

**HOUSE OF REPRESENTATIVES
Commonwealth of Pennsylvania**

**JUDICIARY COMMITTEE
SUBCOMMITTEE ON CRIME AND CORRECTIONS**

**HEARING ON
PRIVATIZATION OF PRISONS**

**Wednesday, April 24, 1996
Harrisburg, Pennsylvania**

JOSEPH T. FENTON, PRESIDENT

Fenton Security, Inc.

641 Penn Avenue

New Brighton, Pennsylvania 15066

Good afternoon Chairman Birmelin, distinguished members of the subcommittee, ladies and gentlemen. Thank you for inviting me here today to share my views on House Bill 246. My name is Joseph Fenton. I am President and Chief Executive Officer of Fenton Security, Inc. Founded in 1982 as a Pennsylvania corporation, Fenton Security, Inc. was one of the first companies in the nation to privately operate a prison. Today, Fenton Security owns and operates Community Corrections Centers in Pennsylvania under contract with the Federal Bureau of Prisons, provides halfway house services to the Pennsylvania Department of Corrections, and alternative housing for non-violent offenders for county government. In Colorado, we have successfully forged public/private partnerships with county government for the professional management of county jails.

The number of prisoners in state and federal institutions has now more than tripled since 1980. The increase in local jail population - those awaiting trial or those with less than a year's sentence - has been 165 percent over the same time period, while the U.S. population increased just 15 percent (National Municipal Research as reported in Fiscal Stress Monitor, March, 1996). In a time of budgetary constraints, burgeoning prison populations, and public concerns for safety, many counties and states must now examine alternatives to our present system. The growth of the private corrections industry has brought 90 of the approximately 1500 state and federal prisons and 12 local jails under contracted jail management. An additional 18,000 more beds are planned and 21 new facilities are expected to open under private management within the next 18

months. The success of professional management in providing security for the public and average operational savings of 10 per cent and construction savings of even more are certain to generate continued growth of the industry.

Fenton Security, Inc. strongly supports the responsible regulation of private correctional facilities. Our operations have proven and consistent records of meeting or exceeding the most stringent requirements of the Federal Bureau of Prisons, American Correctional Association Standards and Department of Corrections regulations. We believe that professional private management must not only offer safety for the community and cost efficiency, but also superior services based upon original concepts and methodology. The opportunity exists for private management, in cooperation and partnership with the public sector, to develop long-term solutions to the challenges facing the criminal justice system.

There are a number of issues which must be considered with respect to regulating the emerging professional corrections industry. Regulatory provisions for private operators which ensure high standards of operation, accountability, and fiscal responsibility will enhance the Commonwealth's criminal justice function. Regulations that inhibit the professional operator's ability to efficiently and effectively administer correctional services will benefit no one.

With respect to Section 102, Item 3, of House Bill 246, which addresses security levels for privatization, I would comment that the provision of correctional services is a function that is provided by people, as opposed to organizations. The private firms, including ours, which are most capable of significant contribution, have and will continue to bring the appropriate key administrators and personnel to each project. Effective operation of minimum, medium, or maximum security institutions by highly qualified, experienced administrators is therefore, equally possible by either the private or public sector. The number and types of beds managed by key members of the respective firms during their careers, and the benefits to be derived from privatization of a particular institution should then guide the determination. The limitation of privatization to minimum security correctional facilities may preclude involvement of the private sector from operation of full service jails, thereby denying county government the ability to provide for an increasing inmate population at a reasonable cost to taxpayers.

An additional and critical function of privately operated correctional facilities is to offer custody to those jurisdictions incapable of providing it due to overcrowding. The provision of services to a number of jurisdictions and maintaining full occupancy of facilities not only ensures the economic viability of the institution, but also results in the generation of revenue and consequent overall savings to government and the taxpayers. The limitation of Section 301 to incarceration of inmates from the Commonwealth would eliminate the generation of revenue

from out-of-state contracts. We believe that this may be an issue warranting determination on a case by case basis.

Contract monitoring is an essential element. Inspections must assure contract compliance.

House Bill 246 requires a contract monitor at the private correctional facility.

We have two suggestions which will increase productivity, efficiency, and morale.

(1) There should be no resident monitor. Such a position becomes, de facto, another Warden. No facility can function well with two wardens.

(2) The monitors should be monitored. A prime function of a monitor is to facilitate improved performance. A poor monitor is destructive in direct proportion to his inadequacy.

The contractor can not evaluate the performance of the monitor.

Our experience in operating under contract with local, state, and federal jurisdictions, has shown that compliance is best accomplished through a system of clearly defined responsibilities, open and productive communication and ongoing internal and external auditing.

House Bill 246 also addresses the important issue of maximum facility capacity. Optimal operating capacity should be determined based upon function, services, and resources. For example, the traditional halfway house was a small operation, housing up to twenty-five inmates.

When Fenton Security, Inc. developed the concept of combining halfway house and drug and

alcohol clinic into an effective urban institution, we believed that it was essential to establish a facility of sufficient size to ensure a full range of educational, vocational, and rehabilitation opportunities. Our programs, which include a diversity of opportunities for educational, vocational, wellness, and drug and alcohol treatment would be impossible in that traditional setting. Our facilities in the Pittsburgh area, with a combined capacity of 400 beds, have provided the opportunity for a comprehensive rehabilitation experience thereby maximizing the potential of successful reintegration into the community upon release. We would suggest that the bill include a provision that would enable the Department of Corrections to review each licensing request and determine rated capacity upon the relative merits of each.

A key element of correctional management regulation is staffing levels. Cost effectiveness in private corrections comes, in part, from efficient personnel management and manpower utilization, not cost-cutting. Bringing to bear on a task the right number of properly trained staff, doing the right job is essential. Personnel expenses are the real driving force behind total, long-range institutional costs. Over the life span of a typical facility, 90 percent of its total operational expenditures will be for staffing costs. We recommend that the regulations not restrict the ability of the private, professional operator to tailor personnel needs to actual duties, the requirements of the physical plant, and the programming level. We strongly believe that a competent, highly qualified and trained staff, in sufficient numbers to perform the complex work of the institution has been our company's strength. We also hold that an abstract staffing model devoid of

correlation to function, facility design, and program requirements does not promote efficiency and morale. We suggest that staffing levels be evaluated by the Department in these terms.

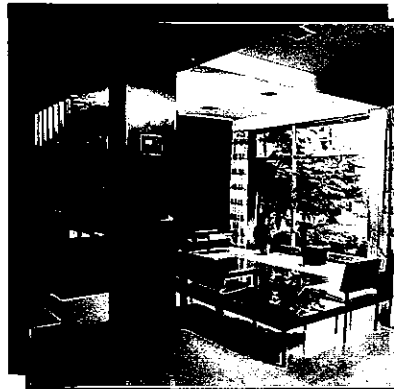
A correctional institution's effectiveness and safety depend upon high levels of staff morale. The private market approach to staffing and the unique demands of the corrections industry require opportunities for personal growth and development and good wages and treatment of staff. The private professional operator simply can not afford incompetence and high turnover. We therefore strongly support the Bill's emphasis on staff training and development.

The potential benefits of public/private partnering to effectively fulfill the Commonwealth's responsibility for incarcerating offenders are considerable. A comprehensive and responsible system for forging such partnerships to maximize the efficiency and achieve the objectives of government will be essential to progress. In the past decade, private prison operators across the nation have shown that the challenges facing the criminal justice system can be met through innovation. The opportunity for improved and enhanced correctional service delivery by the private sector can best be achieved through a concerted, cooperative effort with government.

In closing, I would like to repeat my genuine appreciation for the opportunity of appearing before this important and vital committee. We, at Fenton Security, support the objectives of House Bill 246 and while I have indicated a few areas of concern, it is essential that the Commonwealth provide legislation that will protect and promote the highest degree of integrity, efficiency and

cost effectiveness in our correctional system. The public/private partnership encompassed in this bill can and will accomplish that mutual goal. Again, it has been a privilege to appear before you and I will be pleased to respond to any questions you may have.

Fenton Security, Inc.



- Alternative Housing
- Community Corrections Centers
- Drug and Alcohol Clinics
- Correctional Consulting
- Jail Management

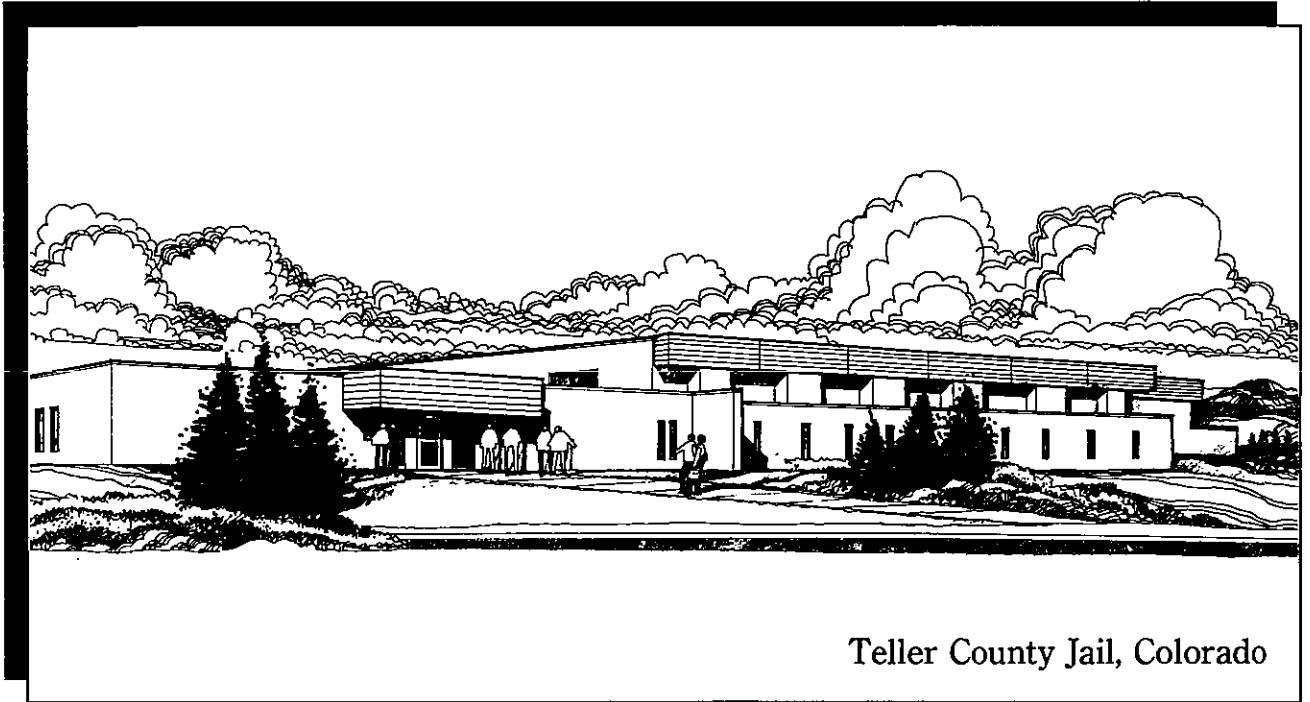
FSI

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FSI Jail Management



Teller County Jail, Colorado

By tradition and statute Counties must provide many public services. As some of these services become more technical, litigation-prone and expensive, however, the county can more effectively provide services through professional management.

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County prisons have now reached the levels of technical demands that almost require professional management and operation.

The benefits to the County:

- **Cost Control:** By contract, the County fixes the amounts of money it will pay and under which circumstances it will pay them. There are no hidden, unpredictable and unavoidable costs.
- **A Contractual Chain of Command:** FSI manages County Jails according to the requirements of the County and in conformance to nationally accepted professional standards.
- **Litigation and Liability Buffer:** FSI provides indemnification for the County and County officials. Further, the company provides legal defense for its actions and decisions.

- **Quality Performance:** FSI guarantees security for the community and treatment and rehabilitation for the prisoners. These guaranteed levels are enforceable, legal obligations.

- **A Predictable Rising Course of Performance and County Satisfaction:** Time and experience result in improved performance. If areas of possible improvement are identified, FSI and the County negotiate them into the existing contract or succeeding contracts.

FSI . . . Quality, cost-effective Jail Management and operation.

The Pavilions

Drug and Alcohol Rehabilitation Centers



Penn Pavilion and Alle Kiski Pavilion provide a comprehensive range of programs and services for those with a history of drug and alcohol abuse.

For individuals facing mandatory sentencing for DUI convictions in Allegheny, Butler, or Westmoreland Counties, Pennsylvania, The Pavilions offer an alternative to incarceration. When approved by the Court, Work Release supervision is provided. Services include D & A education, counseling and education programs in a clean, safe and dignified environment.

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The Outpatient D & A Clinic is for adults, age eighteen or older, with a willingness and motivation appropriate for treatment. An ideal alternative for those who work, attend school or training, and remain at home, this program is designed to provide a comprehensive treatment experience.

The initial assessment serves as the basis for an Individualized Treatment Plan. Individual, group and family counseling are provided. Support services and referral to appropriate community-based agencies are also available.