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**PRESENTATION MATERIALS ON THE
ADVANTAGES OF PRIVATIZATION IN
ADULT CORRECTIONS**

before the

**House Judiciary Committee of the
House of Representatives
Commonwealth of Pennsylvania**

by

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on

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Mr. Chairman, members of the Judiciary Committee, good morning. My name is Richard de la Houssaye, and I am Director of Business Development for Corrections Corporation of America. Corrections Corporation, CCA, is the oldest and largest private corrections management firm in the United States. We were incorporated in 1983 and are currently headquartered in Nashville, Tennessee.

Summary of Materials

I appreciate the opportunity to visit with you today. For many of you, the subject of privatization is a new idea. But, I assure you it is one that has proven successful in jurisdiction after jurisdiction across the country.

The presentation that I have prepared for you consists of two parts. I have assembled a slide presentation, which I hope will provide a general idea of the extent of and advantages of privatization, as well as some specifics concerning the manner in which a corporation like CCA conducts its operations, manages, designs and builds its facilities.

The final phase of my testimony applies to comments concerning the draft legislation. Those comments are detailed on the following pages.

SECTION 303

1. Contract:

A(1) Performance Bond: I would suggest that performance bonds certainly be required for construction. However, relative to operational performance bonds, these are expensive to procure and increase the cost of service. Instead, I would suggest that reimbursement be one month in arrears. The governing authority is holding significant sums of money to make sure contractor performs.

SECTION 303

2. A(4) and A(7) Review and Approval by County Solicitor: Is the solicitor required to re-authorize the contract each year? If so, it will be very costly for project financing. I believe the legislation already gives the governing authority the option to cancel the contract with 90 days notice.

3. Contracts, General: This section contains some very helpful language. I believe the legislation would be more effective, if at this juncture, you as a legislature, delineated exactly those operational constraints that you desire. For instance, I would suggest that you include in legislation all standards that you require (i.e. NCCCHC, ACA, State law, local ordinances and regulations). Once you have adopted all the standards, then licensure and contract approval are quite simple matters -- either you meet the standards or you don't. This alternative would remove a significant amount of the uncertainty currently contained in the legislation. Suggested parameters include:

- a) All contracts must require ACA operational guidelines and accreditation where possible;
- b) All contracts must require conformance with state law, court orders, local ordinances and regulations when applicable;
- c) No contract for operations shall include the calculation of good time, release dates, etc. D.O.C. policies governing the use of force shall be complied with; and,
- d) Contract term: operations contracts shall be for no more than five years with renewal after three years and renewals each two years thereafter; however, financing contracts shall not be for more than 30 years.

4. Disapproval of County Solicitor: This section seems to be arbitrary in nature, especially in light of (1) and (4). Does the solicitor have the expertise to determine adequacy or appropriateness of the corrections plan or as sub section (4) states, "unsuitability" or (5) "absence of desired contract provisions". I would again suggest that on the front end, the standards for operation and or construction be established specifically in statute and that they based upon ACA, state law, regulation and local ordinance, or the appropriate standards.

The other sub sections of this section are specific and add to and strengthen the legislation (compliance with Department regulations, licensure, liquidity, and insurance). Again, as suggested before, you set the requirements and the contractor either complies or not.

SECTION 306

5. Labor Disputes: (2)(b) Assistance: This is certainly a section displaying some forethought. But you may want to add "if required". Larger companies like CCA can draw upon over 2,000 employees at its various sites to assist in the event that there are disputes concerning labor contracts which would threaten the public safety.

SECTION 307

6. Emergencies: These provisions concerning emergency situations should be a part of any privatization legislation. However, I would ask, "is it a normal practice for public safety agencies to assess a charge for performing public duties?" (i.e. do public safety agencies assess fees for breaking up fights in private taverns?).

SECTION 308

7. Inspections: Section 308, again is quite good. I would suggest that either here or in another section you strengthen this provision by requiring a contract monitor of some sort. This position is normally assigned by the governing authority to the facility to monitor performance, as well as contract and licensure compliance.

SECTION 309

8. Regulations: I would suggest that this is a very good section also. However, either in the previous section, governing contracting or in this section or both, I would recommend that you detail the exact standards for which you expect compliance.

These would govern in minimum standards for operation, training, mental health, education, etc.

SECTION 310(A)

I'm not sure what this means or what section 4(d)(2) is?

SECTION 501

9. License Revocation grounds: (b)(4), (5), (6), (7). It is a very good idea to set out in rule the grounds for revocation, but these sub sections authorizing revocation on the grounds of "moral turpitude", "negligence", "violation of other laws", (i.e. is littering

by an officer a cause), "violation of civil rights" -- are vague. If you adhere to my previous suggestion, that you set standards, then revocation is a clear matter.

SECTION 102 (3)

10. This section establishes a limitation to minimum security low risk offenders sentenced to incarceration at county level. I would suggest that since this is county option you may want to allow contracts for pre-trial as well as sentenced. If you are looking for cost savings and the ability of the private sector to fast track projects, greater flexibility to contract at the local level will give that to you.

SECTION 304

11. This section establishes a limitation to 250 beds. The 250-bed limit will most certainly eliminate many economies of scale which could be provided with larger projects.

SECTION 103

12. In this section delineating definitions you may want to include lease purchase and define services as more than security to encompass treatment, education, medical, programming, etc.

SECTION 302(B)(C)

13. Licenses: There seems to be a divergence of lines of authority in the legislation. The Department of Corrections issues licenses. The department is required to inspect, but the county solicitor can cancel.

I would suggest that since the contract is between governing authority and contractor, the legislation should provide for review by and advice of the solicitor.

SECTION 302(D)

14. Fees: The legislation authorizes the Department to assess fees. I would suggest that it define fees to include reasonable assessments to cover cost of administration.

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