

So there are some lawsuits pending, whereby, you know, the school district says, well, these aren't our kids, but they are housed in our county -- or our school district, so, you know, the law says we should pay for their tuition; but they are not from our county, we don't want to pay for their tuition, so there is some lawsuits pending.

Does the Society have any issues with the juvenile facilities, or are we strictly speaking about adult correctional facilities?

MS. SCHWARTZMAN: We have heard stories. But the Prison Society basically focuses on adults
so I really don't have information about the juvenile system.

CHAIRMAN BELFANTI: Okay. Chairman Caltagirone.

CHAIRMAN CALTAGIRONE: We were just wondering, Ann, do you have any information about the private corporations that are running these? I would imagine they would pay corporate taxes, correct?

MS. SCHWARTZMAN: I imagine so.

CHAIRMAN CALTAGIRONE: That was one thing. And the other thing was, if these are private facilities, do they pay property taxes, unless there is a waiver in the agreement when they contract either with the counties or whomever? Do they pay property taxes, do you know? I am just curious.

MS. SCHWARTZMAN: I really don't know, but it seems that most of the corporations are very good at figuring out their bottom line and making sure that they can recoup as much profit as possible.

I don't know of many corporations that go out of their way to make sure that the county actually gets as much of the finances as they
CHAIRMAN CALTAGIRONE: Okay. I appreciate that. Thank you, Ann.

CHAIRMAN BELFANTI: Any other members?

If not, thank you very much for your testimony.

MS. SCHWARTZMAN: Thank you.

CHAIRMAN BELFANTI: The next to offer testimony is Alex Friedman, Associate Editor of the Prison Legal News.

(Off-the-record discussion occurred.)

Whenever you are ready to commence.

Thank you.

MR. FRIEDMAN: Thank you very much. I appreciate the opportunity to speak to the joint committee members. My name is Alex Friedman. I am the Associate Editor of Prison Legal News. That's PLN, is a monthly publication that covers criminal justice and corrections-related issues nationwide.

We have been published since 1990. And during that time, we extensively covered prison privatization issues, including abuses at privatized facilities, contract issues, financial difficulties, litigation, and court rulings involving private prisons.

PLN has about 7,000 subscribers
nationally and internationally; about 60 percent of
our readership is incarcerated, the remainder are
judges, Attorney Generals, corrections
professionals, lawmakers, academics, and attorneys,
primarily.

I have brought copies of our publication
for the committee members. Our September 2007 cover
story was on the Management & Training Corporation,
which is in the top-five private prison companies in
the country. So, at your leisure, you can
distribute those.

I also serve as vice president of the
Private Corrections Institute which is a nonprofit,
Florida-based company that serves as a clearinghouse
for all information that is anti-private prison, and
that we advocate against private prisons. There is
a vast amount of knowledge on our website. I
believe you might have some of our printouts.

You are going to be hearing, later,
testimony from our field organizer, Frank Smith.

Further, I am a former prisoner. I
served six years at a privately-operated prison in
Tennessee. I also served time in an identical
state-run prison in Tennessee. The facility was the
CCA-managed South Central Correctional Facility
where I became extremely familiar with CCA's internal operations from an inside perspective. That experience lead me to research the industry and become a national expert on the industry. I have testified before Congress. I have testified at other committee meetings legislatively, both in Tennessee and in other states, and spoken at a number of conferences on this topic. I am not unbiased, and with good reason. I believe my bias is based on the research and the empirical experience I have had in dealing with private prison companies. I do have an inside perspective. I believe I am probably the only person in this room who has actually served time in a private prison.

It is good to be back in Pennsylvania. I did some of my high school years at the Mercersburg Academy. And during my time there, I had mostly remembered the beautiful countryside, including the fields that were filled with Pecan and Black Walnut trees.

And speaking about the Pecan industry, once the nuts are picked, they have to be stored and so you have companies that bid to store tens of thousands of Pecans in warehouses. And to submit
the lowest bid, they have to cut expenses, which means they have to cut maintenance costs, and so some of the Pecans go bad.

But that's not really the concern of these storage companies because they are only paid to hold the Pecans. And they have an incentive to pack them in tightly and to hold them as long as possible to maximize their profits while reducing expenses.

If you replace Pecans with prisoners and warehouses with prisons, in a nutshell that's the private prison industry.

I would like to speak a little bit about accountability. Public prisons which are run by public officials are accountable to the public. Public oversight by legislative committees, by inspector generals, by the Department of Correction, on the federal level by the GAO, and on the most basic level by public citizens through public records requests.

Private prisons are accountable to shareholders. Private companies have a fiduciary duty to make money for those who own stock in the companies. That is the reason they exist. It is not to protect the public. It is not for the public
good. It is not to safeguard society. It is for
private profit.

Justin Jones, the Director of the
Oklahoma Department of Corrections, stated last
year, you are dealing with a private business here,
and they are in it to make money and answer to
shareholders. Our mission is public safety.

And the ideologies don't always line up.
One example is in terms of information. Public
records are public. Private records stay private.
After a hostage situation at the CCA-run Bay County
jail in Florida in 2004, which resulted in a hostage
and a prisoner being shot, CCA refused to release an
after-action report about that incident, saying it
was proprietary record.

When I was incarcerated at a CCA prison,
I obtained minutes to an administrative staff
meeting where the chief of security stated, quote,
we all know that we have lots of new staff and are
constantly in the training mode. So many employees
are totally lost and have never worked in

 corrections.

If that company was in Pennsylvania, you
would have never seen that memo because they would
have never had to release it because it was a
Two months ago, I spoke with a CCA insider who had recently resigned from the company. And he told me that when CCA does internal quality, audit assurance reports, two reports are produced. One is for internal use and goes to the corporate office. The other, with all negative references redacted, is the one that they submit to the contracting government agency.

One of the big draws for prison privatization is cost-savings. Prisons are prisons, whether they are private or public, and there are only so many costs that can be cut before you endanger public safety. And by public safety, I refer not only to the prisoners who are housed in those prisons, but the staff that guards them and the citizens on the outside who are subject to violence by riots and escapes.

70 to 80 percent of prison operational costs across the board are due to staff expenses. To reduce expenses and earn a profit, that's the primary way that you cut costs, if you are running a prison privately.

Private prison companies do cut costs for prisoner amenities such as less money spent on food,
fewer blankets distributed, rationing rolls of toilet paper. But the big bucks, the vast majority of money that are saved are through staffing, by hiring fewer employees and paying them lower wages, offering fewer benefits, and providing less training.

Another way is to keep vacant staff positions, vacant as long as possible. It all goes to the bottom line. And this is the business model of the private prison industry. And it results in high staff turnover, as high as 50 percent on average, and that's according to the industries' own figures.

I recall one private prison in Florida that, over a time period of approximately eight to ten months, had a hundred-percent staff turnover rate. And those numbers are unheard of in the public sector.

Nolin Renfrow, Colorado's Department of Correction Director, stated in 2004, the high turnover rate of private prisons generally means that tenured staff is generally low. And when tenured staff is very low, sometimes they have difficulties dealing with situations that are not typical of everyday operations, such as violence and
riots.

High turnover rates results in fewer employees, less experienced employees, and instability in the prison environment. This in turn results in more riots, escapes, and violence at privately-run prisons, as well as staff misconduct.

In Indiana, last year, GEO Group was seeking prison guards at a job fair at starting wages of $8.00 an hour, which after training would increase to $11.00 an hour. You must ask if a private guard being paid $8.00 an hour is going to risk his life to break up a knife fight among prisoners or to prevent an escape into the community or to even stand his ground during a riot?

Statistically, it has been shown there is more violence and more escapes at privately-operated prisons than at publicly-operated facilities. There have been numerous examples of private prison guards cutting and running during riots and leaving their colleagues behind. In some cases, private prison guards, who are paid low wages, work in environments that are similar to Burger King or Wal-Mart. They do not have professions and they do not have careers, as with state correctional officers.

During one ten-month period, from May
2004 to March 2005, just two to three years ago, there were five major riots at CCA-run prisons and one hostage situation that involved a total of 910 prisoners engaging in violence, 120 reported injuries, a double shooting, and one death. That's in one company over a ten-month period. Those numbers have no comparable level in the state-run prison system. Absolutely none.

Private prison companies also cut costs by accepting only prisoners who do not have serious medical needs, who are minimum or medium security, but not more expensive maximum security prisoners; they seldom run women's prisons which have vastly higher per diem costs; and they tend to place caps on medical care expenses for prisoners in their custody.

When I was held at South Central, at one point CCA prison officials rounded up all prisoners at the facility who were HIV positive, put them on a bus, and sent them back to the state prison system because they were too expensive to care for.

Representative Debra Hilstrom in Minnesota, stated in 2005, quote, if you are cherry picking the very best prisoners like private schools do with students, the state ends up with the worst
ones, thereby driving up our costs, unquote.

Hopefully, this committee hearing is to answer some questions you may have about private prisons. The two most common, I will try to answer in advance. One is, don't problems exist at public prisons, also? And, yes, of course they do. And those same problems exist in private prisons because prisons are prisons.

But the business model of private prison companies which involves cutting costs and focusing on maximizing profits by reducing costs, particularly staffing costs, which results in high turnover and inexperienced staff, means that those problems are more likely to occur more frequently.

The second question and probably the biggest one is, can private prisons save money? The answer is, maybe. There have been many studies conducted and most have found inconclusive or minimal cost-savings. The 1996 GAO report, very good report, very comprehensive, could not find any cost-savings. A very good comprehensive study done in Tennessee in 1995, they compared apples to apples, two identical prisons, one publicly run, one privately run, found that private prisons saved pennies a day, if that.
Proponents of prison privatization claim cost-savings of 30 percent or more. They include the private prison companies that want the contracts, they include the Reason Foundation, a privately-run think tank out of California that receives funding from private prison companies, including CCA and GEO Group.

And research by a former professor, Charles Thomas, cites quite a few cost-savings. Professor Charles Thomas was conducting research, hidden to private prison companies, at a Florida university, while he owned private prison stock, and was paid $3 million for assisting in a private prison merger while sitting on a private prison board. He later resigned his position and was fined $20,000 by the Florida State Ethics Commission. Private prison companies, however, still cite his research.

Personally, I believe that private prison companies can save money. I think any time you have a company that cuts corners, hires fewer staff, pays them less wages, with fewer benefits, and provides less training while capping your medical cost for prisoners and cherry picking the prisoners in your facility, can absolutely save costs.
The question is, at what cost? The cost of public safety? The cost of professionalism in corrections?

Larry Norris remarked last year--he's the Director for the Arkansas Prison Department--we have tried it and it does not work. In my opinion, they cannot do it better for less. Commenting on private prison companies.

I would be glad to answer any questions you have. I do recommend that you speak with others, besides me, and the other people testifying today.

I recommend that you speak with the family of Bryant Alexander. Bryant Alexander was 17-years-old when he died of medical neglect at a privately-run juvenile facility in Texas. A jury ordered $40 million to his family against Corrections Service Corporation.

I suggest you speak with the Mayor of Youngstown, Ohio. After CCA built a prison in his city, the prison experienced two murders, the mass tear gassing of prisoners, an escape in broad daylight of six prisoners including five convicted murderers, and refusal by CCA officials to allow state lawmakers into their prison.
There was a $10.6 million settlement resulting from abuse at the facility, and the Mayor of Youngstown called CCA the most irresponsible company he had ever dealt with.

I suggest you speak with the family of Estelle Richardson. She was a female prisoner who was beaten to death at a CCA-run jail in Nashville, Tennessee in 2004. CCA officials have never figured out who killed her.

I suggest you speak with the family of Gregorio De La Rose, the prisoner at the GEO Group-run facility in Texas, who was beaten to death despite clear indications that there would be violence occurring at the facility. A Texas jury, which is not known for liking prisoners, awarded his family $47.5 million in that egregious case of his preventable death.

I would be glad to answer any questions you would have.

CHAIRMAN BELFANTI: Thank you very much, Mr. Friedman. A question that I have, you said that you spent six years in a privately-run, CCA-operated prison?

MR. FRIEDMAN: That's correct.

CHAIRMAN BELFANTI: Was that in this
MR. FRIEDMAN: No, that was in Tennessee.

CHAIRMAN BELFANTI: In Tennessee.

MR. FRIEDMAN: Um-hum, yeah.

CHAIRMAN BELFANTI: I don't know if you would care to share, with the members, why you had a six-year sentence and how you were placed in that facility?

MR. FRIEDMAN: Certainly. And I get that question a lot. The question is, why were you incarcerated? And I don't mind answering that. But I do like to tell people that it is similar to being asked what is the most embarrassing, terrible thing that you have done to screw up your entire life and to be asked that time and time again and having to answer it. But I respect that question and I do answer it.

I was convicted in 1989 and 1991 for armed robbery, for assault with attempt to commit murder, and for attempted aggravated robbery. I received a total 20-year sentence, for which I served 10 years; four years in publicly-operated facilities and six years in a privately-operated facility.

The reason I ended up at a
privately-operated facility is that it was opened in 1992, along with two identical state facilities. The exact same layout. The exact same number of prisoners. Two run by the state. One run by CCA. They needed to fill these up.

CCA came open first so they were seeking prisoner volunteers to go there. It was a brand new facility. And the big draw to go to that facility, and it might not sound like much, but it was heard they had soft drinks in the cafeteria. And you don't have those in state facilities.

So that was a really big draw to get prisoners there. Once we arrived, we figured out why. Because soft drinks are carbonated water and sugar and it's a lot cheaper than milk and juice. And we didn't get that. We got soft drinks.

CHAIRMAN BELFANTI: I thank you very much for your candor.

Any other members have questions?

Representative McGeehan.

REPRESENTATIVE McGEEHAN: Thank you very much, Mr. Chairman.

I think your testimony speaks to why this is a combined hearing of the Judiciary and Labor Committee. Obviously, it's a criminal justice
issue, but it's also a labor issue.

Pennsylvania is much like Texas. We have very little sympathy for prisoners. And I didn't think anyone watching on PCN live right now, or any member of the legislature, there's not a clarion call to give prisoners extra blankets or an extra helping of mashed potatoes for their dinner.

What we do, though, have sympathy for, and your testimony spoke to that, is the very real danger that these underpaid, understaffed, private prison employees are faced with every single day.

I saw a newspaper article and they quoted one of these private prison guards saying it was a choice between working at the prison or working at Wal-Mart. And at $8.00 an hour, there is not much difference.

And I can see why a prison employee would not want to get into a physical confrontation or protect another employee for $8.00 an hour. It is just outrageous.

My question is about training. I know in the City of Philadelphia that we have special training facilities for our prison guards, and it's professionally done, they are given every possible scenario in which -- that may come up in one of our
county facilities.

Do you have any insight into the training of these guards? Because it is a concern to us here.

MR. FRIEDMAN: Absolutely. Most of the companies will state that they comply with the ACA requirements for training. ACA is the American Correctional Association. And its accreditation, a private organization for correction systems nationwide.

What they don't tell you is that is 40 hours a year. And most state prison systems provide more training than that. And they require their initial guards to go through a rather intensive training regimen before being placed in a prison environment. I believe, in Pennsylvania, it's a six-week training period for state prison guards.

There is no similar training period for private prison guards. And often, they are kind of thrust into the prison environment and they learn as they go. Unfortunately, that does not work out very well all the time.

I am reminded of several years ago, a private prison guard, CCA in Tennessee at the Whiteville facility. He was there, I believe, less
than two weeks. He was a new trainee guard. They put him out in the yard with over a hundred prisoners. He didn't have a radio. He didn't have backup. They beat him so severely that they couldn't remove the bone fragments from his brain. His family was quite upset about that. But there was nothing they could do.

REPRESENTATIVE McGEEHAN: I think your sound bite probably answers certainly my feelings on this issue. And that private prisons are answerable to shareholders and publicly-run prisons are answerable to taxpayers and the legislature, and that, for me, is more telling than anything. And I thank you for your testimony.

Thank you, Mr. Chairman.

MR. FRIEDMAN: Thank you.

CHAIRMAN BELFANTI: Thank you very much.

Representative Sabatina.

REPRESENTATIVE SABATINA: Good morning and thank you for your testimony. My question -- And I don't want you believe that I did not listen to your testimony. I did. My question to you is--since you have a unique perspective in being both in a privately-run facility and a state facility, and since you are
here today, it is obviously a matter of great importance to you—I guess, in your own words, or for you personally, besides the soft drinks and the lack of juice and milk, what is it for you that you believe it is so bad about publicly-run facilities as compared to state-run facilities?

MR. FRIEDMAN: What's so bad about the privately run as compared with the state run?

REPRESENTATIVE SABATINA: Yes. I mean, could you give us some examples as to, you know, just compare the two, I guess?

MR. FRIEDMAN: Speaking from a prisoner's perspective, privately-run prisons are much more favorable because you can get away with enormously more in private prisons. The amount of staff corruption in private prisons was amazing. You could bribe them to get anything in. In fact, the facility that I was at, four prisoners escaped after having wire cutters sent in in a package that a private prison guard accepted for them and gave to them.

So, from a prisoner's perspective, private prisons are great, we love them, because you can get away with an enormous amount of misconduct.

From a public perspective, as someone who
is out of prison and doesn't advocate violence or
misconduct, part of it is a philosophical objection
to privately-run prisons. Because when you talk
about privatizing prisons, you are really talking
about privatizing prisoners. And prisoners are
people. They are people's mothers and fathers and
sons and aunts and daughters. And I have a moral
objection to the notion of treating people as
commodities that simply bolster your bottom line,
particularly when you are profiting from their
incarceration and misery.

Now, not everybody shares that
philosophical opinion and I understand that. But
from a public safety perspective, I believe, as a
prison activist who believes in criminal justice
reform, that the purpose of corrections should be to
correct. That if you put someone in prison for 10
or 20 years and do absolutely nothing for them and
then let them out and expect them to be law-abiding
citizens, that's just insane. It's like taking a
broken-down car and putting it in a garage and
taking it out 10 years later and expecting it to
run. It just doesn't work.

Private prisons have absolutely no
incentive to rehabilitate. On the contrary, they
exist because you have more and more prisoners serving longer periods of time. If you remove their base of prisoners, they lose money. Their incentive is to fill their beds up and keep them full. That's how they make profit.

So, from terms of correction and rehabilitation, public prisons at least have the incentive of public good, and public safety, and releasing prisoners who will hopefully go on and commit no more crimes. Private prisons have the exact opposite philosophy. If people go out and commit more crimes and come back to prison, they make more money.

REPRESENTATIVE McGEEHAN: Thank you.

CHAIRMAN BELFANTI: Thank you very much.

Acting Republican Chair, Scott Boyd.

REPRESENTATIVE BOYD: Thank you, Mr. Chairman.

Thanks for your testimony. I appreciate the fact that you probably have one of the most unique perspectives on this.

Just out of curiosity sake, you said that there were, I think you said, three prisons in Tennessee that were identical, two were public, one was private?
MR. FRIEDMAN: Um-hum.

REPRESENTATIVE BOYD: Do you have any data of since, you know, the time that you spent there, and since then, how those prisons have performed—I don't know if that's the right way to say it—in terms of escapes, violence, problems?

You know, is there -- I mean, because it would seem to me that there would be a pretty good comparison to lay this out and say, here is this one and here are these other two that were public, here is the difference. Is there any data like that available?

MR. FRIEDMAN: To an extent. Part of the problem with researching this subject is, it's very hard to get an apples-to-apples comparison.

When those facilities were built, and soon afterwards, in 1995 and '96, they did some very good studies because at that point they were all very comparable. Since then, the CCA prison has expanded. They added like 500 to 800 more beds which, of course, reduced -- you know, increased their bottom line. The state facilities didn't have similar increases.

Also, the population of the prisons changed. So one of the public prisons, for example,
is a very violent prison, it houses closed security, which is above medium; whereas the private prison house is minimum and medium.

So at that time in '95 and '96 when they did the studies, both on cost comparison and on levels of violence, what they found was the cost-savings were inconclusive at best -- or pennies at best, rather. I think they found that the private prison maybe saved 35 to 55 cents, if memory serves me correctly, per diem, per prisoner. On the levels of violence, they found a higher level of violence at the privately-operated prison.

Since then, I am not aware of any very comparable study between those three facilities, and they have changed since that time which makes it difficult to evaluate them.

REPRESENTATIVE BOYD: One last question. You said that you were there for -- you had served a total of 10 years?

MR. FRIEDMAN: Correct.

REPRESENTATIVE BOYD: Four in the public and then six in the private, am I correct?

MR. FRIEDMAN: That's correct.

REPRESENTATIVE BOYD: So just out of curiosity sake, you seem to be, in my mind, at least
watching you here today, the model of what we would
want people to come out of prison and be like,
articulate, part of society, contributing. How did
it happen that -- What happened? I mean, if you
were in the private one, how did you break away?
How? You know, was it just your own fortitude kind
of thing?

MR. FRIEDMAN: Recidivism rates
nationwide are around 65 percent. And, of course,
that varies from state-to-state. That is just on
average.

What that means is, it's about 35 percent
of people do succeed. You just never hear about
those. And so, certainly, I am not an anomaly.
There is quite a few that go out and commit no
crimes and become productive members of society and
so forth. That's what we want. That's what we say
we want.

But often, state legislatures don't
provide budgets for those kind of programs that
enable people to self-rehabilitate.

When people ask me that question, I say,
people, who get out of prison and succeed, do so in
spite of the system, not because of it. It is a
very brutal system, particularly in the private
prison industry, when people are treated and see themselves as nothing more than commodities to make money for big corporations and then are kicked out. It is very difficult to succeed when you have the stigma of a prison record, which means:

You have difficulty getting a job;
Getting a place to stay;
You are excluded from a number of federal programs, and;
You are excluded from a number of career paths.

Whether I was in a private or a public prison probably would have made very little difference. Private prisons did make me mad. And to have energy and anger that you can focus in a productive way can be good.

REPRESENTATIVE BOYD: Well, I certainly appreciate your testimony and certainly appreciate your candor and openness, being willing to take a very difficult and bad circumstance and try and make it productive for all of society. That is very commendable of you. Thanks for testifying today.

MR. FRIEDMAN: Thank you.

CHAIRMAN BELFANTI: Representative Seip.

REPRESENTATIVE SEIP: Thank you, Mr.
Chairman. This is a follow-up, I guess, to Representative Sabatina's question earlier about differences between private and state-run facilities. I myself had spent sometime at SCI Frackville as a social worker there. And I recognize that inmates are very resourceful and very innovative.

And you did allude to the fact that some of the rules weren't adhered to in the private facilities as they were in the state-run facility. Is that because the staff was -- do you think they were just unethical? Or was it a lack of training and insight on their part? Or if can you just give me some feedback on that, I would appreciate that.

MR. FRIEDMAN: Certainly. And that speaks to several different issues, some which we discussed, including training and turnover, particularly. If you have worked in a state prison, then you probably know that a lot of the guards are seasoned. They are veteran-ed. They have been there a long time. That's their career path. They have come up in the ranks.

And when you have guards that have been in that profession for a long time, they have the
experience, they know how to deal with manipulative
inmates and security protocols and procedures. And
you don't have that with new and inexperienced
staff.

And when you have private prison
companies that have turnover rates of over 50
percent, by their own figures, you have a lot of
inexperienced staff in there that have, in many
cases, never worked in corrections, they don't have
correctional backgrounds so they do not know how to
deal with manipulative inmates.

They are paid low wages. When you are
paid low wages and prisoners offer you hundreds or
thousands of dollars to bring in a small package
from home? Well, if you don't have a career that
you value enough, not to do that, you tend to do it
more. And we have compiled, through PLN and PCI's
website, a vast number of misconduct cases.

Does it happen in state prisons? Sure,
of course it does. But we found it much more
prevalent in private prisons because of the
inexperience of the staff, their low wages, a high
turnover rate. The fact that they really aren't
working in careers as professional correctional
officers, but their job is akin to Burger King or
Wal-Mart. They go in. They go out.

The consequences also are not necessarily as severe. When you work for a private prison company and you are caught having sex with a prisoner, or by smuggling drugs in, they will fire you. Oh, okay. So they fire you and you move on to another job. In the state prison system, they tend to prosecute you. That's a big difference.

Representative Seip: Thank you. Thank you for your testimony.

Thank you, Mr. Chairman.

Chairman Belfanti: Thank you all. And I want to echo Representative Boyd's comments that we all appreciate your candor and wish you the best.

I have one final question, if you can give us a short answer so we don't fall too far behind.

In the case of probation and parole, is there any difference when your minimum is served and you are housed in a private facility as opposed to a public, insofar as whether you are going to get out early for good behavior or what have you? Is there a difference that you know of, in your role as Assistant Editor of this journal?

Mr. Friedman: I have seen almost no
privatized parole systems. I am actually not aware of any. There might be one. But the vast majority of parole systems are publicly operated.

In terms of probation, court-ordered probation, occasionally it does go through privately-operated companies, mostly for supervision purposes, such as GPS monitoring, other such things.

I am not really familiar with that industry. I do recall several cases where studies have shown that probationers who are under privately-operated contracts tend to get more violations.

And you can look at that a couple of different ways. The companies will say, well, we are just being more vigilant. You know, we are doing it better. But opponents say, well, every time you violate somebody, it makes them serve longer on probation, which means that the longer they serve under your company's contract, the more money you make.

I am aware of a couple examples of that, but there is no definitive answer as to whether there is a major difference.

CHAIRMAN BELFANTI: Representative Waters, and then we will need to move on so we can
maintain the schedule.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman.

A quick question I just want to ask to Mr. Friedman, and that is, since you have served time in private and state facilities, I get a lot of letters from inmates, and I guess many of us do, but I am getting a lot now dealing with the medical conditions that they are experiencing while incarcerated.

And if the people who are in the state facilities are complaining that they are not getting the kind of medical attention that they need, then I only could imagine what kind of treatment the people in the private industry, who are looking at the bottom line even more closely, might be receiving.

Can you just give me a little indication as to the comparison between the private and the state facilities when it came down to the medical?

MR. FRIEDMAN: I certainly wish I had more time to discuss that issue which is actually an entirely -- another issue that would consume another committee hearing. Medical care in prison is a huge issue, both for mental health care and for medical care.
And there have been numerous, very good reports: The New York Times; Michigan's newspapers had a big article, a series on medical care in prisons; so did Delaware recently within the last two years.

Instead, I am going to give you a story, and this will be very illustrative of how the private prison companies approach prison medical care.

Keep in mind that not all private prison companies provide their own care, neither do the publics. They contract it out to companies that specialize in it, such as Prison Health Services which is based in Brentwood, Tennessee, or Correctional Medical Services. PHS and CMS are the two big boys on the block, in terms of privatized medical care, especially.

But, the story. At CCA South Central, the prison where I was housed, they had a contract doctor on staff and CCA would pay his salary to provide medical care for prisoners.

They entered into a contract with this doctor that would increase his salary if he decreased medical costs for prisoners, and the primary medical cost for prescription drugs and
outside medical referrals. And not surprisingly, for every year the doctor was there, he maxed-out his salary, and prescription meds. and outside referrals plummeted. That doesn't mean the prisoners didn't need as many meds. and they weren't as sick. It means they didn't get the care.

That contract would have never come to light except for the death of a prisoner who died due to sickle cell anemia complications, and they delayed sending him to a hospital for three days. His family sued and that contractual agreement came out in court. So the private prison company was paying a doctor more to provide less care because, overall, it reduced their expenses.

REPRESENTATIVE WATERS: Thank you. Thank you, Mr. Chairman.
CHAIRMAN BELFANTI: I thank you, Representative Waters.

And again, thank you very much for your very compelling testimony and taking time to be here today. We appreciate that.

MR. FRIEDMAN: I appreciate the opportunity.
CHAIRMAN BELFANTI: Next, we have Joan Erney, Deputy Secretary, Office of Mental Health,
from the PA Department of Public Welfare. Whenever you are prepared, please proceed.

MS. ERNEY: Good afternoon. My name is Joan Erney. I am the Deputy Secretary of the Office of Mental Health and Substance Abuse Services, and we are housed within the Department of Public Welfare.

And I am really here today to provide the committees information regarding our request for proposal that was issued in August, on August 16th, 2007, to solicit proposals to privatize three forensic units that are currently operated by my office. OMHSAS is our acronym so you will hear that throughout the testimony.

I really want to first advise you that we are currently engaged in an active procurement process, thereby I will need to limit my testimony to existing public information, and I will be limited in being able to answer questions that have not already been asked, you know, specific to the RFP, by the bidders, through the technical assistance process.

I also want to make clear that this is different from the other testimony you have been hearing, and are likely to hear today, because this
is not a focus on privatizing prisons. We are a treatment facility, and these are specialized units that provide behavioral health treatment within our state hospitals.

So, currently Pennsylvania operates three forensic units associated with three state hospital sites for the evaluation and treatment of individuals who are in need of forensic behavioral health services. These units are located at Warren State Hospital, which is located in North Warren and Warren County; Mayview State Hospital, which is located at Bridgeville in Allegheny County; and Norristown State Hospital, which is in Norristown, Pennsylvania, in Montgomery County.

There is the current capacity for 218 individuals across those three facilities to be served. The current census is 199 individuals, and there are currently 332 staff. The annual admissions are slightly over 500. And Philadelphia and Allegheny counties represent over 50 percent of the utilization of our forensic units.

The average length of stay at the facilities ranges from slightly over 70 days and up to 140 days. The vast majority of individuals who are served there, approximately 95 percent served at
our facilities return to the county jail that referred them. The remaining 5 percent are moved to the civil section where they may be discharged to the community.

Pennsylvania's per diem averages $713 a day. And according to a report from the National Association of State Mental Health Directors, the national average for similarly situated units is $388 a day. Given the disparity between what Pennsylvania is spending compared to the rest of the nation, and in order to be good stewards of the commonwealth's money, it was necessary to find ways to control costs, bring our costs in line, and maintain the level of quality services that are necessary to operate our facilities.

So, in order to do that, OMHSAS did release a request for proposal to develop two psychiatric-inpatient forensic centers with the capability for community-residential step down and transitional-treatment team services. This initiative would provide for regional access to state-of-the-art evaluation and treatment resources and more fully integrate the complex criminal justice and behavioral health components necessary to successfully reintegrate this population.
In order to achieve the taxpayer savings and ensure quality, the RFP makes it possible for the vendor to do the following:

Provide for the joint administration of two sites, licensed as psychiatric-inpatient facilities with capability to offer co-occurring--that would be mental health and substance abuse--treatment and intervention for up to 220 individuals on the grounds of two state hospitals: Torrance State Hospital in Torrance, in Westmoreland County in the western part of the state and; Norristown State Hospital in Montgomery County in the Southeastern region.

To ensure a treatment approach that promotes opportunities for community reintegration by the development of two specialized residential treatment units for step down and community transition.

In addition, provide for two specialized Community Treatment Teams to support aftercare and integration with Community Mental Health, Drug and Alcohol and local judicial systems.

The request for proposal was released on August 16th, 2007. The bids are due next week on October 31st, 2007. There is a website that does
have additional information. It is through the
Department of General Services. It does, it will
have the RFP listed. It also has all of the
questions and answers that are part of the
procurement process through the technical process.
Thank you.

CHAIRMAN BELFANTI: Thank you. Is it my
understanding, then, that your department deals with
strictly prisoners that have mental health issues?

MS. ERNEY: That's correct. The
individuals who are referred to our forensic units
are individuals who either need a determination of
competency in order to stand trial or they need
behavioral health treatment which is mental health
or substance abuse.

CHAIRMAN BELFANTI: And would these be
adult prisoners as opposed to juveniles --

MS. ERNEY: Yes. These are only for
adults, correct.

CHAIRMAN BELFANTI: -- that are also
covered by DPW?

MS. ERNEY: Yes.

CHAIRMAN BELFANTI: These would be
adults?

MS. ERNEY: Yes.
CHAIRMAN BELFANTI: Any other members have questions?

REPRESENTATIVE McGEEHAN: I do.

CHAIRMAN BELFANTI: Representative McGeehan first.

REPRESENTATIVE McGEEHAN: Thank you, Mr. Chairman.

Well, it goes back to the testimony we have heard earlier today. Although we are saving money, or it appears that we are saving money, these RFPs that have gone out and the responses to the RFPs, do we know the history of these companies who are responding to the RFPs? So that, what is their training? What is their wage salary? What is their benefits package? You know. Are they like we have heard in the private prison setting, motivated to give the best, most reliable, dedicated care that is expected?

If it is the same experience in privatizing your forensic unit as we have seen in privatizing prisoners around the country, I am not very optimistic about the future of the forensic team.

MS. ERNEY: I appreciate your comments.

What I can offer is, within the procurement process,
there is a due diligence that needs to happen before a selection is made. We will, in fact, have an evaluation team that will really go through and look at each proposal.

We have not made a final determination as to whether or not we are going to move forward. That decision is yet to be made. So again, we still are at a process at this point where we are exploring. We felt it was important for us to do that. And we'll -- You know, we really again have not made a final decision, and we won't be able to actually share that with you until probably early after the New Year.

REPRESENTATIVE McGEEHAN: I find it ironic, if I may, Mr. Chairman, that the argument that you are using on the US averages, the per diem rate is $388 and in Pennsylvania it's $713. That looks like a tremendous savings for the commonwealth. And we all want to do that.

But what are the real costs to, if we don't do it right? And that's the experience, at least in my reading of stories about private prisons around the country. In the face of it, it looks like we are saving money.

But the turnover rates, with these
companies that you are dealing with, have you
explored that? Have you explored, you know, what
t heir training program is? How many people have
applied?

You had five bidders, is my
understanding?

MS. ERNEY: October 31st, the bids are
due. We do not, and I will not know, until the bids
come in, how many bidders we will have. We did have
11 potential bidders on site for the technical
assistance questions.

REPRESENTATIVE McGEEHAN: Well, the same
questions that are asked today, earlier, and I won't
belabor this point, are going to be asked. I hope,
Mr. Chairman and Mr. Chairman, that we ask those
questions, after the 31st, to your respective
department.

MS. ERNEY: I would only offer, sir,
because we are in the midst of the formal
procurement process, the process will go as follows:
the bids will come in, there will be a technical
evaluation committee that will review the proposals
and then make a recommendation to the Secretary. At
that point in time, we also then enter into
discussions with the unions and the current
employees and staff of those facilities. So we are far from making a final recommendation.

I would offer that our history in the Office of Mental Health and Substance Abuse Services is that we are clearly very responsible and as concerned as you are about both the health and the safety and the appropriate treatment.

I think the standard document, you know, certainly represents our commitment to not walking away from our obligations to support people with mental illness and substance abuse. We have a keen interest in assuring that it is not driven solely by costs, but that there are also really state-of-the-art and other opportunities for good, quality treatment.

So, once again, there is a process to take place. We have not made a final decision. We do not know what those bids are going to say yet, and I don't know who the bidders will be at this point.

REPRESENTATIVE McGEEHAN: Well, I appreciate that. And knowing that the population of those with mental illness and with drug and alcohol problems are increasing in the general population and in the prison population, I think it is
incumbent upon us to use extra due diligence --

MS. ERNEY: Yes.

REPRESENTATIVE McGEEHAN: -- when we are
talking about these forensic units. These are the
most troubled inmates that we have.

And I hope that after the 31st and you
collated that information and have some preliminary
findings, you will come back to this committee and
make a report and allow us to weigh in on -- in that
decision-making process. As a matter of fact, we
will insist on that.

Thank you, Mr. Chairman.

MS. ERNEY: Thank you.

CHAIRMAN BELFANTI: Thank you,

Representative McGeehan.

Acting Chairman Boyd.

REPRESENTATIVE BOYD: Thank you, Mr.

Chairman. Real quickly.

I presume, I just wanted to clarify --

MS. ERNEY: Okay.

REPRESENTATIVE BOYD: -- if House Bill
1469 would get adopted, Representative Goodman's
bill, would that apply to this effort that you are
currently undergoing the ending of it or --

MS. ERNEY: We are not a correctional
facility so I actually don't know whether you
expanded it to include us or not, sir.

REPRESENTATIVE BOYD: It wouldn't. Okay.

I wanted to kind of clarify that.

And then also, I did notice in your
testimony that really you are kind of different than
just, you know, what we were talking about, a
standard prison, in terms of the average stay is
only 70 to 140 days and it is for evaluation. And
is it treatment, also? Is that what we are --

MS. ERNEY: Yes.

REPRESENTATIVE BOYD: Okay. All right.

I just wanted to clarify for my own mind.

Thank you, Mr. Chairman.

MS. ERNEY: Thank you.

CHAIRMAN BELFANTI: Thank you.

Representative Goodman followed by Representative
Seip and then we will have to move on.

If there are members, and I would like to
mention this, who we do not get to, because this is
a joint committee meeting and we have extra members,
and you are not able to ask your question for a
specific testifier/panelist, please submit those
questions to either my staff or Chairman
Caltagirone's staff and we will try to get those
answers for you.

But we do want our, as good as, as best as possible, stick with the time schedule at hand.

So we will take Representative Goodman and then Representative Seip.

REPRESENTATIVE GOODMAN: I will try to be quick, Mr. Chairman.

Okay. Under the RFP proposal here, currently in the Commonwealth of Pennsylvania, there are three sites and there is 218 individuals served. And then under the new RFP, there is, you are going down to two sites?

MS. ERNEY: Correct.

REPRESENTATIVE GOODMAN: And as Representative McGeehan pointed out, alcohol abuse, mental health problems in our prisons is growing at an alarming rate. As the Deputy Secretary, are you concerned about this, that we are now going to go from three facilities to two facilities and we are going to literally just be covering the two ends of the state?

I found the same situation that happens with our prison systems when you go to a private facility, as there are a lot of hidden costs when you do this.
If you are going from three facilities to two facilities, obviously you are going to save on staffing, but there is going to be a great deal of transportation coming from the 27 other facilities and you are going to have to have guards transporting them, are you not?

Are you going to be taking into consideration, when you look at this RFP, the other omitted costs that come with downsizing from three facilities to two?

MS. ERNEY: Let me first clarify that the reduction to two facilities still maintains the same number of beds. It actually requires to have --

REPRESENTATIVE GOODMAN: And then that doesn't concern you? I mean, there is 218 people like right now are being served at three facilities and you are going to have 220 people at two?

MS. ERNEY: So we are not reducing capacity, we are maintaining the current capacity. And as you see by the numbers of individuals who are currently there, we are not at full capacity, and historically we have not been.

So when we look at what our need is, the three facilities, the total number of beds has been adequate to assure that we have the right capacity
to have folks really be able to come in, have their competency established or evaluated and/or treatment. And we have found that an eastern and a western solution would seem to meet the needs of the local county jails. So we have not reduced capacity, we have only reduced the number of sites.

Secondly, yes, we will definitely accommodate. If, in fact, we would move forward with this initiative, we would certainly be working with the counties to accommodate and look at what the cost might be for transportation.

Currently, all three facilities are available to members across the state. Although, there are certainly the eastern counties tend to refer to Norristown, the western counties tend to refer to Mayview and Warren. When we have additional capacity at those facilities, we clearly make it available for anyone across the state, so they already are traveling.

But we are certainly willing to look at and consider what the additional cost could be for transportation.

REPRESENTATIVE GOODMAN: Okay. And I agree, Mr. Chairman, with Representative McGeehan. I think that another hearing should be held shortly
after the department makes its determination with
regards to the RFP.

    Thank you, ma'am.

    MS. ERNEY: You are welcome.

    CHAIRMAN BELFANTI: Thank you.

    Representative Seip, a final question.

    REPRESENTATIVE SEIP: Thank you, Mr. Chairman.

    Having worked for the Schuylkill County-based service unit when it was employee run
and knowing how it's much different now that it's being privately run, I am just wondering, I guess,
what steps OMHSAS is taking to ensure that there are safeguards and maintaining the same number of
psychiatric evaluations, the same psychotropic medications are on the formularies, the same level
of case management services take place, the same number of treatment team meetings occur, and the
same attention to discharge planning is going to occur at these privately-run facilities.

    MS. ERNEY: The Office of Mental Health and Substance Abuse Services obviously is very
concerned about maintaining the level of quality that we would have if -- that we have in our current
facilities, in any type of privatized model.
REPRESENTATIVE GOODMAN: We can get it off the list (phonetic).

MS. ERNEY: We do, in fact, and do intend to have a performance-based contract where the contract and the proposal would, in fact, dictate the kinds of expectations we have.

If you are familiar with our Behavioral Health, Health Choices Program, we have an extensive standards document and contract that lays out very specifically the kinds of expectations that we have. We would move forward with that same type of relationship with any vendor.

We also, in the RFP, have laid out our ongoing obligations to monitor. We also will continue to do the licensing of the inpatient-psychiatric facility. That is a responsibility that is required by OMHSAS as well as the Department of Health, so we would very closely be monitoring and overseeing the program.

REPRESENTATIVE SEIP: Thank you, Madam Deputy Secretary.

MS. ERNEY: Thank you.

REPRESENTATIVE SEIP: Thank you, Mr. Chairman.

CHAIRMAN BELFANTI: Thank you very much.
The next person to testify is another administration official, William Sprenkle, Deputy Secretary of Administration, Pennsylvania Department of Corrections.

And at this point I would like to beg everyone's leave. I need to leave to get back to my doctor. And I am going to appoint Representative McGeehan as my Acting Chair in my absence.

REPRESENTATIVE McGEEHAN: Thank you.

CHAIRMAN BELFANTI: And thank you very much for your attendance, and I apologize that I will not be here for the remainder of today's hearing.

MR. SPRENKLE: Thank you, Mr. Chairman and committee, for giving me the opportunity to comment on House Bill 1469.

The privatization of public services has been a topic of debate for decades. Advocates claim that private providers can deliver many essential services with greater efficiency and effectiveness than can public agencies. Indeed, privatization efforts often hinge upon calculations of cost-savings resulting from turning public functions over to private or nonprofit entities.

Opponents of privatization argue that to
the extent that private providers ever achieve economies over public providers, they do so primarily by slashing wages and benefits for workers and cutting the quality of services delivered to taxpayers. They also point out that where privatization occurs in essential functions such as policing, corrections and other public safety areas, there occurs a dangerous delegation of authority from public servants to profit-minded entrepreneurs.

The larger public debate over the merits of privatization, though important, is beyond the scope of my testimony today. Instead, I will focus on privatization within the domain of corrections.

The management of prisons has become a lucrative business opportunity for private prison providers across the nation, such as Corrections Corporation of America, referred to as CCA, and the GEO Group, Incorporated, formerly known as Wackenhut Corrections Corporation.

Looking at prison privatization nationwide, 7.2 percent of all federal and state inmates at midyear 2006 were housed in privately-operated prisons, up 10 percent from the year before. As stated in earlier testimony, this represents 111,975 inmates held in private custody.
This does not include offenders who may be held in facilities where services are partially provided by private firms.

As of 2006, 31 states and the federal government housed at least some of their inmates in private facilities. Indeed, the private prison industry held enough inmates to constitute the fourth largest prison system in the country, behind California, the Federal Bureau of Prisons, and Texas, respectively.

While advocates of prison privatization offer many arguments in favor of privately-run facilities, I would like to focus on three rather bold privatization claims:

One, that private providers can operate prisons in a more cost-effective manner than can the state;

Two, that private providers can deliver better treatment services and ultimately produce greater reductions in recidivism; and more important,

Three, that private providers can maintain safety and security at least as well as can state-run prisons.

The evidence suggests that these claims
are largely overstated and are not supported by solid scientific evidence.

First, the best evidence available about the cost of public versus private prisons indicates that overall there is no financial advantage to privately-run prisons. A major review of nearly three dozen studies on this question found that there was no statistical difference in the cost of private and public prisons. More important factors driving costs were the size, age, and security level of the prison.

Second, there have been few rigorous studies comparing the recidivism rates of public versus private prisons. Much of the data that does exist comes from the State of Florida, and various attempts to analyze it have produced conflicting results.

A major review of the existing research, however, concluded that there is no statistically meaningful difference in recidivism rates between public and private prisons. Closely related to this finding about the impact of services delivered in private prisons is the strong concern that they often rely upon poorly paid staff, suffer from high turnover rates, and tend to take the more manageable
inmates into their systems, leaving the more
difficult and disruptive inmates for publicly-run
facilities.

Third, and most importantly, there is no
support for the claim that privately-run prisons are
safer and better managed than public prisons. A
review of the research conducted by the Federal
Bureau of Justice Assistance found, among other
things, that private prisons have lower security
staffing levels, which undoubtedly contributes to
the cost-savings that may be produced, and more
staff and inmate assaults than do public prisons.

Management problems have been noted in
every state that operates private prisons. Such
problems are perhaps best illustrated by significant
management failures that occurred recently in three
states: Colorado, Louisiana, and Tennessee. These
states have heavily participated in the prison
privatization movement, with each having multiple
privately-owned and operated prisons. While
findings may be mixed about cost effectiveness,
quality of treatment services, and facility
management, overall, the data document significant
problems encountered in these states that cannot be
overlooked.
One of the more egregious incidents occurring in the privately-owned facility included a riot which took place in the state of Colorado in 2004. The facility was significantly damaged and multiple injuries were reported.

Investigations of the incident revealed troubling findings about security protocols and related issues that prison staff failed to address, including: inconsistent completion of forms on reportable incidents, emergency plan compliance and response team staffing and training, use of ambulance and emergency room services for routine medical care, mental health and medical treatment staffing ratios, tracking of security threat group intelligence and gang activity report filings, accuracy of quarterly reports, case manager attrition, and inmate grievance processes.

Even though the Colorado Department of Corrections cited the private facility with numerous violations prior to the riot, prison management did not address these critical problems which contributed directly to the riot.

Troubling findings also were revealed with the state of Louisiana's experiment with prison privatization. When compared side-by-side, its
state-operated prisons outperformed privately-owned and operated prisons on several important measures. For example, it was determined that the state-operated prisons had fewer escapes, had fewer reported aggravated sexual misconducts, and were more effective at monitoring and controlling substance abuse among inmates.

An audit of one privately-owned juvenile facility revealed serious oversights concerning the physical conditions of the prison and staff treatment of inmates, including findings that prison staff were physically abusive, that substance abuse was rampant, and that the conditions inside the facility were dangerous and even life-threatening.

Finally, findings about cost effectiveness and other outcomes within a CCA-operated prison in Tennessee also called into question the advantages of private institutions compared to state or publicly-operated facilities.

An independent audit of CCA and two comparable state-run facilities revealed that all three institutions received statistically identical scores across a variety of performance measures. Moreover, this study concluded that there were no cost-savings produced by the CCA facility.
Another study by the Bureau of Justice Assistance reported that CCA facilities in Tennessee and elsewhere reported the average daily cost-per-prisoner as $30.51. This company, in turn, billed clients like the state of Tennessee an average of $42.72 per prisoner, which put CCA's costs at about 20-percent higher than similar facilities run by the state. Additionally, a study revealed more assaults and security issues in privately-operated facilities than state-run institutions.

More detail in these cases can be found in the appendix to this testimony, but the point remains that prison privatization, while promising great cost-savings, efficiency and effectiveness of operations, operates on a very weak foundation of evidence about its effectiveness and raises many issues regarding public safety and delegation of public authority to private entities.

This is not to say that the use of vendor-provided services has no role in corrections. The Pennsylvania Department of Corrections has, for years, contracted with private and nonprofit providers for various services in the day-to-day operations of our prisons.
Presently, we contract for about half of our outpatient alcohol and other drug treatment services, and all AOD services at our dedicated treatment prison, SCI Chester, are provided by a vendor.

We also contract for various treatment services, such as our new parenting program. In addition, 36 of our 49 community corrections centers and facilities statewide are operated by vendors.

In the area of medical services, we contract for physician services at all of our institutions. We recognize that private and nonprofit providers can make valuable contributions of specialized and highly complex treatment and other services needed in a complex correctional system.

The Department of Corrections concludes that at this point, though, privatization of entire prison operations in Pennsylvania would undermine the solid reputation for safe, secure, orderly and effective prison management that has been established by the corrections professionals in the commonwealth.

I thank you, and at this time I would welcome any questions.

CHAIRMAN CALTAGIRONE: Thank you.
Questions from members? Will.

REPRESENTATIVE GABIG: Thank you, Mr. Chairman.

We just heard from two deputy secretaries of the Rendell administration. And when I leave here, I want to make sure I understand the position of the Rendell administration on this issue.

You were here for the testimony of the prior deputy secretary from DPW, were you not, sir?

MR. SPRENKLE: Yes, I was.

REPRESENTATIVE GABIG: And they are having an initiative to explore, if I understood the testimony and the questions and answers, privatizing forensic mental health treatment in our prisons, in our state prisons, is that right? Did I understand her testimony correctly? I mean, is that how you understood her testimony?

MR. SPRENKLE: I understood her testimony as contracting out bids for forensic treatment.

REPRESENTATIVE GABIG: And is that privatization, then, of that function of the state prison system? Or am I misunderstanding it?

It seemed I heard some of my colleagues ask some questions, the Chairman, I think McGeehan might have had a question on that and I think the
maker of the bill had a question on that, and they seemed to oppose that --

MR. SPRENKLE: Um-hum.

REPRESENTATIVE GABIG: -- if I was following their questions and answers, opposed privatization of mental health treatment for prisoners, this process that is going on, this bid process.

And so, I am just trying to get clear, in my mind, the Rendell administration's position on privatization of prison functions. You said you support some, you do some right now, private vendors?

MR. SPRENKLE: Yes, we do.

REPRESENTATIVE GABIG: And so, do you support this attempt or this endeavor to privatize the mental health treatment of the prisoners in our state prisons?

MR. SPRENKLE: Yes, we do support it.

REPRESENTATIVE GABIG: Okay. I would just like to make a comment. I know this is question and answer and we are running out of time. But I come from a law enforcement background here. Over in Cumberland County, we had a big prison riot years ago. You probably even
worked for the department, as a younger man. And so, I feel that there are core functions of government, that government public employees should do: national defense, police. And prisons, in my mind, falls into that category. I think that's a core function of government.

And so, they should be public employees, government employees, dedicated to public service, providing these services, accountable. Of course, we are going to try keep costs down at the government level just like a private sector tries to keep costs down.

My concern comes in, though, there are interests in government, just like there are interests in the private sector. I am not anti-private sector. I am very pro private sector, as people here know, and free market. But I do believe there is these core functions.

And so, I think we need to be somewhat careful when we move down these roads, turnpikes, when we are going to privatize government functions. And we need to do it smartly. You know, there is a lot of things, I think, we do in the government that we shouldn't be doing. The private sector could do it much, much better.
But when you are, you know, trying to protect society from murderers and rapists and drug dealers, the people that are in our state prisons, I want to have somebody that is dedicated to that job from a public service standpoint.

There is going to be problems. There is going to be abuses. I prosecuted guards for abusing things. You know, that happens everywhere you are. It happens in the military. I prosecuted fellow military people. But as an institution, it's, you know, it's a -- You know, the US Military is a fine institution. Our state prison system is a great institution.

So I am a little leery of this, but I don't want to -- I think we can go too far on it. And if some of these things, the administration's initiative to privatize some of these things which are, I don't want to say extraneous to protecting public safety, but it's that additional thing, this medical treatment and all of that, those are subsidiary things that come with the main goal of protecting society from convicted criminals.

So, I guess that is my concern. When I heard those questions that we need to, you know, sort of knock down this Rendell administration
initiative, to explore ways that we might more
effectively provide health care, when we know the
cost of health care is going through the roof for
everyone, including government agencies, I would
just caution my fellow colleagues to at least give
the administration a shot at this. Let them go.
The department seems to be supportive of it. So I
don't think we need to be such a strong break on
that initiative.

But, you know, with those comments, I
would listen to some wiser heads that are hearing
it.

CHAIRMAN CALTAGIRONE: Thank you.

There were some additional members that
came to the panel, and would you please introduce
yourself for the record so that you can be recorded.
The back row, and then also Ron.

REPRESENTATIVE SHIMKUS: I am
Representative Frank Shimkus from the 113th District
of Lackawanna County. Thank you, Mr. Chairman.

REPRESENTATIVE WILLIAMS: Representative
Jewell Williams from Philadelphia County, 197th
District.

REPRESENTATIVE COX: I am Representative
Jim Cox from western Berks County, 129th District.
CHAIRMAN CALTAGIRONE: Carl.

REPRESENTATIVE MANTZ: Thank you very much for your testimony. I found it very, very interesting.

One question, however. To the extent that it does exist, how extensive are prisoner rehabilitation programs in our state correctional institution today?

MR. SPRENKLE: Yeah. A major focus of the department today is to ensure that we are providing adequate programming, and not just provide treatment but provide evidence-based treatment that we know will, in fact, have a direct impact on recidivism. So the whole re-entry aspect of what we do is a very critical component of the mission of the department.

REPRESENTATIVE MANTZ: Um-hum. Have any of those rehabilitation programs that you referred to been contracted out?

MR. SPRENKLE: Yes, some of them have been contracted out. For example, in my testimony, I referenced the new parenting program will, in fact, be contracted out.

REPRESENTATIVE MANTZ: Um-hum.

Percentage-wise, of those program participants,
rehabilitation program participants, how many have been -- But has a comparison been made between the success rate of both the private, those who have been exposed to the private, contracted-out services and those that have not?

MR. SPRENKLE: At this point, Representative, I am not familiar if, in fact, we have yet completed a comparison. It's very early in the process.

REPRESENTATIVE MANTZ: I see. Thank you.

MR. SPRENKLE: Um-hum.

CHAIRMAN CALTAGIRONE: Representative McGeehan and then Waters.

REPRESENTATIVE McGEEHAN: Thank you, Chairman Caltagirone.

I want to follow up on Representative Gabig's excellent observations and real-life experience. I have asked a number of times from a number of presenters, and we have heard anecdotal evidence, that you, as the Deputy Secretary of Administration with the Department of Corrections, what's the minimum training for a guard in the state facility versus your knowledge or experience of what kind of training someone in the private sector -- a privately-run prison receives? That's the crux of
what we are trying to get to.

Are you more trained? Are you better able to handle confrontations and emergencies in these facilities as opposed to somebody who works in a privately-run prison?

MR. SPRENKLE: Well, I can certainly speak on what we provide in the Department of Corrections. I can also comment that our research indicates that in a privately-run facility, one of the first things that will get reduced is training because of the cost involved.

Let me just give you an example of what we do in the state Department of Corrections in terms of training. Every new corrections officer that is hired goes through five weeks of basic training. For the first entire year of employment, that new employee is in a training phase. That new employee gets daily contact training, and mentoring from training sergeants, and supervision from training lieutenants.

That first year is organized, coordinated in a way to make certain that our corrections officer trainees are not prematurely placed in a post without being thoroughly prepared to do the post orders, the duties specifically to that
assignment.

For example, when a trainee graduates from the academy, that trainee can only work a multiple post, meaning that trainee must work with experienced staff for at least three months before that trainee is assigned to a single post. Prior to that employee or trainee working that single post alone, that trainee will work with a seasoned corrections officer.

Now, obviously, if our focus was the bottom line, a profit, we would accelerate that significantly to help to reduce overtime.

REPRESENTATIVE McGEEHAN: In your experience, there are privately-run prisons in Pennsylvania? There are --

MR. SPRENKLE: There is a privately-run county facility, and I am not familiar with their specific training requirements.

REPRESENTATIVE McGEEHAN: In your job as the Deputy Secretary for the Department of Corrections, what is your experience? And I am sure you interface with your colleagues in other states. What is the minimum training for someone in a private prison? Do we have that information? Or is it company-by-company?
MR. SPRENKLE: Based upon what I am hearing and our research, it's really company-by-company. And it's -- I am hearing less. It's less. But I don't have specific figures.

REPRESENTATIVE McGEEHAN: I appreciate, Mr. Chairman, your indulgence.

If could you contact those states, your colleagues in those states --

MR. SPRENKLE: Sure.

REPRESENTATIVE McGEEHAN: -- and if we could see the minimum requirements, you know, for those positions in those privately-run prisons, that would help us tremendously.

MR. SPRENKLE: Earlier testimony mentioned that in most instances, they commit to complying with ACA standards which is significantly less than in the state.

MR. McGEEHAN: Thank you.

Thank you, Mr. Chairman.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman. For the record, my name is Ronald Waters and I have served in the 191st Legislative District which is southwest Philadelphia, west Philly, and Delaware County. I have Yeadon Borough.

Mr. Sprenkle, did I see this correctly?
MR. SPRENKLE: Yes, sir.

REPRESENTATIVE WATERS: When I go to visit certain correctional facilities throughout the state, I noticed that, in Graterford, in particular, they cut out their hobby program. That the guys were building boats and other things that you can use for visual enjoyment. And they said that they wanted them to concentrate more on programs that might make them job ready when they come home.

And when I went out to a facility in SCI Greene Area, it wasn't this -- I went to SCI Greene, but there is another one close to it. It begins with an F.

MR. SPRENKLE: Fayette?

REPRESENTATIVE WATERS: Fayette, yes.

And I noticed that the guys there were involved with building furniture. And I kind of question that because I don't believe there is many places in the area where they actually manufacture furniture in this area, in Pennsylvania. So I kind of wondered, what kind of employment goals would they be able to find, when they get out, with those skills, and there is no furniture manufacturing places here?

And then when I went to Cambridge Springs, the female facility, I noticed that the
female inmates there were learning how to do braille and pretty much guaranteed a job making about $30,000 starting when they were released. I thought that was a great head start for them when they are coming home. And then they also had the cosmetology classes that they are taking.

If we are really going to change the recidivism rate, which is costing the taxpayers, if people are constantly coming back to jail and not coming out corrected, what are we doing in the state in terms of educating people, making sure they get --

They come there a high school drop-out, which many of the people are when they come to prison, what are we doing to educate them, to add value to their life, so that when they come home, they will have a better shot at being a productive member of society, for the interest of public safety?

MR. SPRENKLE: It's a very good question. The Department of Corrections, first of all, is committed to make certain that all of our inmates receive adequate education.

You mentioned the furniture factory at Fayette. I assume that's the metal fabrication shop
that is run by our correctional industries. While that particular shop or industry of furniture manufacturing has limited employability, I think it is important for us to understand that we also have the need, the obligation within the department, to make certain that we provide as much internal employment opportunities for our inmates as possible.

That particular program, in particular, is a very well-run operation. And one of the things that that industry, along with other industries, does provide to our inmates is work ethics. To make certain that they understand that they have responsibilities, that they need to report to work on time. They need to know -- They need to make certain that they are providing the work that is expected of them. All right?

In addition to attending that employment, they also participate in program activities.

REPRESENTATIVE WATERS: I truly appreciate that, the work ethics, I think that's important. But there is guys sitting in Graterford, in particular, who have got masters degrees and they can't do anything with them. So I just -- Work ethics is good, but what good is work ethics if you
are not ready, job ready, when you come home?

So I was just a little concerned about, are we getting people ready for work and then when they come home, they can't find a job because they are not qualified for any productive employment opportunities that exist? I was just wondering, are we really gearing people towards gaining employment when they come out?

And I appreciate what you said about the work ethics. That's important, too. But they can also learn work ethics, along with the job skills, that they can gainfully acquire when they come home, too.

Thank you, Mr. Chairman.

CHAIRMAN CALTAGIRONE: Neal.

REPRESENTATIVE GOODMAN: Thank you, Mr. Chairman.

Thank you, Deputy. I was very interested in the one part of your testimony here, where it says, we recognize that private and nonprofit providers can make valuable contributions of specialized and highly complex treatment and other services needed in a complex correctional system.

But that the Department of Corrections concludes that, at this point, though, the
privatization of the entire prison operation in Pennsylvania would undermine the solid reputation, and then it goes on to say about the safety and well-being of people of the commonwealth.

I appreciate many of the different questions that have been asked by my colleagues today, and we can go off on many different topics here. But I would like to bring us back to House Bill 1469, which, if enacted, would impose a moratorium on the operation of construction of a private prison at the state level and creates a legislative task force to conduct a comprehensive study with regards to private versus public prisons. I mean, that's what this legislation will do.

You know, I am not someone who is against private enterprise, you know, in the commonwealth. I mean, if we can, if there are ways that we can do things throughout government privately, and better, I am willing to listen to that.

But my reason for introducing House Bill 1469 is because, as many of my colleagues know, we have an overcrowding situation at all levels here in Pennsylvania: county, state, and federal. And there are anywhere from three to four new prisons being proposed throughout the state.
And I think it's important that this type of legislation moves forward so that we answer the question about private prisons before we go down the road of accepting contracts or considering them for state-run facilities.

And I only mention that, Mr. Chairman, so we can bring us back on to the legislation, because I know we are going over the time limit.

But it's important that we remember that this legislation deals with state facilities. And if there are ways that we can make the Department of Corrections at the state level more competitive, by looking at alternatives in the private sector, I am all for that.

But, if I understand your testimony, the Department of Corrections does not want to see us go down the road where we privatize an entire prison, am I correct?

MR. SPRENKLE: That is correct.

And we want to make certain. We believe that we can do the core mission of corrections, the direct care, custody, and control of inmates. We can do it better than a privately-run operation.

REPRESENTATIVE GOODMAN: And I think that even when we look to privatize certain segments of
the Department of Corrections, that in the back of our mind should always be, even though it may cost us a little bit, that we may save money up front; in the long run, every time we take something out of the Department of Corrections and turn it over to a private contractor, profits is their motivation.

That is just a point I wanted to make.

Thank you, Mr. Chairman.

CHAIRMAN CALTAGIRONE: Thank you. Are there any other questions? Representative Cox.

REPRESENTATIVE COX: Thank you, Mr. Chairman.

Just a quick question. You mentioned, and I think you put it nicely there, you feel you can do, you can take care of the care, custody, and control better than a private entity.

I guess the question that's been recurring in my mind, as I have listened to testimony this morning--I listened to quite a bit of it, I sat over on the side there before I came up here--but one of the things that I keep going back to is, have you, within the Department of Corrections, have you identified waste?

One of the things that the legislature this year has been challenged with is identifying
ways that we can change, that we can rebuild the trust.

I think the Department of Corrections is potentially struggling from the same thing. How can we make sure we are doing our job as efficiently as possible, continue to do the goal that is set before us, and yet do it in a way that the taxpayers are getting their money's worth, so to speak?

Have you gone through the process of identifying waste within, of ways that you can implement some cost-saving measures, things like that?

Have you done an internal analysis and come up with some ways that you intend to make some changes?

Because a lot of what this moratorium is going toward is, where can we save some money, so do we have a moratorium or not?

But if we can see that you are doing everything you can to minimize costs, I think that would give a lot of us a great deal of confidence that we should continue to allow the Department of Corrections to go forward.

MR. SPRENKLE: Let me just mention that as good stewards of our budget, the question of, can
we do it better, can we continue the quality of
service for less cost? All of those things are
issues that we deal with daily in the Department of
Corrections.

You mentioned specifically what
cost-savings we think about and we implement. The
cost-savings is something that is very important to
the Department of Corrections.

Let me just give you a for instance. By
policy, every facility is required to have a meeting
at least once per month on identifying cost-savings
initiatives, to send those initiatives into the
central office, that we will review at least
quarterly. And we implement those changes that, in
fact, save us money without jeopardizing the quality
of the service that we provide.

CHAIRMAN CALTAGIRONE: Thank you for
your testimony. We appreciate it. We will next
move to -- Oh, I am sorry. Was there somebody?

REPRESENTATIVE COX: No.

CHAIRMAN CALTAGIRONE: Okay. Monique
Hales-Slaughter and Stan Shulliba from the Resources
for Human Development. I hope I pronounced that
right.

REPRESENTATIVE McGEEHAN: Before you
begin, the Chairman must warn you that you are the
only thing in the way of -- between you and lunch.

MS. HALES-SLAUGHTER: We do realize that
and so we are going to be brief. And I would like
to thank the Chairs and the committees for having us
and allowing us this time to comment. And I just
wanted to note, my name is Monique Hales-Slaughter
and I am with Resources for Human Development. And
this is not Stan Shulliba. This is Naeemah Solice
Nelson, also from Resources for Human Development.

Resources for Human Development, RHD, is
a nonprofit, tax-exempt organization registered to
conduct business as a 501 (c)(3) corporation. RHD
has more than 35 years of experience in providing
and coordinating supporter services to a variety of
programs, with particular emphasis on serving
populations with mental health issues, drug and
alcohol addiction, criminal justice involvement, and
homelessness.

RHD typically provides mental health and
substance abuse inpatient and outpatient services
and re-entry services to individuals upon release
back into the community.

We encourage this committee to consider,
regardless of who operates the facility, that
individuals with mental illness and substance abuse issues need services before, during, and after incarceration so that they can be on track when they get out and become rehabilitated, contributing members of society.

The number of inmates with serious mental illness in jails and prisons in Pennsylvania and the nation has risen dramatically over the past 25 years, along with the overall jail and prison populations.

At the end of 2005, Pennsylvania have 42,380 incarcerated adults, more than 10,000 of whom were diagnosed with a mental illness, according to the National Alliance of Mental Illness in Pennsylvania. More than 16 percent of the Pennsylvania State Prison population suffers from a mental illness. These incarcerated, mentally ill individuals are more likely to spend longer periods of time incarcerated than the general population and are more likely to return with the staggering 75-percent recidivism rate.

Ms. Nelson: The handout that we are sharing with you today describes this Jail Diversion model that is in line with the 2006 recommendations by the Forensic Workgroup of the Pennsylvania Office
of Mental Health and Substance Abuse Services. This model would divert people with serious mental illness and substance abuse, who have committed a nonviolent act, into a program that would provide appropriate case management, treatment, housing, employment, and appropriate social services.

Michigan's Ionia County Jail Diversion Program provides services for mentally ill offenders, reducing recidivism and saving the county an estimated $80,000 to $100,000 in monthly incarceration costs, the Grand Rapids Press reported on 2000 -- excuse me, on July 27th. Participants receive a combination of mental health care, substance abuse treatment, and assistance finding jobs or housing.

The Jail Diversion Program would develop a county-based collaboration of professional stakeholders in corrections, law enforcement, prosecutors, defense attorneys, parole, mental health, substance abuse, housing, employment, benefits, and mental health consumers with experience in the prison system. This collaboration would create a comprehensive service delivery for -- excuse me, a service delivery system for jail diverted people with as well as the infrastructure
needed to support the delivery system. At the core of the Pennsylvania Jail Diversion Program would be a hybrid case management/linkage practice that would coordinate services within multiple systems, including the criminal justice, social service, mental health, work force development, et cetera, to enable clients who have been involved in nonviolent misdemeanors to remain in the community, ultimately fostering independence and reduction in recidivism.

MS. HALES-SLAUGHTER: We recognize that we are not taking a position on whether this committee should privatize or not privatize. We are a community-based social service provider, and merely suggesting alternatives to help reduce our inmate population in Pennsylvania.

So recognizing that we are between you and lunch, we want to thank you for this opportunity. We will entertain any questions that you might have. And we welcome the opportunity to discuss this further with you at another point in time.

CHAIRMAN CALTAGIRONE: Let me just say this. That, you know, for years now, I have been mentioning to fellow members and others that want to
listen that the nonviolent offenders, those with mental health problems, drug addiction, alcohol addiction problems that have probably done more harm to themselves and their families than society at large, just, you know, the cost of incarcerating people.

I know they have committed offenses, I know, you know, they have violated the law in some degree, but I don't believe they belong formally incarcerated.

I think we need to get smart on how we are doing business in this state, and the amount of money that we are spending.

And I just hope that we are setting the stage for re-thinking what we are doing with our whole correction system. And that, what you are suggesting and what you have been doing, I think, you know, we are starting to see more and more of this.

And I do believe that the time has come, because of the costs associated with it. And Ronnie, Representative Waters, was just saying, you know, when you think about how much we are spending on each one of the inmates compared to what it is costing to send our kids to college? And, you know,
you begin to wonder, where are we putting our resources to use, the best use?

And try to cut down on that recidivism rate. I mean, the mental health and the drug and alcohol, a very, very large percentage of what's going into the system. They do need help, but I don't think they need help formally incarcerated.

So that's the end of my message. Go ahead.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman. I am glad to hear him say that, because I have a bill in his committee. I have got a bill in his committee and I want him to take a look at.

Hopefully, the people, the members on this committee, will favor using another method of dealing with a person who is truly, in many cases, they are nonviolent. They just got a drug problem. They are more like someone with a disease and a sickness than they are where a person who needs to go to a correctional facility, where perhaps their involvement there might lead them to coming out in more condition to continue criminal behavior.

We need to treat their sickness, where we can put them in a facility where we can concentrate on exactly what they need to get their life back in
order. And like the Chairman said, they do more harm to themselves than they are doing to society. But if a person goes in and comes out with -- based on association, perhaps more violent than they went in, then we need to re-think the way we are spending our taxpayers' dollars. So.

And even though you are not here to talk on privatization? Truly, if you do this, privatization, we'll not benefit from that because it is better for people running a private industry to put people behind bars, regardless of their offense; do you agree?

MS. HALES-SLAUGHTER: Yes, I do agree.

REPRESENTATIVE WATERS: Okay. All right. And thank you, Mr. Chairman, for allowing me to make those comments. And I had to get that in about my bill in your committee, too.

CHAIRMAN CALTAGIRONE: Are there any other questions? If not, we will take a break.

MS. HALES-SLAUGHTER: Thank you.

MS. NELSON: Thank you.

CHAIRMAN CALTAGIRONE: And we will back. We will reconvene about 1:45 for our hearing.

(RECESS TAKEN.)

CHAIRMAN CALTAGIRONE: So we are
running a little behind schedule. So Roy Pinto and
Percy Poindexter.

MR. PINTO: Good afternoon. My name is
Roy Pinto. I am Vice President of the Pennsylvania
State Corrections Officers. On behalf of the PSCOA
and more than 10,000 members, I want to thank you
for your leadership and the service to
Pennsylvanians. Let me also thank you for your
commitment to keep our communities safe as well as
our families.

I submitted my testimony. And due to a
lot of it being covered, I am only going to touch on
a few facts and hopefully answer a lot more
questions.

One of the issues is: we have 27
institutions in the Department of Corrections, but
we also have three forensic units which are our
people who maintain care, custody, and control of
the mentally ill in those three facilities. So we
really represent 30 facilities.

Our position on privatization is simple.
Evidence clearly shows it doesn't work where public
safety is involved and we oppose privatization.

There are many apples-to-apples
comparisons. California, in 2004, had 140,000 in
private population and they had 160,000 in public population. There were no escapes from the public population.

One of the things that I want to point out to you guys is, our forensic units, in a decade, has only ever had one escape since they have come into being. Percy will touch a lot more on the forensic side. I just want to cover some of the privatization.

Our privatization, when we get into comparing costs of privatization, the Department of Corrections tried privatizing our medical facilities with Wexford, here, not too long ago. Wexford couldn't uphold their bargain so that was a clear example where the lowest bidder did not provide the service that was needed.

When you get into considering privatization being cheaper than the dedicated men and women who run our corrections and our forensic units, you get involved in numbers. And when you get into something that doesn't produce a product—where if you privatize a company that produces a button, they have a product at the end of the day—when a human being is involved, you can't put a price on it. Okay? That's government's
responsibility, to maintain. We are a reflection of what the government wants us to keep under control.

There is only three ways to affect those costs: either cut the service; you cut the number of people you are providing the service to; or you cut the staff. Those are the three determining factors.

We are not here to oppose someone getting that treatment; in fact, the opposite. We feel that the men and women who are confined to these units receive the best care they possibly can under the current system.

Our forensic units are, those people have pending charges or are doing time and they become a problem in the Department of Corrections, whether it be for medication reasons or psyche reasons or a number of reasons. These men and women who work forensics are better trained than our corrections officers because they have the care, custody, and control of those people, but they also administer treatment. So it's a very complex issue that shouldn't be put on the block.

So I ask that -- for support to help maintain control of our forensic units and look to add them to our Department of Corrections facilities
because the Labor Board has considered these
individuals, who have the care, custody, and
control, corrections officers, just as the union
thinks they are. They are well-trained corrections
officers.

And at that point, Percy.

MR. POINDEXTER: Thank you. Good
afternoon. My name is Percy Poindexter. I am Vice
President of the Pennsylvania State Corrections
Officers Association. I am also a forensic security
employee assigned to the Norristown unit, with 18
years of experience working in the state mental
hospitals. The last 10 years were spent working as
a forensic security employee at the Norristown unit.

Privatizing these units, which hold some
of the state’s most dangerous criminals, is a severe
misjudgment by this administration and a reckless
gamble with public safety.

I am going to modify some of my
testimony, too, because it talks about
privatization.

And this is the first time in my career,
as a state employee, I have ever had to say anything
negative about a decision that the administration
has made or what my department wants to do. And it
pains me greatly to sit here and talk negative about DPW. And I have never had to do it.

I just want to say, we are trained. Our training mirrors the Department of Correction. But, like he says, it goes one step further and we have psychiatric training.

Most of the men and women you see sitting behind me over there are forensic security employees and a couple of correction officers.

Our training. Most of us have come, like myself, from the state hospital system as a psychiatric aide so we have all had training with psychiatric patients in mental health.

And we are all part of the treatment team. I don't think there is a private company out there that can give the care and treatment that we do for these inmates, these patient inmates, across the state, cheaper or better. It's just ridiculous to think that they can.

The department was asked, a couple of months ago, about privatizing. They said, no, they had no intention on doing it.

We are in collective bargaining right now. They have not mentioned the fact that they need to bargain with us on reducing costs. I asked
that question to somebody in the department and I
also got a no answer. Oh, no, everything is fine.
We don't need talk about that. We are not
privatizing.

If you want to look at cutting costs? I
am going to cut my testimony and just say, if you
want to look at cutting costs, bargain with the
PSCOA on doing that. We are willing and able to sit
down and talk about cost measures in this contract.

Thank you.

CHAIRMAN CALTAGIRONE: Thank you.
Questions? Tim.

REPRESENTATIVE SEIP: Thank you, Mr.
Chairman.

I have a question about -- I guess I just
want some clarification on it. As I had mentioned
before, I had worked at SCI Frackville. The
facility is entirely under the superintendent and
the deputies of the two departments, ultimately,
even though there are, at times, I guess dental
services or medical services that may be run by
private companies; is that accurate to say?

MR. PINTO: Yes. What happens in that
facility is all of our institutions, with the
exception of our three state hospitals. Because
there is a civil section, which people are committed
to get treatment, and there is a forensic; they are
two very different treatment programs for two very
different types of people. Okay? And they fall
under the DPW. Our correction facilities fall under
the DOC.

However, the Labor Board, some years ago,
said that they perform the same duties, which is why
they are corrections officers in the forensic units,
that because they are the corrections officers there
that maintain the security of the forensic units.

Does that answer it?
REPRESENTATIVE SEIP: Okay. Yes.

And when I worked at Frackville, I had
the opportunity -- I was not a state employee. I
did have an opportunity to participate in some of
the training, though, that was offered by the
Department of Corrections. And is that still the
case today, that there are opportunities for people
to participate in trainings?

MR. PINTO: Yes. It was testified
earlier, when the department hires you, you go to
Elizabethtown for a six-week training orientation.
They have a very extensive program set up.
Actually, I think the Deputy Secretary has a lot to
do with that. And it's a great program.

And then not only -- Your training
doesn't stop there. You remain on trainee status
for another year-and-a-half of training. So, in
essence, we tie up about a year-and-a-half of
training. You are evaluated at the institution as
well. So everybody takes part in that training.

I don't know that then our people are
ever done being trained.

REPRESENTATIVE SEIP: Right. Absolutely.

And I guess the point I am trying to get at is, is
that the facilities are under the control of the
Department of Corrections; ultimately the
superintendent runs the institution; supported by
the deputies of treatment or security; and the
training is even offered by the department to the
private companies.

And I recognize the investment that the
department has in all of their employees.

And it certainly isn't motivated by the
bottom line, a profit margin, or anything of that
nature, and I would hate to see that change.

So I certainly support Representative
Goodman's bill. And I would like to see things
continue the way they are now.
Thank you, Mr. Chairman.

REPRESENTATIVE McGEEHAN: Thank you, Mr. Chairman. Representative Seip has a unique perspective which I don't have.

To Mr. Poindexter. Are you a DOC employee or a DPW employee?

MR. POINDEXTER: No, sir. I am Department of Public Welfare.

REPRESENTATIVE McGEEHAN: So it is there. Okay. And I was confused about that.

And you have the same training as a DOC employee?

MR. POINDEXTER: Our training mirrors their training. The training modules are structured different because our units are hospitals, they are secure hospitals.

It's a prison setting with no cells, but it is a hospital. Not only do we treat the mentally ill, but we treat medical issues as well.

REPRESENTATIVE McGEEHAN: That makes it clear for me. Thank you.

MR. PINTO: One thing, Representative. You talked about a deputy of security and a deputy of treatment. And that's how our institutions run, they have a deputy of each.
However, the issues that everybody is talking about here today is separate from the Department of Corrections.

REPRESENTATIVE McGEEHAN: Um-hum.

MR. PINTO: The RFP is for DPW to give away -- or put on the --

MR. POINDEXTER: Privatize.

MR. PINTO: -- privatize these forensic people who are waiting to do time. And that's where the issue comes in, putting that on the block.

CHAIRMAN CALTAGIRONE: Okay. Tim.

REPRESENTATIVE SEIP: So, at Norristown, there wouldn't necessarily -- there wouldn't be two deputies in place at that facility?

MR. PINTO: No.

REPRESENTATIVE SEIP: Okay. Well, thank you.

MR. POINDEXTER: We don't have deputies.

MR. PINTO: They are structured just a little bit different, but they still maintain care, custody, and control of the inmates.

A good example is Norristown. We just did a grievance hearing out of Norristown, where the men and women that work in that forensic unit were faced with 55,000 hours of overtime in a six-month
period. Now, you talk about being cost-effective.
55,000 hours is a lot of hours to have in overtime.

MR. POINDEXTER: And I can honestly say that that was done because they cut our trainee program. I can say that was honestly done to drive up the cost of overtime because of this initiative, because they stopped hiring trainees to go into our training program.

MR. PINTO: So when we are looking at numbers, take in the whole picture, not just the number that they produce. I could -- Anybody could do it cheaper.

REPRESENTATIVE SEIP: Thank you, Mr. Chairman.

Thank you for your testimony.

MR. PINTO: Thank you.

MR. POINDEXTER: Thank you.

CHAIRMAN CALTAGIRONE: Thank you, gentlemen. We appreciate your testimony.

We next move to Frank Smith, the Pennsylvania Prison Institute.

MR. SMITH: Well, I am actually with the Private Corrections Institute. We are a nationwide systems watchdog agency. That's -- You have some, I think, testimony that you have been given.
We have kind of formed organically. We are people who have been involved in the field and very specifically focused on -- That is, our Board of Directors, and Alex, of course, is one of those members, and myself, and the executive director, we have been focused on private prisons for anywhere between about six to 11 years.

We have really intensively looked at them. We have done our best to sort out exactly what kind of job they do. That includes things like on-site visits, FOIAs, Freedom of Information Act requests, Open Records Act requests.

I am going to leave a couple of things with the committee, if I can. I only have single copies. Is that possible? I am just rippling through, looking for some materials. But can I give that to the committee through you?

THE COURT REPORTER: Yes.

MR. SMITH: Thank you very much.

Who is the Chair now? I am sorry.

CHAIRMAN CALTAGIRONE: (Points to Representative McGeehan.)

MR. SMITH: You're the -- Thank you, Representative.

I have another document here because the
state brought up ACA accreditation, which the
privates use as kind of a fig leaf to cover their
problems. The ACA is a completely commercial
organization totally in the thrall of the privates.

What I have here -- And if it could be
passed on? Particularly, I spoke to Representative
Cox, at lunch time. This is a critique of the ACA,
the American Correctional Association. That was
done by -- I found it in the Biddle Law Library at
the University of Pennsylvania. It's probably the
first time that anyone, in 10 years, has taken a
look at it.

It's just a surgical critique of the ACA,
that was done 25 years ago, that's as topical today
as it was 25 years ago. It's an absolutely amazing
piece by, I think, one of the most brilliant jurists
that this country has ever, you know, had the
benefit of being on the bench. He was a prime
leader in dealing with mental health problems in
correctional institutions.

It's particularly germane, I think,
because of what you are dealing with the forensic
unit now, and you are dealing with the ACA
accreditation and things like that, so.

Unfortunately, the accreditation bodies,
for instance, like JCAHO--I am from the old school, with when it was JCAH--is that they have accredited prisons just weeks before they were closed. Like you had problems here with New Morgan Academy in Berks County. Horrible problems. That got accreditation barely before they were closed, when the state DPW said, we are going to close you, we can't tolerate this kind of abuse of juveniles any more.

Let me go to my -- Just a sketch of testimony. I am trying to go real fast. I appreciate it. We have only got -- You are not nearly as intimidating when there is only seven of you here, of course. But let me race through this.

First of all, some people have talked about savings, cost-savings, with privatization. It doesn't happen.

Many of the studies, as people mentioned where -- are coming out of the Reason Institute, some kind of covertly, like there will be an article in Stanford Law Review in about six months or so, that's really coming from Reason, from the same guy who wrote an article nonpeer reviewed. Just some of you attorneys, I think. Not even a review of the literature, but a legal note done by a student
nonpeer reviewed. And it is used by the private
industry to say, we are terrific, look at this.
In fact, it was a little embarrassing
once. The only piece of opposition research that
was quoted in the entire article in the HLR was from
a book, Capitalist Punishments. And I was a little
embarrassed because I had contributed chapter 10 to
that book. So I should have been flattered, I
guess.

Let me race through it again. I spoke to
the Director of Corrections out of the State of
Arizona about a year ago, and she mentioned a study
that I was already aware of.

They had MAXIMUS look at their
correctional facilities. And they did a real
apples-to-apples comparison, one that is quite rare.
They discovered that on an apples-to-apples
basis--very solid, peer-reviewed literature--they
discovered that private prisons cost 8.5 to 13.5
percent more than public prisons.

And it is quite extraordinary to
understand that, that the reasons that that happens
is, first, even though they are low-balling it, they
are deliberately short-staffing, even though they
are cutting corners at every possibility imaginable.
For instance, somebody mentioned CCA here today. I looked at the SEC filing just a few days ago and the CEO of CCA made $23.5 million last year. These guys make millions and millions of dollars, at the same time they are paying their staffs—somebody here mentioned—eight bucks an hour. That was the GEO Group prison.

But a few years ago, I kind of turned a panel discussion, with the CCA vice president, into a debate, because they were paying $7.61 an hour at Beattyville Prison in Kentucky.

And I had passed out -- This was before the Commission on Safety and Abuse in America's Prisons. It's a national commission. It was co-chaired by Nicholas Katzenbach.

And I pointed out that they were paying $7.61 an hour. And they asked him if it was true. And he said, I don't know which prison Mr. Smith is referencing. He's the head of corrections for CCA. He's the vice president for operations.

Somebody else said, what kind of people do you get for that? And he didn't answer the question.

And then somebody else said, don't you have to pay that to make a profit? Well, we were
supposed to wait for questions, but I had to put up
my hand at that one. I said, they choose to do
that.

Mr. Cider (phonetic), Doctor Rick Cider,
a prime manifestation of the prison industrial
complex, who was the Director of Corrections in the
state of Ohio; he was the warden in the state -- in
the federal prison system; he was the Deputy
Director of the Federal Bureau of Prisons; and then
he was a professor at St. Louis University (our
panel discussion was at Washington University in St.
Louis); and then he went to work as the CCO vice
president.

And when they said, don't you have to pay
them? I said, Mr. Cider here is a new employee. He
got hired in January. He is making $270,000 a year.
And correct me if I am wrong, he got 17,100 shares
of stock award in February that's worth two-thirds
of a million dollars and they are paying $7.61 an
hour for guards.

Well, the consequences of doing that, is
that you get this enormous turnover. Alex referred
to 50 percent. It's actually 52 percent, the last
time the industry released the figures. They
stopped releasing it. Public corrections is 16
People talked about retirement. I just saw some figures last week that astonished even me, and I'm pretty hard to astonish. 15 percent of correctional officers, of public correctional officers, retire every year, rather than resigning. 15-percent retire in the private industry at the .6 percent. One out of 160 people in the private prison industry retire every year. And they have been around for 23 years now, or they have been back for 23 years.

We had a horrendous experience in this country back in the 1870s, '80s, '90s. In fact, San Quentin was a prison in 1853, I think, a private prison.

Let me get back. So that's where the money goes: the money goes to lobbyists; the money goes to campaign contributions; the money often goes to bribes.

The sheriff, two counties away from me in rural Kansas, took $284,000 to privatize his prison. There is a trial going right on in -- right now in Alaska of a number of state representatives that were on a take from--so far in testimony--from the partner of Cornell Corrections. Cornell Companies,
they call themselves now; the owner of Moshannan and New Morgan Academy.

And they have convicted two state representatives already, one of seven felonies and one of three; the third trial is going on now; a fourth has been postponed; there are numerous indictments left.

And the State Senator there -- or the US Senator, rather, may topple as a result of this investigation that just burgeoned from the private prison industry, who, in fact, tried to get the bridge to nowhere built six years ago in Ketchikan, Alaska.

People talked about subsidies, in some of these read jail breaks. Was it you, I think, Representative Goodman? 79 percent of CCA prisons get public subsidies, 69 percent of GEO Group prisons. We are talking about tax abatements, we are talking about infrastructure, all sorts of things; so it makes it very difficult, when you externalize these costs, to really get the true costs of privatizing corrections.

One thing that--since you are a Labor Committee--you should be, in part, you should be really aware of, is that you are exporting living
When like in Brush, Colorado, when I went and I found scandal after scandal. One guard had sex with women from three different states. They are paying guards $9.25 an hour and a substantial portion of these guards are pulling a second shift at Wal-Mart.

Now, we have talked about the problems in the forensic unit with overtime. The big problem is that you need to maintain a level of vigilance and alertness that you simply can't maintain when you are working 60 or 70 hours a week. It's absolutely impossible.

I would like to talk just a bit about the turnover process again, too, because nobody has used the word -- The word is mentoring. I mean, all of you probably have worked in professions where you have been brought along by people that have been around a while so that you can talk to somebody who's been on the job for three years or ten years or whatever, depending on how complex the job is.

Even a teacher. I mean, they go through a mentoring process, of course, as part of their education and their professional development.

When you turnover at 52 percent a year,
you don't have any mentoring process. There is nobody to turn to, to say, what do we do now?

And what happens is--what somebody else mentioned before--the guards run away. I have a videotape of guards running away, with two prisoners being killed on videotape in California. It was absolutely amazing. I have videotapes of riots in private prisons that would just astonish you.

When you have that kind of turnover --

You see, we have talked about the intense training in correctional institutions and public institutions. What you have is you have --

I have been told by whistle blowers, and I have whistle blowers going up to the executive vice presidents in these corporations that have been scandalized, that what was happening in their own corporations--vice presidents, executive vice presidents, wardens, deputy wardens, directors of training from all of these different companies, the bigger companies--what you have is you have something like Gettysburg where you have 30,000 people killed and you have got field promotions.

All of a sudden, somebody is a sergeant or somebody is a major in these private prison companies; somebody who washed-out of public
employment after three months and six months later they are a sergeant in a private prison company.

In Brush, Colorado, that I mentioned, there is a major there. And I talked to somebody who she went through training with, because at that state, it makes private employees go through public training.

She was a major. And I said, how long ago did you go through training together? And she said, three years. And she's a major. That's just astonishing, and it shows in the performance of these institutions.

One thing that nobody has mentioned here, that the committee should be aware of, is various denominations of the faith community have come out and studied this really closely. The Catholics, Catholic Bishops of the South, Presbyterians, Methodists, United Church of Christ, Episcopal; they have looked at this and they have come out with some extraordinary studies.

John Ferguson was the man who got the 23.5 million last year. He complained because the Presbyterian elder -- because the church came out so strongly against private prisons.

But they have done this work. And they
have said, like the Catholics that call for the abolition, not even the maintenance of the current level but the abolition of private prisons. I think that's something that, you know, your constituents certainly would be interested in.

One of the things they do is they talk about economic development and I think we have disabused people with that idea already.

One of the things that we haven't talked about is the lobbying that goes on with private prisons. Now, I assume that some of you may or may not be ALEC members, the American Legislative Exchange Council, where CCA and GEO Group have held sway with model legislation that they have produced.

In my state of Kansas, they pushed Jessica's Law. And they had the audacity to call it a package. They said, we want Jessica's Law to pass. The GEO Group did this. We want this to pass. They lobbied for it.

They said, when it passes, it will cost you -- You will have to produce another thousand beds by 2012. And we can do it for you. We can give you those beds. It won't cost you anything. You know, that's the presentation they were making. They called it a package.
It's just unbelievable because it produces for them, of course, more market, more market share.

You have seen examples of that right here in Pennsylvania. You have seen what happened with Moshannan where the community was up in arms about it and Cornell just twisted arms and twisted arms—they may have done it here in the state legislature—until they got their way and they were able to put up that prison.

You can't let that happen. You can't let the legislatures—and it's happened in state-after-state, particularly in Tennessee—being the thrall of private-prison organizations.

Because they are writing legislation -- They are literally writing legislation that winds up on your desks to put more money in their pocket. Not in the pockets of guards, supervisors, unit managers, but in the pockets of these executives.

Somebody talked about how they care about their stockholders. They don't even care about their stockholders. CCA's stock dropped, in 2001, to 28 cents a share. It was at forty-four fifty and it dropped all the way down to 28 cents a share.

They had to do a one-for-ten reverse
split in order to keep listed with the New York Stock Exchange. It has come back up because now they are in the immigration detention business, which is another nightmare, with tens of thousands of beds.

But this is what they will do. They will manipulate public policy for their own economic benefit and you have got to be on your guard for it.

And, you know, I hate to call any --

Let me tell a couple of quick anecdotes.

I talked to a very conservative senator, a guy who I have had relationships, with years, in the state of Alaska. And he called me into his office about four or five years ago when we were going through this bridge to nowhere business.

And he said, Frank, tell me--and this is what somebody else referred to in prior testimony--tell me, don't you have the same problems in private prisons as you do in public prisons? And I said, yeah, you do.

Because I read. I have read 10,000 stories about private prisons in the last 11 years. And I have read all kinds of studies and everything else. And I had visited them and toured them.

I said, you have the same kinds of
problems, but the private prisons have 5 percent of
the prisoners and they have 50 percent of the
problems.

And in fact at the time I wasn't aware of
it, but they have unique situations. I have never
seen in my experience --

And I have been around corrections for 40
years. I have been a researcher. I have provided
in-prison services. I have provided post-related
release services. I have done all of these things
so I have a wide range of experience. I have never
seen this one phenomena.

So I asked the guy who has got 20 years
with the California Department of Corrections, in a
high-level line officer position, if he had ever
seen a case where a public prison guard --
correctional officer, rather, helped somebody
escape. And he said he had heard of one.

You can pick up the paper,

month-after-month, and see these cases because it's
such inadequate screening, it's such inadequate
training, and such inappropriate people that just
don't have the personalities to work in these places
because they have such huge turnover.

And they pay so poorly where either a
love interest or bribery or whatever cause one guard in New Mexico to bring in a chisel, or chisels (plural), hammers, hacksaws, all sorts of tools for breaking out and then he turned up the air conditioning so loud they couldn't hear people get out.

Other places where guards --

There was in Crowley, which has been mentioned, a riot that I predicted two months before it happened who was going to do it, what kind of weapons they were going to use, and why they weren't going to be able to get away with it, and what were the causes of the riot. And I couldn't get the state of Colorado to listen to me. And they had that riot.

But before that riot happened, I heard that there was one officer who was fraternizing with prisoners, having possibly even sexual relations with prisoners. And when the riot happened--he was from Wyoming--he got shipped to Texas. Because Wyoming just immediately withdrew all its prisoners. He got shipped to Texas. And within six weeks a guard -- in fact, three guards, two women and a man, had broken him and a buddy, another Wyoming buddy out. And they found him in an attic
of one of the guards. One of the women guards' brother's, in an attic hiding, about 10 miles away from the prison.

This is something I have never seen before. In Mississippi, we just, not that long ago, saw a female guard take two private prisoners out and spirit them away and almost got to Alabama before they were caught. They were silly enough to pick up a telephone. And when a -- Their relatives phones were being tapped and they were caught fairly quickly.

But it's just some of these things are just exact. You know, they are extraordinary. And they are unbelievable unless you see them repeated time after time after time.

One thing that nobody has ever talked about in here so far today --

We have named some groups like Cornell (myself), GEO Group and CCA's names have come up quite often. What I found is, and this is that, you know, the second question that the senator from Alaska asked was: You know all of these private prison groups. If you had to pick one, which one would you pick?

And I said, well, Senator, you know you
would be picking the best of the bad lot.

And he said, well, but name the group.

And I said, MTC. It's a privately-owned so that you can't look at their stock -- You know, there is no stock filings that are of public record or anything like that. And I said that, you know, it's bad, but it looks better than the rest.

And that's before, as Alex mentioned, they did this nightmarish review. That's before the stuff started going wrong with MTC. Everything went wrong. They were losing contracts. They were losing prisoners. They were involved in scandal after scandal after scandal.

And I was hoping that he didn't read the papers or that his memory was worse than mine and he couldn't remember because I would have been really embarrassed seeing him again after saying this is the best of the bad lot.

Let me hit a couple of other points and then I really would appreciate any questions.

And, in fact, if you want to ask me any questions where I need to follow-up, if you want to ask me questions that occurred during the deliberations on this processing, I would be happy to give you any information you wanted. I am very
So we talked about solutions that aren't really solutions. And they are trying to increase prisoner population. They are not even providing Band-aides for overcrowding.

There's a reciprocal thing that happens. When you spend more on prisons, as you have all found out--much to your dismay, I am sure--is that when you spend more money on prisons, you are spending it less on education, you are spending it less on health care. It's a zero-sum game.

So you have got to decide where the bucks are going to go.

The Fund for Investigative Journalism did a wonderful study about five, six years ago, where they looked at the trends in spending on higher education as opposed to spending on incarceration on public prisons.

And it's like this. It's this reciprocal relationship. As these prison costs escalated and escalated and escalated, the education subsidies, you know, for our universities and colleges, went down and down and down.

And you have got that on your plate. You have got to really understand that committing to
these guys that are so interested in profits, not
take money away from the educations of your
constituents and their children and their
grandchildren's. It's not a process that is going
to go away easily.

One of the things that was mentioned, the
private prisons industry always maintains that it's
very concerned about the welfare of the public.

By the way, the escape ratio that was
mentioned earlier was 30 -- The escape ratio was 30
times as high, and it was misquoted when it was read
to you.

What that survey was, was it was an
analysis of escapes from the California prison
system which is roughly equivalent--had a higher
population but not terribly higher--it's roughly
equivalent to the private prison population
nationally.

So they looked at the escapes from the
private system -- or from the public system in one
state only, and nationally for private prisons which
had about 140,000 beds, I think. You have the
numbers there.

So it wasn't a California-to-California
survey. It was just an escape-to-escape survey with comparable-sized populations and custody levels 30 times as high.

And I have watched these. I have watched their riots in these. I have videotape of riot after riot in state after state where convicts--and this will be a phrase that is familiar to you--voted with their matches. They don't vote with their feet. They vote with their matches. And they burn these places down.

I visited Crowley--the one where I predicted the riot two months in advance--while it was still smoldering. It burned up on the night of July 20th, '04. And I was there on the morning of July 22nd to watch the embers being put out.

Let me see if there is anything else, real quick. And then I will turn it over to your questions, if that's okay.

I talk about the corruption and you wouldn't believe about how much there was.

Just another thing. We have talked about union versus anti-union, because your unions have the members, the workers. Unions, of course, if any of you are familiar with the unions, usually do apprenticeship and training programs.
It doesn't, of course, happen with the privates.

Well, what you are looking at is not only the training issues, but when you are paying somebody 7 or 8 or 9 bucks an hour, when you are paying a prison guard, and not a correctional officer, 7 or 8 or 9 bucks an hour, you are exporting Pennsylvania tax dollars to Boca Raton, Florida for GEO Group, or CCA in Nashville, Tennessee, or Cornell in Houston, or MTC in Salt Lake City. Those monies are flying out the door. They are going to other states. They are not benefiting people.

We have talked about retirement. I have talked about how little they get. They talk about their retirement systems, their retirement benefit and benefit package are equivalent.

In the state of Florida, they, GEO Group, offered, I believe, a match, a one-to-two match, so $2500 up to a $5,000 max. to anybody that wanted to participate in the retirement. But they get paid so little that only 10 percent of the employees could participate in that. It's inconsequential.

So you wind up with people on Social Security. And that's it. They have no retirement.
They have no pension. They have no determination to stay in that job. It just doesn't make any career sense, when you have got a family to raise and food to put on the table.

I should let you have at me. I'll be really happy to answer any questions you have.

CHAIRMAN CALTAGIRONE: Okay, Tim.

REPRESENTATIVE SEIP: Just very briefly. I appreciate your testimony, and I think you really hit the nail on the head when you talked about mentoring. Certainly, the state prison I was at, there was staff there for very long periods of time.

MR. SMITH: Absolutely.

REPRESENTATIVE SEIP: Maintenance staff, all different kinds of ancillary services. And even when people were doing things, very simple tasks, if they did it and it wasn't by prison -- or by DOC policy, they would take negative feedback from their peers.

MR. SMITH: Right.

REPRESENTATIVE SEIP: Let alone thinking about doing something, you know, incredibly wrong, like introducing things into the facility that they shouldn't.

MR. SMITH: Sure.
REPRESENTATIVE SEIP: So I just commend you for your testimony. I think it's incredibly helpful for all the members to hear, and I think you really hit the nail on the head with the mentoring piece. I really appreciated that. Thank you.

MR. SMITH: Thank you very much.

REPRESENTATIVE SEIP: Thank you, Mr. Chairman.

REPRESENTATIVE McGEEHAN: Thank you, Mr. Chairman.

In your written testimony, I am moved by the testimony of the Roman Catholic Bishops on the issue of private prisons.

MR. SMITH: Yes.

REPRESENTATIVE McGEEHAN: I have rarely seen a stronger letter.

MR. SMITH: It was quite astonishing.

REPRESENTATIVE McGEEHAN: I would agree.

MR. SMITH: And it was very well -- It was subject to extreme deliberation from many bishops from around -- The Southern Bishops or is that the national one?

REPRESENTATIVE McGEELAH: It doesn't identify -- The US Catholic Bishops.

MR. SMITH: Okay. That's the national
one. The Southern Bishops were even more caustic in their appraisal.

REPRESENTATIVE McGEEHAN: But the heading, I thought, was riveting. It's titled, Wardens from Wall Street.

MR. SMITH: Right.

REPRESENTATIVE McGEEHAN: And I think that about sums it up.

MR. SMITH: Sure.

REPRESENTATIVE McGEEHAN: Who are these groups? What's the makeup of these for-profit prison corporations? Who are these folks? They have no prison background.

MR. SMITH: Some of them have a prison background and some of them don't.

Like I said, there is that revolving door thing that Eisenhower warned us about 50 years ago. Almost 50 years ago. And it's legitimately now much more than it was 10 years ago, called the prison industrial complex. But that's who they are.

They also get some people -- Sometimes they get some very good people. A friend of mine was -- he was in Vietnam the same time I was, 40 years ago. He was a great commander in the Marines. When he got out, he went to work
with GEO Group. He was their warden of the year in 2001.

In 2002, they blew the whistle on him because they were doing things that were so outlandish. They talked to the IG (phonetic), I believe. And they fired him. And he sued them. And he eventually won. He settled probably for a lot less than he could have gotten because he was dying of cancer at that part.

But they get some really good people in. But a good person doesn't last in these systems because a good person has integrity and professionalism. And you can't look yourself in the mirror if you know what's going on. If you know --

In Coke County, there has been horrendous stuff in Coke County, Texas. The warden there, I don't know how good he is, he is probably not very, but he did say that he had been asking GEO Group for the money to sort the place out.

It was so bad that when the state inspectors came in a few weeks ago, they went out and their shoes were sticking to the ground because there were feces on their shoes.

They are getting, like in New Morgan Academy, they are getting almost $300 a day. Down
there, Texas is a cheaper state, they are getting
$206 a day to take care of these kids. And they are
in the most filthy, abominable conditions,
exploited, abused. You know, they had escapes.
They turned it into a juvenile male
prison because they had such horrendous experience
with females. So nine years ago, they--after all of
these women, these young girls, rather, were abused,
sexually abused--they took all the girls out of
there and they replaced them with boys. But it
hasn't improved.

And here's a warden, I can't imagine he's
still working there, because three weeks ago, he
said, I asked them for the money and they wouldn't
give it to me.

He also said, they did give me money so I
could raise people $2 an hour. But I tell you,
raising people from 7.50 or 8 bucks an hour to 10,
does not put food on anybody's table.

REPRESENTATIVE McGEEHAN: Mr. Chairman, I
would suggest that we do keep in touch with Mr.
Smith, as Representative Goodman's bill moves
through the Labor Committee. I think you are a
strong advocate and would help us tremendously in
getting a better understanding of this issue.
MR. SMITH: I thank you very much for that, Representative McGeehan.

CHAIRMAN CALTAGIRONE: Thank you. Any questions? Neal?

REPRESENTATIVE GOODMAN: No. I guess it is just safe to say that you will approve of my legislation.

MR. SMITH: Yeah.

REPRESENTATIVE GOODMAN: And I would appreciate if we could keep in contact, you know, as this bill moves through the legislative process. I mean, I think the people that served on the committee today have been enlightened, but there are many of my colleagues, once this thing hits the Floor, that will be looking for the same type of information that you have provided today to the committee.

MR. SMITH: It's very obvious to me that many of the people on this committee, on this joint committee, have done their home work, and they understand the problems before any testimony was heard at all. And I really appreciate that. One of the big problems I have is when -- And I travel a lot around the country. I go to all of these different municipalities where they have
got a bunch of rubes, unfortunately. I live in a tiny town where we have had our rubes. They get conned by these guys.

The city clerk in Brush, Colorado, which had a proposal. They had the GRW prison, which just sold out to Cornell a few months ago. She said, are you for em or again' em? And I said, I'm really again' em, you know. And she said, well. And she closed the door. And she said, they lie about everything.

She has had her mayor sued, time after time.

They had a youth prison there where they had one kid who was 13-years-old, who was sexually abused by staff--these kids were being abused by staff--who committed suicide. And other states took a look at it and said, oh, my God. I think the Governor of Indiana flew his own plane there to pick up their kids and bring them back to Indiana.

It was that much of a panic situation, like it was in Coke County three weeks ago, in Texas, where they got them out overnight. It had finally become so obvious, that the conditions were just excruciating.

And her mayors got sued for that.
Then GRW bought it and her mayor got sued for that, because they funnel the money. One of the ways they cut costs and they externalize costs and they cheapen what looks like the real price tag is because they get these municipalities, that think they are doing economic development, to buy into them and finance their bonding so they get low interest rates and the taxpayer is on the hook for it.

The taxpayers are not only the hook. Like the Graham brothers, they were famous in Texas, built eight prisons around the state and they couldn't put prisoners in there. They couldn't, you know, because they were in disfavor with the then Governor, the woman who became governor is Ann Richards.

So they went bust. And then one of them claimed he was a high department of Corrections official and offered to break somebody out of jail and the feds. gave a woman a hundred -- a convict's girlfriend $150,000 to break him out. So they busted him. And they had him on IRS charges, too. These two guys then went to Jena, Louisiana, which has been mentioned here. It's a horrendous prison. GEO Group had a horrible record
there.
Went to Jena, Louisiana. And they went
to Governor Edwards, who was the ex-Governor. He
was going to become Governor again and he was on his
way back to re-election. And said, you know, we
want this. We need public money to build this. Can
you help us out? And for about $300,000, he helped
them out.

The interesting thing was, these guys
were so dirty, the FBI didn't use them. They
wouldn't have been good witnesses because they had
such a record.

But what they did do is they got Eddie
DeBartolo, the owner of the San Francisco 49ers,
given the bag then for Governor Edwards, who is now
doing 10 years in the Federal Pen., a briefcase with
$400,000 in it.

I mean, we are talking about big money
with these guys. They make enormous profits on
these prisons. And they are willing to piece people
off in order to do it. Local officials like the
sheriff close to mine, or big-time officials like
perhaps even a US Senator.

REPRESENTATIVE GOODMAN: Thank you, Mr.
Chairman.
CHAIRMAN CALTAGIRONE: Okay. Thank you, sir.

MR. SMITH: I have really appreciated being here. I have really appreciated deliberations.

Representative Waters.

REPRESENTATIVE WATERS: Mr. Chairman?

CHAIRMAN CALTAGIRONE: One more. We will be all right.

REPRESENTATIVE WATERS: One quick question. Earlier in your testimony, you said something about the owners of the facilities had made large profits, a lot of money. I wanted to ask you: how does the taxpayers in those communities feel?

MR. SMITH: I am sorry. I couldn't quite hear you.

REPRESENTATIVE WATERS: How does the taxpayers in those communities feel, knowing that this is going to be a cost-savings? They are running the facilities and the people who are running them are making these kind of huge profits?

MR. SMITH: They don't know it. In fact, I had some -- I passed out some and I have some more with me. It's CCA. 20 years. It's a very good
retrospective history of CCA.

I gave one to my best-ever whistle blower. She was a unit manager in Colorado, who got fired because she gave a deposition to a woman that was obviously being sexually harassed. Worse than sexually harassed.

I gave it to her. And she said, she had worked for them in Las Vegas. She had worked for them in Huerfano, which is a Colorado institution. She had worked for them in Crowley, which was the one that rioted, in which she had given me all of the --

When they had the riot --

I met her in Pueblo, Colorado.

And she was on the phone. The people inside the institution, who were giving her blow-by-blow descriptions of what was happening inside while I had reporters and TVs and cameras all around me, and I am getting it directly from inside the institution, that the state of Colorado couldn't figure out.

But when I gave her that, she said--of all the things that were in there, it's an 81-page, I think, monograph--she said, year after year they would come to us, and they would say, gee, we can't
pay a Christmas bonus this year and there won't be
any raise, things are really tight, times are
terrible.

And then she finds out that the guy who
started it, the co-founder Doc Crantz (phonetic),
Doctor Crantz, Doctor is his first name, was making
over $10 million a year. And they are telling us
they can't afford to give us 50 cents an hour and
this guy is making $10 million a year. His salary
has never dropped a nickel. It just goes up and up
and up.

And that's -- I mean, it was staggering
to her, to find that out after working in Vegas and
Huerfano and Crowley. She had been a State of
Colorado employee, a State of Wyoming employee,
traveling around because her husband's business
traveled. It was just astonishing to her because
they lied so pervasively and so convincingly.

REPRESENTATIVE WATERS: Thank you, Mr.
Chairman.

MR. SMITH: So, I mean, if the employees
don't know, the town's people are never going to
figure it out. Did that answer your question?

REPRESENTATIVE WATERS: Well, I don't see
why they don't know, because you know. I mean, can
you help them here?

MR. SMITH: You know why? There's so much -- Like I said, I found this ACA thing here.

REPRESENTATIVE WATERS: Um-hum.

MR. SMITH: I just dig up stuff everywhere. I found that, the numbers on retirement, just a week ago. I had never seen those before. I was astonished by those numbers. That one out of 160 employees retires every year in the private prison industry?

REPRESENTATIVE WATERS: Um-hum.

MR. SMITH: Could you imagine any other industry like that?

REPRESENTATIVE WATERS: No.

Thank you, Mr. Chairman. Thank you.

MR. SMITH: Thank you very much. It's really been a pleasure.

CHAIRMAN CALTAGIRONE: Thank you,

Frank.

Dave Fillman, Darrin Spann, AFSCME Council 13.

MR. FILLMAN: Okay. Thank you, Chairman Caltagirone and Chairman McGeehan and members of the Labor and Judicial Committees. My name is David Fillman and I am the Executive Director of Council
13 of AFSCME. To my right is Darrin Spann, he's the Executive Assistant to myself and also a former county correctional officer.

I am honored to represent more than 65,000 public employees in the commonwealth, and approximately 2500 of these employees work in state and county prisons.

I would like to have my entire testimony entered into the record.

I have an additional five-page document with further information so I can keep within the time lines of your testimony.

The incarceration of our citizens is, and should remain, a function of our government. Our society was built upon the premise that there is nothing more important than our personal freedom. Citizens of this country have laid down their lives, and continue to do so, in an effort to preserve their freedom.

And when we decide, through our government's justice system, that a citizen's actions warrant losing that freedom, it should be the responsibility of government to enforce that loss, not an opportunity for private corporations to obtain monetary gain. Individuals convicted of a
crime should remain prisoners of the state, not commodities to be contracted out to the lowest bidder.

The pursuit of profits jeopardizes public safety. Cost-cutting leads to dangerous conditions both within the walls of the prison and within the community. Prisons must be staffed by professional corrections personnel dedicated to preserving public safety knowing that they will be appropriately compensated for their service.

When the average maximum salary for a private prison guard is more than the average starting salary for a public corrections officer, commitment is low and the turnover is high. On average, the turnover rate at a private prison is 52 percent, compared to 16 percent in publicly-run prisons. This results in positions being left unfilled for long periods of time or filled by poorly trained staff. This is not only a dangerous situation but a costly one. One of the major hidden expenses as a result of for-profit prisons is the expense needed to capture escapees.

Private-run facilities don't have the authority to come into the community and search out escape prisoners. Valuable time is lost when calls
to local and state police are the only resource to employees without the legal right to search the community. And low bids by for-profit prison companies leave governments to pick up the tab for unanticipated expenses or costly mistakes.

Government-run prisons do a better job of rehabilitating prisoners, are more accountable, better trained, and protect public safety more effectively. Private prison operators have no incentive to reduce overcrowding, no incentive to consider alternatives to incarceration, and no incentive to deal with the broader questions of criminal justice.

When stockholders profit from overcrowded prisons, cost-cutting becomes the primary objective, often at the expense of public safety, the quality of life in the community, the humane treatment of the inmates, and the well-being of prison employees.

Citizens have a right to be confident in the promise that prisons built and operated in their communities will be run by competent, professional and dependable staff. Citizens should also assured that the only priority of the prison operators is the secure, safe and humane operation of the facility; not how a decision on a security matter
I am a labor leader. Protecting workers is what I do. I need to look at the big picture. And the big picture is clear. Merchandising prisoners is a very slippery and dangerous slope. Since the implementation of this concept, we have seen abandoned motels renovated to prisons in Texas. We have seen prisons popping up in the rural flatlands of southern states like shopping malls. And while for-profit advocates may argue that these facilities bring money and jobs to these areas, the big picture is quite the opposite. When a corporation is in control, employees simply aren't protected. People are fired and hired with no regard for seniority. Wages are cut. Benefits are few. And turnover is high. A depressed community may see a new facility as a shot in the arm to their economy, but at what expense? When prisoners escape or when prisoners are released back into the community with no rehab. programs, who will protect the community? And when that facility eventually goes up for sale, who will protect those workers left at the mercy of a new administration?

In conclusion, just ask yourself one
simple question. If they built a prison next door
to you, in whose hands would you want the
responsibility of that institution to be placed:
the Pennsylvania Department of Corrections, or the
Acme Prison, Incorporated?

Incarcerating criminals--taking away an
individual's freedom--is one of government's most
fundamental responsibilities. It is crucial that
this responsibility stays in the hands of sworn
officers.

We should never allow crime to pay for
anyone.

Thank you for this opportunity, and
Darrin and I welcome the opportunity to answer
questions.

CHAIRMAN CALTAGIRONE: Representative.

REPRESENTATIVE McGEEHAN: Just a comment.

I hope, Mr. Executive Director, you team up with Mr.
Smith. Because that was a powerful presentation.
No one knows better that plight of workers, not just
in prisons but around the commonwealth, and you and
your able assistants and executive board.

So I appreciate your testimony. It means
a lot to this committee, I know. And we look
forward to working with you, to see that the Goodman
bill gets out of committee, onto the Floor, and becomes law.

As you are aware, New York State—I shared with Representative Goodman this morning—that Governor Spitzer signed a Goodman-type bill into law in New York just three months ago. So I hope Pennsylvania becomes the second state to do that.

MR. FILLMAN: That would be wonderful.

CHAIRMAN CALTAGIRONE: Let me just say that I know that AFSCME does an excellent job in representing their employees, and it's always an honor to work with you guys and ladies in presenting your positions here on the Hill. And you know you have a lot of friends up here, because you do a good job, with what you do, with the things in what you represent.

MR. FILLMAN: Thank you, Mr. Chairman.

REPRESENTATIVE WATERS: Mr. Chairman.

Thank you, too, for your testimony. I believe, too, that your testimony went a long way in helping to help us look at this a whole lot better.

And I like the way that you ended it.

Who would you rather have if the place was built next to you? You know, I think that says a lot.
I want to ask you, does people who are in the private prison industry become -- do they -- are allowed to be union members?

MR. FILLMAN: Yes, they can.

REPRESENTATIVE WATERS: They can become union members?

MR. FILLMAN: Yes, they can. Well, they would fall under the National Labor Relations Act as opposed to the Pennsylvania Act for Public Employees.

REPRESENTATIVE WATERS: Okay. All right.

Thank you very much.

CHAIRMAN CALTAGIRONE: Thank you.

Thank you, gentlemen.

MR. FILLMAN: Thank you.

MR. SPANN: Thank you.

CHAIRMAN CALTAGIRONE: We will next hear from Nathan Benefield, Director of Policy Research, the Commonwealth Foundation.

MR. BENEFIELD: Thank you. Thank you, Chairman Caltagirone and members of the committee, for inviting us to testify today. I will try and keep my testimony brief, since you have a written copy and I know the schedule is running behind a little bit. But for those on PCN, who want to get a
copy of it, it's on our website at the CommonwealthFoundation.org. And that has a link to all of the studies I cite in that.

Our belief is that HB 1469 is misguided in its aims. Pennsylvania currently faces a prison crunch, as we expect far greater demands for prison space than we currently have space available.

Private prisons can help to meet this need. Many studies demonstrate that private prisons are more efficient than government-run prisons, and typically save taxpayers between 10 and 15 percent on prisoner costs. Many studies also show that private prisons can typically provide as good or better quality service and lower incidents of violence than government-run prisons.

I will start off to say, talking about the prison crunch. Pennsylvania prisons are currently above capacity, and the Pennsylvania Department of Corrections anticipates that by 2011, the need for space will be about 120 percent of current capacity.

Pennsylvania prisons are also among the nation's most costly facilities in per prisoner cost, and the $1.6 billion budget for corrections will continue to escalate in future years.
The commonwealth faces a looming prison crisis both in capacity and cost, and private prisons can play a useful role in addressing this crisis.

Prison privatization is not new or an experimental or an untried method. Nationally, about 7 percent of prisoners are housed in private facilities in 2005. Private prison rates vary state-by-state. Certain states have much more common prison privatization. Currently, four states have more than a quarter of their inmates housed in private facilities. These include New Mexico, Wyoming, Hawaii, Alaska, and Montana.

And this experience of other states with prison privatization should serve as case studies for Pennsylvania.

A number of studies, which are highlighted in my written testimony, find significant cost-savings in private prisons, most commonly in the range of about 10 to 15 percent in per-inmate costs.

Additionally, states that have introduced privatization in prisons have seen slower rates of growth in correctional costs. The states that have a higher percentage of prisoners in private
facilities see slower rates of growth in those 
costs.

Based on these estimates, if Pennsylvania 
were to place about 30 percent of inmates in private 
facilities, taxpayers could save upwards of $100 
million annually, with higher savings expected in 
future years.

Critics of private prisons typically 
allege that privatization leads to lower service 
quality and endangers public safety. In fact, the 
opposite appears to be true. While some private 
prisons have experienced problems, without 
question—not unlike government-run prisons—on the 
whole, private prisons have a better record of 
performance than do government-run facilities.

Contractual requirements and financial 
incentives force privately-managed correctional 
facilities to maintain order and security, provide 
educational and rehabilitation programs, and respect 
inmates' civil liberties.

All prisons, public and private, must 
deal with issues of violence. But in the private 
sector, prison management and staff can be held 
accountable for a failure to perform. States can 
terminate a contract with a private prison
management: private managers and staff are much more likely to face penalties, or be fired; and private companies may go out of business if they don't perform adequately. When is the last time a government-run prison was shut down because of rioting, abuse, poor care, or so forth?

But the performance of private prisons is not merely conjecture or theoretical; we have evidence from 34 states. Many studies show private prisons outperforming state-run facilities on quality and performance indicators.

A review of prison performance studies found that nine out of ten rigorous studies of quality found higher quality of service in private prisons, as did most of the less rigorous studies.

I have highlighted a number of these studies in my testimony, so I will assume you have read those and I won't try and go through all of that.

It is also useful to note that private corrections facilities are much more likely than state-run prisons to obtain accreditation with the American Correctional Association. This certifies compliance with that organization's standards of quality for operation, management, and maintenance.
Part of this discrepancy lies in the private prisons' need to demonstrate quality to the state, to the media, and to the public, in order to obtain and retain contracts; whereas public prisons face no such scrutiny.

And finally, I would like to point out that competitive contracting for new or existing prisons allow the state to pick from competing providers; and it should base this decision not merely on cost-savings, but also look at past performance, look at security measures and the like, and consider the totality of what a private provider can offer before awarding any contract.

And finally, let me talk about the job issue. The impact of prison privatization on prisoners and taxpayers are the focus of my testimony--and I think they should be the guiding principals of any policy consideration--but the unions and the employees of public prisons tend to be among those objecting most to prison privatization.

But prison privatization does not mean lost jobs or lower pay. An analysis by the Reason Foundation indicates that privatization of existing prisons result in a 93-percent retention of
employees. Private prisons typically offer comparable compensation to state prisons. Including incentives such as stock options, that are impossible in the public sector.

Finally, it should be noted that given Pennsylvania's need for additional prison capacity, private prisons would likely be additions to current state prisons, rather than replacements for state prisons. Thus, the State Corrections Officers Association need have no fear of fewer prison jobs, AFSCME should have no worries of less union dues, and lawmakers need not worry about losing control of existing prisons.

In short, private prisons allow Pennsylvania to address its growing need for correctional facilities, at a lower cost to taxpayers, while providing as good or better quality of service.

Thank you for the opportunity to testify. I will be happy to try and address any of the questions you may have, though I think many of the concerns would be better addressed either by bringing in some private prison management or even some of the state officers who have -- and some states that have done a lot more prison
privatization that could address some of your major concerns. But I will try and field what I can.

Thank you.

CHAIRMAN CALTAGIRONE: Thank you, Nathan.

Neal.

REPRESENTATIVE GOODMAN: You know I am going to have questions, don't you, Nathan?

I am not surprised that the Commonwealth Foundation would not be in support of anything that in any way sheds a bad light on privatization.

I know that one of the foundations of the Commonwealth Foundation is privatizing many things. I mean, that goes to one of your core values. You believe that the private industry can do it better than government and so -- And I am not going to argue with you on that, because I know that's -- And you're entitled to your opinion, Nathan.

I am just going to ask general questions. I mean, I give you a lot of guts for sticking around all day here. There is a loaded panel, but not intentionally so.

I mean, many of the companies that operate private prisons were invited to be here
today and decided not to show up. So the fact that you would stick around to the very end, I admire your moxie.

Some of the things that I would like to point out in your testimony. On page two -- I mean, you heard some of the testimony that was said today and so basically everything that you have said in your testimony is the complete opposite.

I mean, like they -- many of the testifiers have pointed out how private prisons actually do end up costing more or the same as state-run facilities. You have heard testimony of how, you know, escapes are some of the things that are hidden costs that you don't necessarily see in a contractual agreement because private prison employees cannot go into the community looking for an escapee. You know, that is something that is then turned over to either the state police or local law enforcement.

You can comment on any of these, Nathan. I would like to have like just an open dialogue. And, you know, if you want to --

MR. BENEFIELD: (No response.)

REPRESENTATIVE GOODMAN: Or it says:
based on these findings, if Pennsylvania were to place 30 percent of its inmates in the private facilities, taxpayers would save as much as $100 million annually. I mean, that's in your testimony.

MR. BENEFIELD: Yeah, that's based on a 10- to 15-percent savings, which was of the average of the studies that I cited. And I think there was a chart that kind of goes through those studies.

I am sure there are. I am almost. There are studies. There are some that say -- show low savings; there are many that show higher savings. So I think it's -- you know, it -- And there is a lot of evidence out there on that, that I think the committee should, could look at.

And in regard to the other point about, you know, the cost of the escapees. I think when the state contracts with a private prison, they could, in fact, include in that contract, you know, reimbursement for the cost of catching escapees as part of the contract. And many of the concerns about private prisons can be contained within the contract the state would have with any private provider. So I think that's one way to mitigate those kind of issues.

REPRESENTATIVE GOODMAN: Well, that's, I
mean, you can basically put anything in a contract that you want, but you know that what has gotten a lot of other states in trouble is the fact that they tried to do it cheaper than they are currently doing it now; so they have a tendency to write their contracts without a lot of these services, and they basically allow the private sector to manage based on a total contractual amount. That's when they bring in lower benefits, and they bring in -- they don't pay as high a salary.

In fact, in here, you say that the state can terminate the contract with a private without penalties of being fired.

I mean, contracts go both ways, Nathan. I mean. And then they can't just -- The state can't just necessarily come in and cancel a contract, because they are just as obligated as the other one is if those savings aren't discovered.

MR. BENEFIELD: Well, they can't count anything going on a whim, but they can put in certain performance standards that are -- the private contractor would have to meet. And in case they don't do so, allow it.

I mean, our position would be that we should look at totality of any kind of contract with
the private provider, not just trying to do the
lowest bid, the lowest cost. Look at the security
provisions of what they offer, and not just try and
save money. That would be our position. That it's
not just that, a low-cost provision.

REPRESENTATIVE GOODMAN: Okay. And I
agree with that. I just -- And I appreciate the
latitude here, Mr. Chairman.

Just if you could? On page four, it
says, analysis by Research Foundation indicates that
privatization of existing prisons resulted in
93-percent retention of employees; where the
testifier before you told us that only one person in
160, actually, to his knowledge, pulled in enough
time to be able to retire with a pension. So they
seem to be contradictory terms.

I wonder if you could tell me, who is
Reason Foundation?

MR. BENEFIELD: The Reason Foundation,
they are a Washington D.C.-based research,
public-policy institute. They are similar to the
Commonwealth Foundation, only much larger and
nationally focused. I think their website is
Reason.org. And they have done quite a bit more
research in this area than what I have.
REPRESENTATIVE GOODMAN: Okay. And my last question would be: as you did your preparation for your testimony here, did you honestly find that benefits, wages, and overall --

I mean, when you compare the private sector to the public sector with regards to salary, benefits, and working conditions, did you honestly find them -- I mean, in your opinion, you found them to be comparable?

MR. BENEFIELD: I did not look at a whole deal of evidence on that, on that issue. I cited, I think, one study showing similarities on that. And I haven't done --

REPRESENTATIVE GOODMAN: And I just have one comment I would like to make, Mr. Chairman.

I am not someone who thinks that bigger government necessarily fits under every umbrella. I mean, I don't think that government should be in everything. But I really do believe that the government should be in control of the safety, well-being of the citizens of the commonwealth; and one of them is to the Department of Corrections.

I understand that it is the philosophy of the Commonwealth Foundation to be for privatization of many things.
And I think that you need to have a little bit of latitude when you look into some of these things. Like when members like myself introduce certain pieces of legislation that we know will make -- will continue a way of life that we are used to in Pennsylvania; and that is that, you know, that the Department of Corrections will oversee every prison, but yet allow for some privatization of some of the things in that facility, that we are not necessarily against all of privatization. And I don't think the Commonwealth Foundation should simply come out against something because it goes against their core principal. And I just find it -- I think if you would take another look at the legislation, you may come out with a different opinion at the end of that.

MR. BENEFIELD: I think the one comment I would have had put on that, is that, we don't think the state should relinquish responsibility for corrections. But they can -- And we -- and we -- I would say we would agree with you, to some extent, on that. It's contracting out of the service, the management of prisons.

Although, I think we would go farther
than you in terms of, well, what can be contracted
out. But I think our view would be that any
contract does not entitle that state to relinquish
the responsibility for the care of those facilities
and the quality of service provided.

REPRESENTATIVE GOODMAN: And I think,
Nathan, that, you know, the crux of House Bill 1469
was to create a moratorium until a legislative task
force could be formed that could look into the pros
and cons of both private versus public, especially,
you know, taking into consideration the fact that
the commonwealth is thinking of building four new
correctional facilities.

The intention of my legislation is that
we address this issue prior to any departmental or
administrative decision to privatize. That's the
crux of the legislation.

So I would appreciate if you would take
it back to the Foundation and have them re-think
their negative -- or their view of not supporting
this legislation. I would like to hear back from
you.

MR. BENEFIELD: (Nods head
affirmatively.)

REPRESENTATIVE GOODMAN: Good. Okay.
CHAIRMAN CALTAGIRONE: Thank you for your testimony. This hearing is now adjourned.

(At or about 3:10 p.m., the hearing was concluded.)

* * * *

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CERTIFICATE

I, Roxy C. Cressler, Reporter, Notary Public, duly commissioned and qualified in and for the County of York, Commonwealth of Pennsylvania, hereby certify that the foregoing is a true and accurate transcript of my stenotype notes taken by me and subsequently reduced to computer printout under my supervision, and that this copy is a correct record of the same.

This certification does not apply to any reproduction of the same by any means unless under my direct control and/or supervision.

Dated this 13th day of November, 2007.

Roxy C. Cressler - Reporter
Notary Public

My commission expires 5/9/09