

1 HOUSE OF REPRESENTATIVES  
2 COMMONWEALTH OF PENNSYLVANIA

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3 House Bill 1469  
4 Private Prisons  
5 Privatization of Prison Services

\* \* \* \* \*

6 House Labor Relations Committee  
7 House Judiciary Committee

8 Main Capitol Building  
9 Majority Caucus Room, Room 140  
10 Harrisburg, Pennsylvania

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

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13  
14 BEFORE:

15 Honorable Robert Belfanti, Majority Chairman  
16 Labor Relations Committee  
17 Honorable Ron Buxton  
18 Honorable Eugene DePasquale  
19 Honorable John Galloway  
20 Honorable Marc Gergely  
21 Honorable Neal Goodman  
22 Honorable Michael McGeehan  
23 Honorable John Sabatina  
24 Honorable Tim Seip  
25 Honorable Frank Shimkus  
Honorable Ron Waters  
Honorable Thomas Caltagirone, Majority Chairman  
Judiciary Committee  
Honorable Harold James  
Honorable Jewel Williams

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1 BEFORE: (CONT'D)

2 Honorable Scott Boyd  
Honorable Steven Cappelli

3 Honorable Jim Cox  
Honorable Will Gabig

4 Honorable Glen Grell  
Honorable Carl Mantz

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1 ALSO PRESENT:

2 Vicki DeLeo

Majority Executive Director

3 Labor Relations Committee

4 Maryann Eckhart

Majority Administrative Assistant

5 Labor Relations Committee

6 Joanne Manganello

Majority Research Analyst

7 Labor Relations Committee

8 Bruce Hanson

Minority Executive Director

9 Labor Relations Committee

10 Pamela Huss

Minority Administrative Assistant

11 Labor Relations Committee

12 John Ryan

Majority Executive Director

13 Judiciary Committee

14 David McGlaughlin

Majority Senior Research Analyst

15 Judiciary Committee

16 Jetta Hartman

Majority Committee Sec./Leg. Asst.

17 Judiciary Committee

18 Michael Fink

Minority Research Analyst

19 Judiciary Committee

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1                   CHAIRMAN CALTAGIRONE: The hour of  
2 11:00 has arrived. We would like to start the  
3 hearing. And if the members would please introduce  
4 themselves on the panel? Starting to my left,  
5 please introduce yourself for the record and the  
6 county you represent.

7                   REPRESENTATIVE CAPPELLI: Representative  
8 Steve Cappelli from Lancaster County.

9                   REPRESENTATIVE MCGEEHAN: Mike McGeehan  
10 from Philadelphia County.

11                   CHAIRMAN CALTAGIRONE: Tom  
12 Caltagirone, Berks County.

13                   REPRESENTATIVE BOYD: Scott Boyd,  
14 Lancaster County.

15                   REPRESENTATIVE SEIP: Tim Seip. I  
16 represent Berks, Schuylkill counties. I serve on  
17 the Labor Committee.

18                   CHAIRMAN CALTAGIRONE: And chief  
19 counsel, John Ryan.

20                   MR. RYAN: John Ryan.

21                   CHAIRMAN CALTAGIRONE: Just to let the  
22 members and testifiers know that this is being  
23 televised live by PCN. And we would like to start  
24 off with a very dear friend from Schuylkill County,  
25 Representative Goodman.

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1                   REPRESENTATIVE GOODMAN: Good morning.  
2 Good morning, Mr. Chairman, and I would like to  
3 thank you for conducting this hearing and providing  
4 me the opportunity to speak today before the House  
5 Labor Committee on the merits of House Bill 1469,  
6 Private Prison Moratorium and Study Act.

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

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

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

25                   There are currently no state private

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1 prisons in Pennsylvania. However, private  
2 facilities do exist in the commonwealth at the  
3 federal and county level.

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

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

17           The Pennsylvania Department of  
18 Corrections has proven it is capable of safely and  
19 effectively managing the state prison population. I  
20 do, however, have concerns about private prisons  
21 being considered as an alternative to running state  
22 facilities. Advocates of privatized prisons claim  
23 that for-profit firms operate prison more  
24 effectively than state-run facilities; when in  
25 reality, the estimated savings turn out to be an

1 exaggeration.

2           For example, in 1998, a study by the  
3 United States Attorney General, at the request of  
4 Congress, found there was no strong evidence to  
5 support the claim that privately-run facilities are  
6 more cost-effective. In fact, the study found that  
7 most cost comparisons omit the hidden costs  
8 associated with profit prisons, such as those  
9 associated with escapes, the procurement process,  
10 legal contracts, administrative costs, contract  
11 monitoring, and other overhead costs.

12           It is estimated that these additional  
13 costs could add as much as 10 to 20 percent to the  
14 total contract.

15           The study concluded that there was no  
16 overall savings to the taxpayers by choosing a  
17 for-profit prison or over a state-operated system.

18           Prisons should be staffed by professional  
19 correctional personnel dedicated to preserving  
20 public safety. Conversely, in 1999, a study by the  
21 National Council on Crime and Delinquency showed  
22 that for-profit prisons offered lower wages and  
23 inadequate benefits to employees who are then asked  
24 to put their lives on the line every day. This  
25 results in a high employee turnover, poorly trained



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1 employees, understaffed prisons, and then a higher  
2 rate of assault on staff and inmates than public  
3 facilities.

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

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

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

22           CHAIRMAN CALTAGIRONE: Thank you.

23           REPRESENTATIVE GOODMAN: And I would also  
24 like to join my committee now. Because I know there  
25 is a long list of testifiers that are going to cover

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1 both sides of this issue, and I am very eager to  
2 hear from both sides. Thank you, Mr. Chairman.

3 CHAIRMAN CALTAGIRONE: Certainly.  
4 There are some additional members that have joined  
5 the panel, if they would like to introduce  
6 themselves, starting from Ron Buxton and mentioning  
7 his --

8 REPRESENTATIVE BUXTON: Ron Buxton,  
9 Dauphin County.

10 REPRESENTATIVE GRELL: Glen Grell,  
11 Cumberland County.

12 REPRESENTATIVE MANTZ: Carl Mantz, Lehigh  
13 and Berks counties.

14 REPRESENTATIVE GALLOWAY: John Galloway,  
15 Bucks County.

16 REPRESENTATIVE SABATINA: John Sabatina,  
17 Philadelphia County.

18 CHAIRMAN CALTAGIRONE: And our Labor  
19 Chairman Bobbie Belfanti.

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

23 MS. SCHWARTZMAN: Thank you, Mr.  
24 Chairman. Thank you, members of the committee, and  
25 everybody attending.

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1                   Individual freedom is the most  
2 fundamental right of the United States citizen.  
3 It's a foundational element that should never be  
4 relegated to any private entity. It is the  
5 responsibility of government that should never be  
6 consigned to nongovernmental enterprises, especially  
7 where profits triumph.

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

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

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

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

24                   The Prison Society has a long history of  
25 working with government, and we hope that we will be

1 able to continue doing that; this is one of the key  
2 issues that we have worked on over the years.

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

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

20           In the mid-'90s, the Prison Society  
21 joined again to caution against private prisons.  
22 Then Governor Ridge was among the staunchest  
23 opponents of those institutions. Ten years later,  
24 we are back again. This time, there are more  
25 examples of why we should not engage in private

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1 institutions; one nearby, Youngstown, Ohio, is  
2 perhaps the most instructive.

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

10           Inadequate medical care for prisoners;

11           Failure to control violence in the  
12 prisons;

13           Substandard conditions that lead to the  
14 uprisings;

15           Criminal activity by a number of the  
16 employees;

17           Escapes and incorrect releases of the  
18 wrong incarcerated inmates.

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

22           Issues and complaints about private  
23 prisons can be found across the country. In doing  
24 some research, we found at least seven states that  
25 have major complaints right now. Complaints of

1 squalid conditions and abuse in the Florida-based  
2 GEO Group actually resulted in their firing by the  
3 Texas Youth Commission Officials.

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

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

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

21           In 1995, a facility in Rhode Island was  
22 brought on line with 300 beds. Unfortunately, the  
23 beds were not filled; something happened that the  
24 contract wasn't correctly carried out. Lobbyists  
25 from Cornell Corrections, the company actually doing

1 and supplying this prison, decided that they needed  
2 to lobby Justice officials and get some inmates into  
3 their facility; they had a bottom line to meet.

4           They were able to fill that facility with  
5 232 North Carolina inmates; but Rhode Island did not  
6 contract for state inmates from North Carolina with  
7 violent histories, they wanted federal detainees.

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

21           A report from the Institute on Taxation  
22 and Economic Policy in 2001 stated, and I quote,  
23 "Given the relatively low wages paid by industry and  
24 its limited ripple effect on the larger economy,  
25 subsidizing private prisons may not provide much

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1 bang for the buck... A lot of small, struggling  
2 communities have spent a significant amount of money  
3 to bring these prisons into existence. There's no  
4 evidence there has been any payoff for them."

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

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

23           A detention center in Elizabeth, New  
24 Jersey, in the mid-'90s, experienced an uprising  
25 when detainees burned the facility to the ground.



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1 The Department of Justice and Immigration Services  
2 canceled their contract, meaning the government had  
3 to step in and pick up the pieces. But the reason,  
4 apparently, was inadequately trained officers,  
5 because they wanted to save costs.

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

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

21 The decision to take freedom away is one  
22 of the most powerful tools a government can utilize.  
23 It cannot be taken lightly. Prisons are important.  
24 They are part of the system. And parts of the  
25 system have been privatized. We have seen food

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1 service, medical care, halfway houses, treatment  
2 centers, and even management of facilities going up  
3 on the block.

4           What we haven't seen, though, is the  
5 state allowing the entire entity to be taken over,  
6 and that step shouldn't.

7           We urge the members of the committees to  
8 vote for House Bill 1469 to continue and  
9 re-establish the moratorium, to study the issue  
10 until authority, responsibility, liability and  
11 punishment can be addressed.

12           A number of states now are actually  
13 re-thinking their private prison contracts.  
14 Arizona, Alabama, Wisconsin, Idaho, Montana, are  
15 just a few that are starting to say, no, we want our  
16 inmates back. We can do better in our home states,  
17 in our public prisons.

18           Although cost-savings in general tend to  
19 favor private facilities, states are examining other  
20 factors as well. How about re-entry? How about  
21 recidivism? What does a private corporation have to  
22 do with that? Those concerned with private prisons  
23 suggest that administrative overhead is missing from  
24 most comparison studies and that those studies are  
25 really looking at apples and oranges.

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

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

17           To us, the bottom line is:

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

22           Thank you.

23           CHAIRMAN BELFANTI: Thank you very much.  
24 Are there members with questions? Representative  
25 McGeehan.



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1 are widespread. Medical issues are critical.  
2 Cleanliness is a big issue. Access to attorneys is  
3 a big issue. Access to family visitation is a big  
4 issue. There are a lot more, but those generally  
5 are the ones that seem to crop up.

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

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

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

23 MS. SCHWARTZMAN: Not that we have seen.

24 REPRESENTATIVE MCGEEHAN: Private versus  
25 publicly-run prisons?

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1 MS. SCHWARTZMAN: We have not seen that,  
2 but we have seen numerous articles that talk about  
3 the costs incurred and how counties are surprised  
4 when they are not saving the big dollars that they  
5 thought they would.

6 REPRESENTATIVE MCGEEHAN: Thank you, Mr.  
7 Chairman.

8 CHAIRMAN BELFANTI: Thank you.  
9 Representative Cappelli.

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

13 I have got more or less a global question  
14 for you. I know here, in the commonwealth, we  
15 operate 27 correctional facilities, I believe 13  
16 community correction facilities and additional  
17 complexes. Our inmate population is now over  
18 46,000, an all-time high, which is quite disturbing.

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

25 MS. SCHWARTZMAN: That's a combination:

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1 state, federal, and even some county inmates.

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

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

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

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

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1 a private prison.

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

11 CHAIRMAN BELFANTI: Thank you.  
12 Representative Sabatina.

13 REPRESENTATIVE SABATINA: Good morning.  
14 Thank you --

15 MS. SCHWARTZMAN: Hi.

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

24 MS. SCHWARTZMAN: Um-hum. It's the  
25 access in general. Some of these facilities, state



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1 inmates or federal inmates have to travel, you know,  
2 by airplane, whatever, and the attorneys don't want  
3 to do that; no one is going to pick up their cost.  
4 It's actual access in the facility just because of  
5 the complexities in all of the different facilities.

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

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

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

25           REPRESENTATIVE SABATINA: Okay. Thank

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1 you.

2 MS. SCHWARTZMAN: Thank you.

3 CHAIRMAN BELFANTI: Thank you.

4 Representative Buxton is next.

5 REPRESENTATIVE BUXTON: Thank you, Mr.  
6 Chairman.

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

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

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

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

25 MS. SCHWARTZMAN: Generally, what we have

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

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

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

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1 around the country.

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

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

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

22 REPRESENTATIVE BUXTON: Thank you.

23 MS. SCHWARTZMAN: Thanks.

24 CHAIRMAN BELFANTI: Thank you.

25 Representative Goodman.

1                   REPRESENTATIVE GOODMAN: Thank you, Mr.  
2 Chairman.

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

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

19                   And one of the things that really did  
20 jump out at me in your testimony, and what I found  
21 in my research, is how many private prisons get  
22 money upfront, get tax abatements. Here, you point  
23 out that \$628 million in tax-free bonds and the  
24 government-issued securities provided financing for  
25 over 60 private facilities.

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1                   I mean, one of the things that  
2 Representative Buxton, I think was alluding to, was  
3 that you can write any contract you want. I mean,  
4 you can write a contract that says you are going to  
5 cover from A to Z. The problem is many of these  
6 county and federal private prisons are also on a  
7 budget, and they know if their contract gets too  
8 explicit as to what they want to cover, no one is  
9 going to put a bid in.

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

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

22                   Where here in Pennsylvania, the  
23 Commonwealth of Pennsylvania, you know, we are, the  
24 Department of Corrections through the Department of  
25 General Services, are the ones that put out the

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1 contracts, and we are the ones that make sure that,  
2 you know, all the I's are dotted and the T's are  
3 crossed, and it's ultimately our employees that are  
4 the ones that are operating these prisons and they  
5 are answerable to us; wherein, the private  
6 sector...?

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

13                   MS. SCHWARTZMAN: Thanks.

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

22                   But I did want to ask one question of my  
23 own, and that is a separation between the adult  
24 prisons, that I believe you are mostly interested  
25 in, and the juvenile prisons.

1           Which we have two different types in the  
2 state. One operated by DPW. We have a facility in  
3 Danville, which is in my district, which has been  
4 somewhat notorious for problems and the Secretary  
5 herself has been greatly involved in some of the  
6 problems there. And then the other is the prisons  
7 operated by companies like Northwestern Academy,  
8 which are typically boot camp settings. They are  
9 unionized. And we don't seem to have many problems  
10 with those facilities, other than the school  
11 districts failing to want to reimburse for the  
12 tuition for the educational process within those  
13 facilities.

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

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

24           MS. SCHWARTZMAN: We have heard stories.  
25 But the Prison Society basically focuses on adults



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1 so I really don't have information about the  
2 juvenile system.

3 CHAIRMAN BELFANTI: Okay. Chairman  
4 Caltagirone.

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

10 MS. SCHWARTZMAN: I imagine so.

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

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

23 I don't know of many corporations that go  
24 out of their way to make sure that the county  
25 actually gets as much of the finances as they

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1 should.

2 CHAIRMAN CALTAGIRONE: Okay. I

3 appreciate that. Thank you, Ann.

4 CHAIRMAN BELFANTI: Any other members?

5 If not, thank you very much for your testimony.

6 MS. SCHWARTZMAN: Thank you.

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

10 (Off-the-record discussion occurred.)

11 Whenever you are ready to commence.

12 Thank you.

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

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

25 PLN has about 7,000 subscribers

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1 nationally and internationally; about 60 percent of  
2 our readership is incarcerated, the remainder are  
3 judges, Attorney Generals, corrections  
4 professionals, lawmakers, academics, and attorneys,  
5 primarily.

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

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

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

21 Further, I am a former prisoner. I  
22 served six years at a privately-operated prison in  
23 Tennessee. I also served time in an identical  
24 state-run prison in Tennessee. The facility was the  
25 CCA-managed South Central Correctional Facility

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1 where I became extremely familiar with CCA's  
2 internal operations from an inside perspective.

3 That experience lead me to research the  
4 industry and become a national expert on the  
5 industry. I have testified before Congress. I have  
6 testified at other committee meetings legislatively,  
7 both in Tennessee and in other states, and spoken at  
8 a number of conferences on this topic.

9 I am not unbiased, and with good reason.  
10 I believe my bias is based on the research and the  
11 empirical experience I have had in dealing with  
12 private prison companies. I do have an inside  
13 perspective. I believe I am probably the only  
14 person in this room who has actually served time in  
15 a private prison.

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

22 And speaking about the Pecan industry,  
23 once the nuts are picked, they have to be stored and  
24 so you have companies that bid to store tens of  
25 thousands of Pecans in warehouses. And to submit

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1 the lowest bid, they have to cut expenses, which  
2 means they have to cut maintenance costs, and so  
3 some of the Pecans go bad.

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

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

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

21           Private prisons are accountable to  
22 shareholders. Private companies have a fiduciary  
23 duty to make money for those who own stock in the  
24 companies. That is the reason they exist. It is  
25 not to protect the public. It is not for the public

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1 good. It is not to safeguard society. It is for  
2 private profit.

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

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

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

23 If that company was in Pennsylvania, you  
24 would have never seen that memo because they would  
25 have never had to release it because it was a

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1 private corporate document.

2           Two months ago, I spoke with a CCA  
3 insider who had recently resigned from the company.  
4 And he told me that when CCA does internal quality,  
5 audit assurance reports, two reports are produced.  
6 One is for internal use and goes to the corporate  
7 office. The other, with all negative references  
8 redacted, is the one that they submit to the  
9 contracting government agency.

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

19           70 to 80 percent of prison operational  
20 costs across the board are due to staff expenses.  
21 To reduce expenses and earn a profit, that's the  
22 primary way that you cut costs, if you are running a  
23 prison privately.

24           Private prison companies do cut costs for  
25 prisoner amenities such as less money spent on food,

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1 fewer blankets distributed, rationing rolls of  
2 toilet paper. But the big bucks, the vast majority  
3 of money that are saved are through staffing, by  
4 hiring fewer employees and paying them lower wages,  
5 offering fewer benefits, and providing less  
6 training.

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

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

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



1 riots.

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

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

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

25 During one ten-month period, from May

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1 2004 to March 2005, just two to three years ago,  
2 there were five major riots at CCA-run prisons and  
3 one hostage situation that involved a total of 910  
4 prisoners engaging in violence, 120 reported  
5 injuries, a double shooting, and one death. That's  
6 in one company over a ten-month period. Those  
7 numbers have no comparable level in the state-run  
8 prison system. Absolutely none.

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

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

22 Representative Debra Hilstrom in  
23 Minnesota, stated in 2005, quote, if you are cherry  
24 picking the very best prisoners like private schools  
25 do with students, the state ends up with the worst

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1 ones, thereby driving up our costs, unquote.

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

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

15           The second question and probably the  
16 biggest one is, can private prisons save money? The  
17 answer is, maybe. There have been many studies  
18 conducted and most have found inconclusive or  
19 minimal cost-savings. The 1996 GAO report, very  
20 good report, very comprehensive, could not find any  
21 cost-savings. A very good comprehensive study done  
22 in Tennessee in 1995, they compared apples to  
23 apples, two identical prisons, one publicly run, one  
24 privately run, found that private prisons saved  
25 pennies a day, if that.

1                   Proponents of prison privatization claim  
2 cost-savings of 30 percent or more. They include  
3 the private prison companies that want the  
4 contracts, they include the Reason Foundation, a  
5 privately-run think tank out of California that  
6 receives funding from private prison companies,  
7 including CCA and GEO Group.

8                   And research by a former professor,  
9 Charles Thomas, cites quite a few cost-savings.  
10 Professor Charles Thomas was conducting research,  
11 hidden to private prison companies, at a Florida  
12 university, while he owned private prison stock, and  
13 was paid \$3 million for assisting in a private  
14 prison merger while sitting on a private prison  
15 board. He later resigned his position and was fined  
16 \$20,000 by the Florida State Ethics Commission.  
17 Private prison companies, however, still cite his  
18 research.

19                   Personally, I believe that private prison  
20 companies can save money. I think any time you have  
21 a company that cuts corners, hires fewer staff, pays  
22 them less wages, with fewer benefits, and provides  
23 less training while capping your medical cost for  
24 prisoners and cherry picking the prisoners in your  
25 facility, can absolutely save costs.

1                   The question is, at what cost? The cost  
2 of public safety? The cost of professionalism in  
3 corrections?

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

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

13                   I recommend that you speak with the  
14 family of Bryant Alexander. Bryant Alexander was  
15 17-years-old when he died of medical neglect at a  
16 privately-run juvenile facility in Texas. A jury  
17 ordered \$40 million to his family against  
18 Corrections Service Corporation.

19                   I suggest you speak with the Mayor of  
20 Youngstown, Ohio. After CCA built a prison in his  
21 city, the prison experienced two murders, the mass  
22 tear gassing of prisoners, an escape in broad  
23 daylight of six prisoners including five convicted  
24 murderers, and refusal by CCA officials to allow  
25 state lawmakers into their prison.

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1                   There was a \$10.6 million settlement  
2     resulting from abuse at the facility, and the Mayor  
3     of Youngstown called CCA the most irresponsible  
4     company he had ever dealt with.

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

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

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

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

24                  MR. FRIEDMAN: That's correct.

25                  CHAIRMAN BELFANTI: Was that in this

1 commonwealth?

2 MR. FRIEDMAN: No, that was in Tennessee.

3 CHAIRMAN BELFANTI: In Tennessee.

4 MR. FRIEDMAN: Um-hum, yeah.

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

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

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

25 The reason I ended up at a

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1 privately-operated facility is that it was opened in  
2 1992, along with two identical state facilities.  
3 The exact same layout. The exact same number of  
4 prisoners. Two run by the state. One run by CCA.  
5 They needed to fill these up.

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

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

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

19 Any other members have questions?  
20 Representative McGeehan.

21 REPRESENTATIVE MCGEEHAN: Thank you very  
22 much, Mr. Chairman.

23 I think your testimony speaks to why this  
24 is a combined hearing of the Judiciary and Labor  
25 Committee. Obviously, it's a criminal justice



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1 issue, but it's also a labor issue.

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

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

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

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

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

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1 county facilities.

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

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

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

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

23 I am reminded of several years ago, a  
24 private prison guard, CCA in Tennessee at the  
25 Whiteville facility. He was there, I believe, less

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1 than two weeks. He was a new trainee guard. They  
2 put him out in the yard with over a hundred  
3 prisoners. He didn't have a radio. He didn't have  
4 backup. They beat him so severely that they  
5 couldn't remove the bone fragments from his brain.  
6 His family was quite upset about that. But there  
7 was nothing they could do.

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

15 Thank you, Mr. Chairman.

16 MR. FRIEDMAN: Thank you.

17 CHAIRMAN BELFANTI: Thank you very much.  
18 Representative Sabatina.

19 REPRESENTATIVE SABATINA: Good morning  
20 and thank you for your testimony. My question --  
21 And I don't want to you believe that I did not  
22 listen to your testimony. I did.

23 My question to you is--since you have a  
24 unique perspective in being both in a privately-run  
25 facility and a state facility, and since you are

1 here today, it is obviously a matter of great  
2 importance to you--I guess, in your own words, or  
3 for you personally, besides the soft drinks and the  
4 lack of juice and milk, what is it for you that you  
5 believe it is so bad about publicly-run facilities  
6 as compared to state-run facilities?

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

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

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

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

25 From a public perspective, as someone who

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1 is out of prison and doesn't advocate violence or  
2 misconduct, part of it is a philosophical objection  
3 to privately-run prisons. Because when you talk  
4 about privatizing prisons, you are really talking  
5 about privatizing prisoners. And prisoners are  
6 people. They are people's mothers and fathers and  
7 sons and aunts and daughters. And I have a moral  
8 objection to the notion of treating people as  
9 commodities that simply bolster your bottom line,  
10 particularly when you are profiting from their  
11 incarceration and misery.

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

24           Private prisons have absolutely no  
25 incentive to rehabilitate. On the contrary, they

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1 exist because you have more and more prisoners  
2 serving longer periods of time. If you remove their  
3 base of prisoners, they lose money. Their incentive  
4 is to fill their beds up and keep them full. That's  
5 how they make profit.

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

14 REPRESENTATIVE MCGEEHAN: Thank you.

15 CHAIRMAN BELFANTI: Thank you very much.  
16 Acting Republican Chair, Scott Boyd.

17 REPRESENTATIVE BOYD: Thank you, Mr.  
18 Chairman.

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

22 Just out of curiosity sake, you said that  
23 there were, I think you said, three prisons in  
24 Tennessee that were identical, two were public, one  
25 was private?

0055

1 MR. FRIEDMAN: Um-hum.

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

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

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

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

24 Also, the population of the prisons  
25 changed. So one of the public prisons, for example,

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1 is a very violent prison, it houses closed security,  
2 which is above medium; whereas the private prison  
3 house is minimum and medium.

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

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

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

20           MR. FRIEDMAN: Correct.

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

23           MR. FRIEDMAN: That's correct.

24           REPRESENTATIVE BOYD: So just out of  
25 curiosity sake, you seem to be, in my mind, at least



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1 watching you here today, the model of what we would  
2 want people to come out of prison and be like,  
3 articulate, part of society, contributing. How did  
4 it happen that -- What happened? I mean, if you  
5 were in the private one, how did you break away?  
6 How? You know, was it just your own fortitude kind  
7 of thing?

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

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

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

22 When people ask me that question, I say,  
23 people, who get out of prison and succeed, do so in  
24 spite of the system, not because of it. It is a  
25 very brutal system, particularly in the private

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1 prison industry, when people are treated and see  
2 themselves as nothing more than commodities to make  
3 money for big corporations and then are kicked out.

4           It is very difficult to succeed when you  
5 have the stigma of a prison record, which means:

6           You have difficulty getting a job;

7           Getting a place to stay;

8           You are excluded from a number of federal  
9 programs, and;

10           You are excluded from a number of career  
11 paths.

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

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

23           MR. FRIEDMAN: Thank you.

24           CHAIRMAN BELFANTI: Representative Seip.

25           REPRESENTATIVE SEIP: Thank you, Mr.

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1 Chairman. This is a follow-up, I guess, to  
2 Representative Sabatina's question earlier about  
3 differences between private and state-run  
4 facilities.

5 I myself had spent sometime at SCI  
6 Frackville as a social worker there. And I  
7 recognize that inmates are very resourceful and very  
8 innovative.

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

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

24 And when you have guards that have been  
25 in that profession for a long time, they have the

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1 experience, they know how to deal with manipulative  
2 inmates and security protocols and procedures. And  
3 you don't have that with new and inexperienced  
4 staff.

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

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

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

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1 Wal-Mart. They go in. They go out.

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

9 REPRESENTATIVE SEIP: Thank you. Thank  
10 you for your testimony.

11 Thank you, Mr. Chairman.

12 CHAIRMAN BELFANTI: Thank you all. And I  
13 want to echo Representative Boyd's comments that we  
14 all appreciate your candor and wish you the best.

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

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

25 MR. FRIEDMAN: I have seen almost no

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1 privatized parole systems. I am actually not aware  
2 of any. There might be one. But the vast majority  
3 of parole systems are publicly operated.

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

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

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

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

24 CHAIRMAN BELFANTI: Representative  
25 Waters, and then we will need to move on so we can

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1 maintain the schedule.

2 REPRESENTATIVE WATERS: Thank you, Mr.

3 Chairman.

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

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

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

20 MR. FRIEDMAN: I certainly wish I had  
21 more time to discuss that issue which is actually an  
22 entirely -- another issue that would consume another  
23 committee hearing. Medical care in prison is a huge  
24 issue, both for mental health care and for medical  
25 care.

1                   And there have been numerous, very good  
2 reports: The New York Times; Michigan's newspapers  
3 had a big article, a series on medical care in  
4 prisons; so did Delaware recently within the last  
5 two years.

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

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

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

22                   They entered into a contract with this  
23 doctor that would increase his salary if he  
24 decreased medical costs for prisoners, and the  
25 primary medical cost for prescription drugs and



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1 outside medical referrals. And not surprisingly,  
2 for every year the doctor was there, he maxed-out  
3 his salary, and prescription meds. and outside  
4 referrals plummeted. That doesn't mean the  
5 prisoners didn't need as many meds. and they weren't  
6 as sick. It means they didn't get the care.

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

15           REPRESENTATIVE WATERS: Thank you.

16           Thank you, Mr. Chairman.

17           CHAIRMAN BELFANTI: I thank you,  
18 Representative Waters.

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

22           MR. FRIEDMAN: I appreciate the  
23 opportunity.

24           CHAIRMAN BELFANTI: Next, we have Joan  
25 Erney, Deputy Secretary, Office of Mental Health,

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1 from the PA Department of Public Welfare. Whenever  
2 you are prepared, please proceed.

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

8 And I am really here today to provide the  
9 committees information regarding our request for  
10 proposal that was issued in August, on August 16th,  
11 2007, to solicit proposals to privatize three  
12 forensic units that are currently operated by my  
13 office. OMHSAS is our acronym so you will hear that  
14 throughout the testimony.

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

23 I also want to make clear that this is  
24 different from the other testimony you have been  
25 hearing, and are likely to hear today, because this

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1 is not a focus on privatizing prisons. We are a  
2 treatment facility, and these are specialized units  
3 that provide behavioral health treatment within our  
4 state hospitals.

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

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

22           The average length of stay at the  
23 facilities ranges from slightly over 70 days and up  
24 to 140 days. The vast majority of individuals who  
25 are served there, approximately 95 percent served at

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1 our facilities return to the county jail that  
2 referred them. The remaining 5 percent are moved to  
3 the civil section where they may be discharged to  
4 the community.

5 Pennsylvania's per diem averages \$713 a  
6 day. And according to a report from the National  
7 Association of State Mental Health Directors, the  
8 national average for similarly situated units is  
9 \$388 a day. Given the disparity between what  
10 Pennsylvania is spending compared to the rest of the  
11 nation, and in order to be good stewards of the  
12 commonwealth's money, it was necessary to find ways  
13 to control costs, bring our costs in line, and  
14 maintain the level of quality services that are  
15 necessary to operate our facilities.

16 So, in order to do that, OMHSAS did  
17 release a request for proposal to develop two  
18 psychiatric-inpatient forensic centers with the  
19 capability for community-residential step down and  
20 transitional-treatment team services. This  
21 initiative would provide for regional access to  
22 state-of-the-art evaluation and treatment resources  
23 and more fully integrate the complex criminal  
24 justice and behavioral health components necessary  
25 to successfully reintegrate this population.

1                   In order to achieve the taxpayer savings  
2 and ensure quality, the RFP makes it possible for  
3 the vendor to do the following:

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

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

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

23                   The request for proposal was released on  
24 August 16th, 2007. The bids are due next week on  
25 October 31st, 2007. There is a website that does

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1 have additional information. It is through the  
2 Department of General Services. It does, it will  
3 have the RFP listed. It also has all of the  
4 questions and answers that are part of the  
5 procurement process through the technical process.

6 Thank you.

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

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

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

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

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

22 MS. ERNEY: Yes.

23 CHAIRMAN BELFANTI: These would be  
24 adults?

25 MS. ERNEY: Yes.

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1                   CHAIRMAN BELFANTI: Any other members  
2 have questions?

3                   REPRESENTATIVE MCGEEHAN: I do.

4                   CHAIRMAN BELFANTI: Representative  
5 McGeehan first.

6                   REPRESENTATIVE MCGEEHAN: Thank you, Mr.  
7 Chairman.

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

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

24                   MS. ERNEY: I appreciate your comments.  
25 What I can offer is, within the procurement process,

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1 there is a due diligence that needs to happen before  
2 a selection is made. We will, in fact, have an  
3 evaluation team that will really go through and look  
4 at each proposal.

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

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

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

25 But the turnover rates, with these



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1 companies that you are dealing with, have you  
2 explored that? Have you explored, you know, what  
3 their training program is? How many people have  
4 applied?

5 You had five bidders, is my  
6 understanding?

7 MS. ERNEY: October 31st, the bids are  
8 due. We do not, and I will not know, until the bids  
9 come in, how many bidders we will have. We did have  
10 11 potential bidders on site for the technical  
11 assistance questions.

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

18 MS. ERNEY: I would only offer, sir,  
19 because we are in the midst of the formal  
20 procurement process, the process will go as follows:  
21 the bids will come in, there will be a technical  
22 evaluation committee that will review the proposals  
23 and then make a recommendation to the Secretary. At  
24 that point in time, we also then enter into  
25 discussions with the unions and the current

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1 employees and staff of those facilities. So we are  
2 far from making a final recommendation.

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

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

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

21 REPRESENTATIVE MCGEEHAN: Well, I  
22 appreciate that. And knowing that the population of  
23 those with mental illness and with drug and alcohol  
24 problems are increasing in the general population  
25 and in the prison population, I think it is

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1 incumbent upon us to use extra due diligence --

2 MS. ERNEY: Yes.

3 REPRESENTATIVE MCGEEHAN: -- when we are  
4 talking about these forensic units. These are the  
5 most troubled inmates that we have.

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

12 Thank you, Mr. Chairman.

13 MS. ERNEY: Thank you.

14 CHAIRMAN BELFANTI: Thank you,  
15 Representative McGeehan.

16 Acting Chairman Boyd.

17 REPRESENTATIVE BOYD: Thank you, Mr.  
18 Chairman. Real quickly.

19 I presume, I just wanted to clarify --

20 MS. ERNEY: Okay.

21 REPRESENTATIVE BOYD: -- if House Bill  
22 1469 would get adopted, Representative Goodman's  
23 bill, would that apply to this effort that you are  
24 currently undergoing the ending of it or --

25 MS. ERNEY: We are not a correctional

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1 facility so I actually don't know whether you  
2 expanded it to include us or not, sir.

3 REPRESENTATIVE BOYD: It wouldn't. Okay.  
4 I wanted to kind of clarify that.

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

11 MS. ERNEY: Yes.

12 REPRESENTATIVE BOYD: Okay. All right.  
13 I just wanted to clarify for my own mind.

14 Thank you, Mr. Chairman.

15 MS. ERNEY: Thank you.

16 CHAIRMAN BELFANTI: Thank you.

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

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

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1 answers for you.

2 But we do want our, as good as, as best  
3 as possible, stick with the time schedule at hand.  
4 So we will take Representative Goodman and then  
5 Representative Seip.

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

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

13 MS. ERNEY: Correct.

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

22 I found the same situation that happens  
23 with our prison systems when you go to a private  
24 facility, as there are a lot of hidden costs when  
25 you do this.

1           If you are going from three facilities to  
2 two facilities, obviously you are going to save on  
3 staffing, but there is going to be a great deal of  
4 transportation coming from the 27 other facilities  
5 and you are going to have to have guards  
6 transporting them, are you not?

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

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

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

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

23           So when we look at what our need is, the  
24 three facilities, the total number of beds has been  
25 adequate to assure that we have the right capacity

1 to have folks really be able to come in, have their  
2 competency established or evaluated and/or  
3 treatment. And we have found that an eastern and a  
4 western solution would seem to meet the needs of the  
5 local county jails. So we have not reduced  
6 capacity, we have only reduced the number of sites.

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

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

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

23           REPRESENTATIVE GOODMAN: Okay. And I  
24 agree, Mr. Chairman, with Representative McGeehan.  
25 I think that another hearing should be held shortly

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1 after the department makes its determination with  
2 regards to the RFP.

3 Thank you, ma'am.

4 MS. ERNEY: You are welcome.

5 CHAIRMAN BELFANTI: Thank you.

6 Representative Seip, a final question.

7 REPRESENTATIVE SEIP: Thank you, Mr.  
8 Chairman.

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

21 MS. ERNEY: The Office of Mental Health  
22 and Substance Abuse Services obviously is very  
23 concerned about maintaining the level of quality  
24 that we would have if -- that we have in our current  
25 facilities, in any type of privatized model.





1           The next person to testify is another  
2 administration official, William Sprenkle, Deputy  
3 Secretary of Administration, Pennsylvania Department  
4 of Corrections.

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

9           REPRESENTATIVE MCGEEHAN: Thank you.

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

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

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

25          Opponents of privatization argue that to

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

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

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

20           Looking at prison privatization  
21 nationwide, 7.2 percent of all federal and state  
22 inmates at midyear 2006 were housed in  
23 privately-operated prisons, up 10 percent from the  
24 year before. As stated in earlier testimony, this  
25 represents 111,975 inmates held in private custody.

1 This does not include offenders who may be held in  
2 facilities where services are partially provided by  
3 private firms.

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

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

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

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

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

25           The evidence suggests that these claims

1 are largely overstated and are not supported by  
2 solid scientific evidence.

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

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

18           A major review of the existing research,  
19 however, concluded that there is no statistically  
20 meaningful difference in recidivism rates between  
21 public and private prisons. Closely related to this  
22 finding about the impact of services delivered in  
23 private prisons is the strong concern that they  
24 often rely upon poorly paid staff, suffer from high  
25 turnover rates, and tend to take the more manageable

1 inmates into their systems, leaving the more  
2 difficult and disruptive inmates for publicly-run  
3 facilities.

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

13           Management problems have been noted in  
14 every state that operates private prisons. Such  
15 problems are perhaps best illustrated by significant  
16 management failures that occurred recently in three  
17 states: Colorado, Louisiana, and Tennessee. These  
18 states have heavily participated in the prison  
19 privatization movement, with each having multiple  
20 privately-owned and operated prisons. While  
21 findings may be mixed about cost effectiveness,  
22 quality of treatment services, and facility  
23 management, overall, the data document significant  
24 problems encountered in these states that cannot be  
25 overlooked.

1           One of the more egregious incidents  
2 occurring in the privately-owned facility included a  
3 riot which took place in the state of Colorado in  
4 2004. The facility was significantly damaged and  
5 multiple injuries were reported.

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

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

23           Troubling findings also were revealed  
24 with the state of Louisiana's experiment with prison  
25 privatization. When compared side-by-side, its

1 state-operated prisons outperformed privately-owned  
2 and operated prisons on several important measures.  
3 For example, it was determined that the  
4 state-operated prisons had fewer escapes, had fewer  
5 reported aggravated sexual misconducts, and were  
6 more effective at monitoring and controlling  
7 substance abuse among inmates.

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

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

20           An independent audit of CCA and two  
21 comparable state-run facilities revealed that all  
22 three institutions received statistically identical  
23 scores across a variety of performance measures.  
24 Moreover, this study concluded that there were no  
25 cost-savings produced by the CCA facility.



1                   Another study by the Bureau of Justice  
2 Assistance reported that CCA facilities in Tennessee  
3 and elsewhere reported the average daily  
4 cost-per-prisoner as \$30.51. This company, in turn,  
5 billed clients like the state of Tennessee an  
6 average of \$42.72 per prisoner, which put CCA's  
7 costs at about 20-percent higher than similar  
8 facilities run by the state. Additionally, a study  
9 revealed more assaults and security issues in  
10 privately-operated facilities than state-run  
11 institutions.

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

20                   This is not to say that the use of  
21 vendor-provided services has no role in corrections.  
22 The Pennsylvania Department of Corrections has, for  
23 years, contracted with private and nonprofit  
24 providers for various services in the day-to-day  
25 operations of our prisons.

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1                   Presently, we contract for about half of  
2   our outpatient alcohol and other drug treatment  
3   services, and all AOD services at our dedicated  
4   treatment prison, SCI Chester, are provided by a  
5   vendor.

6                   We also contract for various treatment  
7   services, such as our new parenting program. In  
8   addition, 36 of our 49 community corrections centers  
9   and facilities statewide are operated by vendors.  
10  In the area of medical services, we contract for  
11  physician services at all of our institutions. We  
12  recognize that private and nonprofit providers can  
13  make valuable contributions of specialized and  
14  highly complex treatment and other services needed  
15  in a complex correctional system.

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

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

25                  CHAIRMAN CALTAGIRONE: Thank you.

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1 Questions from members? Will.

2 REPRESENTATIVE GABIG: Thank you, Mr.

3 Chairman.

4 We just heard from two deputy secretaries

5 of the Rendell administration. And when I leave

6 here, I want to make sure I understand the position

7 of the Rendell administration on this issue.

8 You were here for the testimony of the

9 prior deputy secretary from DPW, were you not, sir?

10 MR. SPRENKLE: Yes, I was.

11 REPRESENTATIVE GABIG: And they are

12 having an initiative to explore, if I understood the

13 testimony and the questions and answers, privatizing

14 forensic mental health treatment in our prisons, in

15 our state prisons, is that right? Did I understand

16 her testimony correctly? I mean, is that how you

17 understood her testimony?

18 MR. SPRENKLE: I understood her testimony

19 as contracting out bids for forensic treatment.

20 REPRESENTATIVE GABIG: And is that

21 privatization, then, of that function of the state

22 prison system? Or am I misunderstanding it?

23 It seemed I heard some of my colleagues

24 ask some questions, the Chairman, I think McGeehan

25 might have had a question on that and I think the

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1 maker of the bill had a question on that, and they  
2 seemed to oppose that --

3 MR. SPRENKLE: Um-hum.

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

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

14 MR. SPRENKLE: Yes, we do.

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

19 MR. SPRENKLE: Yes, we do support it.

20 REPRESENTATIVE GABIG: Okay. I would  
21 just like to make a comment. I know this is  
22 question and answer and we are running out of time.

23 But I come from a law enforcement  
24 background here. Over in Cumberland County, we had  
25 a big prison riot years ago. You probably even

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1 worked for the department, as a younger man. And  
2 so, I feel that there are core functions of  
3 government, that government public employees should  
4 do: national defense, police. And prisons, in my  
5 mind, falls into that category. I think that's a  
6 core function of government.

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

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

19           And so, I think we need to be somewhat  
20 careful when we move down these roads, turnpikes,  
21 when we are going to privatize government functions.  
22 And we need to do it smartly. You know, there is a  
23 lot of things, I think, we do in the government that  
24 we shouldn't be doing. The private sector could do  
25 it much, much better.

1                   But when you are, you know, trying to  
2 protect society from murderers and rapists and drug  
3 dealers, the people that are in our state prisons, I  
4 want to have somebody that is dedicated to that job  
5 from a public service standpoint.

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

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

23                   So, I guess that is my concern. When I  
24 heard those questions that we need to, you know,  
25 sort of knock down this Rendell administration

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1 initiative, to explore ways that we might more  
2 effectively provide health care, when we know the  
3 cost of health care is going through the roof for  
4 everyone, including government agencies, I would  
5 just caution my fellow colleagues to at least give  
6 the administration a shot at this. Let them go.  
7 The department seems to be supportive of it. So I  
8 don't think we need to be such a strong break on  
9 that initiative.

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

13 CHAIRMAN CALTAGIRONE: Thank you.

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

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

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

24 REPRESENTATIVE COX: I am Representative  
25 Jim Cox from western Berks County, 129th District.

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1                   CHAIRMAN CALTAGIRONE: Carl.

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

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

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

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

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

24                   REPRESENTATIVE MANTZ: Um-hum.  
25 Percentage-wise, of those program participants,



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

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

10 REPRESENTATIVE MANTZ: I see. Thank you.

11 MR. SPRENKLE: Um-hum.

12 CHAIRMAN CALTAGIRONE: Representative  
13 McGeehan and then Waters.

14 REPRESENTATIVE MCGEEHAN: Thank you,  
15 Chairman Caltagirone.

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

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1 what we are trying to get to.

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

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

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

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

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1 assignment.

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

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

13 REPRESENTATIVE MCGEEHAN: In your  
14 experience, there are privately-run prisons in  
15 Pennsylvania? There are --

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

19 REPRESENTATIVE MCGEEHAN: In your job as  
20 the Deputy Secretary for the Department of  
21 Corrections, what is your experience? And I am sure  
22 you interface with your colleagues in other states.  
23 What is the minimum training for someone in a  
24 private prison? Do we have that information? Or is  
25 it company-by-company?

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1                   MR. SPRENKLE: Based upon what I am  
2 hearing and our research, it's really  
3 company-by-company. And it's -- I am hearing less.  
4 It's less. But I don't have specific figures.

5                   REPRESENTATIVE MCGEEHAN: I appreciate,  
6 Mr. Chairman, your indulgence.

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

9                   MR. SPRENKLE: Sure.

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

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

18                  MR. MCGEEHAN: Thank you.

19                  Thank you, Mr. Chairman.

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

25                  Mr. Sprenkle, did I see this correctly?

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1 MR. SPRENKLE: Yes, sir.

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

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

14 MR. SPRENKLE: Fayette?

15 REPRESENTATIVE WATERS: Fayette, yes.  
16 And I noticed that the guys there were involved with  
17 building furniture. And I kind of question that  
18 because I don't believe there is many places in the  
19 area where they actually manufacture furniture in  
20 this area, in Pennsylvania. So I kind of wondered,  
21 what kind of employment goals would they be able to  
22 find, when they get out, with those skills, and  
23 there is no furniture manufacturing places here?

24 And then when I went to Cambridge  
25 Springs, the female facility, I noticed that the

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1 female inmates there were learning how to do braille  
2 and pretty much guaranteed a job making about  
3 \$30,000 starting when they were released. I thought  
4 that was a great head start for them when they are  
5 coming home. And then they also had the cosmetology  
6 classes that they are taking.

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

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

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

24           You mentioned the furniture factory at  
25 Fayette. I assume that's the metal fabrication shop

0103

1 that is run by our correctional industries. While  
2 that particular shop or industry of furniture  
3 manufacturing has limited employability, I think it  
4 is important for us to understand that we also have  
5 the need, the obligation within the department, to  
6 make certain that we provide as much internal  
7 employment opportunities for our inmates as  
8 possible.

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

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

20           REPRESENTATIVE WATERS: I truly  
21 appreciate that, the work ethics, I think that's  
22 important. But there is guys sitting in Graterford,  
23 in particular, who have got masters degrees and they  
24 can't do anything with them. So I just -- Work  
25 ethics is good, but what good is work ethics if you

0104

1 are not ready, job ready, when you come home?

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

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

14           Thank you, Mr. Chairman.

15           CHAIRMAN CALTAGIRONE: Neal.

16           REPRESENTATIVE GOODMAN: Thank you, Mr.  
17 Chairman.

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

24           But that the Department of Corrections  
25 concludes that, at this point, though, the



0105

1 privatization of the entire prison operation in  
2 Pennsylvania would undermine the solid reputation,  
3 and then it goes on to say about the safety and  
4 well-being of people of the commonwealth.

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

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

20 But my reason for introducing House Bill  
21 1469 is because, as many of my colleagues know, we  
22 have an overcrowding situation at all levels here in  
23 Pennsylvania: county, state, and federal. And  
24 there are anywhere from three to four new prisons  
25 being proposed throughout the state.

1                   And I think it's important that this type  
2 of legislation moves forward so that we answer the  
3 question about private prisons before we go down the  
4 road of accepting contracts or considering them for  
5 state-run facilities.

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

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

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

19                   MR. SPRENKLE: That is correct.

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

24                   REPRESENTATIVE GOODMAN: And I think that  
25 even when we look to privatize certain segments of

0107

1 the Department of Corrections, that in the back of  
2 our mind should always be, even though it may cost  
3 us a little bit, that we may save money up front; in  
4 the long run, every time we take something out of  
5 the Department of Corrections and turn it over to a  
6 private contractor, profits is their motivation.

7 That is just a point I wanted to make.

8 Thank you, Mr. Chairman.

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

11 REPRESENTATIVE COX: Thank you, Mr.  
12 Chairman.

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

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

24 One of the things that the legislature  
25 this year has been challenged with is identifying

0108

1 ways that we can change, that we can rebuild the  
2 trust.

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

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

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

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

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

24 MR. SPRENKLE: Let me just mention that  
25 as good stewards of our budget, the question of, can

0109

1 we do it better, can we continue the quality of  
2 service for less cost? All of those things are  
3 issues that we deal with daily in the Department of  
4 Corrections.

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

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

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

20           REPRESENTATIVE COX: No.

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

25           REPRESENTATIVE MCGEEHAN: Before you

0110

1 begin, the Chairman must warn you that you are the  
2 only thing in the way of -- between you and lunch.

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

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

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

24 We encourage this committee to consider,  
25 regardless of who operates the facility, that

0111

1 individuals with mental illness and substance abuse  
2 issues need services before, during, and after  
3 incarceration so that they can be on track when they  
4 get out and become rehabilitated, contributing  
5 members of society.

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

11           At the end of 2005, Pennsylvania have  
12 42,380 incarcerated adults, more than 10,000 of whom  
13 were diagnosed with a mental illness, according to  
14 the National Alliance of Mental Illness in  
15 Pennsylvania. More than 16 percent of the  
16 Pennsylvania State Prison population suffers from a  
17 mental illness. These incarcerated, mentally ill  
18 individuals are more likely to spend longer periods  
19 of time incarcerated than the general population and  
20 are more likely to return with the staggering  
21 75-percent recidivism rate.

22           MS. NELSON: The handout that we are  
23 sharing with you today describes this Jail Diversion  
24 model that is in line with the 2006 recommendations  
25 by the Forensic Workgroup of the Pennsylvania Office

0112

1 of Mental Health and Substance Abuse Services. This  
2 model would divert people with serious mental  
3 illness and substance abuse, who have committed a  
4 nonviolent act, into a program that would provide  
5 appropriate case management, treatment, housing,  
6 employment, and appropriate social services.

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

16 The Jail Diversion Program would develop  
17 a county-based collaboration of professional  
18 stakeholders in corrections, law enforcement,  
19 prosecutors, defense attorneys, parole, mental  
20 health, substance abuse, housing, employment,  
21 benefits, and mental health consumers with  
22 experience in the prison system. This collaboration  
23 would create a comprehensive service delivery for --  
24 excuse me, a service delivery system for jail  
25 diverted people with as well as the infrastructure



0113

1 needed to support the delivery system.

2           At the core of the Pennsylvania Jail  
3 Diversion Program would be a hybrid case management/  
4 linkage practice that would coordinate services  
5 within multiple systems, including the criminal  
6 justice, social service, mental health, work force  
7 development, et cetera, to enable clients who have  
8 been involved in nonviolent misdemeanors to remain  
9 in the community, ultimately fostering independence  
10 and reduction in recidivism.

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

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

23           CHAIRMAN CALTAGIRONE: Let me just say  
24 this. That, you know, for years now, I have been  
25 mentioning to fellow members and others that want to

0114

1 listen that the nonviolent offenders, those with  
2 mental health problems, drug addiction, alcohol  
3 addiction problems that have probably done more harm  
4 to themselves and their families than society at  
5 large, just, you know, the cost of incarcerating  
6 people.

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

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

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

20 And I do believe that the time has come,  
21 because of the costs associated with it. And  
22 Ronnie, Representative Waters, was just saying, you  
23 know, when you think about how much we are spending  
24 on each one of the inmates compared to what it is  
25 costing to send our kids to college? And, you know,

0115

1 you begin to wonder, where are we putting our  
2 resources to use, the best use?

3 And try to cut down on that recidivism  
4 rate. I mean, the mental health and the drug and  
5 alcohol, a very, very large percentage of what's  
6 going into the system. They do need help, but I  
7 don't think they need help formally incarcerated.  
8 So that's the end of my message. Go ahead.

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

13 Hopefully, the people, the members on  
14 this committee, will favor using another method of  
15 dealing with a person who is truly, in many cases,  
16 they are nonviolent. They just got a drug problem.

17 They are more like someone with a disease  
18 and a sickness than they are where a person who  
19 needs to go to a correctional facility, where  
20 perhaps their involvement there might lead them to  
21 coming out in more condition to continue criminal  
22 behavior.

23 We need to treat their sickness, where we  
24 can put them in a facility where we can concentrate  
25 on exactly what they need to get their life back in

0116

1 order. And like the Chairman said, they do more  
2 harm to themselves than they are doing to society.

3 But if a person goes in and comes out  
4 with -- based on association, perhaps more violent  
5 than they went in, then we need to re-think the way  
6 we are spending our taxpayers' dollars. So.

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

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

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

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

20 MS. HALES-SLAUGHTER: Thank you.

21 MS. NELSON: Thank you.

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

24 (Recess taken.)

25 CHAIRMAN CALTAGIRONE: So we are

0117

1 running a little behind schedule. So Roy Pinto and  
2 Percy Poindexter.

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

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

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

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

24 There are many apples-to-apples  
25 comparisons. California, in 2004, had 140,000 in

0118

1 private population and they had 160,000 in public  
2 population. There were no escapes from the public  
3 population.

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

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

17           When you get into considering  
18 privatization being cheaper than the dedicated men  
19 and women who run our corrections and our forensic  
20 units, you get involved in numbers. And when you  
21 get into something that doesn't produce a product--  
22 where if you privatize a company that produces a  
23 button, they have a product at the end of the day--  
24 when a human being is involved, you can't put a  
25 price on it. Okay? That's government's

0119

1 responsibility, to maintain. We are a reflection of  
2 what the government wants us to keep under control.

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

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

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

23           So I ask that -- for support to help  
24 maintain control of our forensic units and look to  
25 add them to our Department of Corrections facilities

0120

1 because the Labor Board has considered these  
2 individuals, who have the care, custody, and  
3 control, corrections officers, just as the union  
4 thinks they are. They are well-trained corrections  
5 officers.

6 And at that point, Percy.

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

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

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

22 And this is the first time in my career,  
23 as a state employee, I have ever had to say anything  
24 negative about a decision that the administration  
25 has made or what my department wants to do. And it



0121

1   pains me greatly to sit here and talk negative about  
2   DPW.  And I have never had to do it.

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

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

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

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

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

23                  We are in collective bargaining right  
24   now.  They have not mentioned the fact that they  
25   need to bargain with us on reducing costs.  I asked

0122

1 that question to somebody in the department and I  
2 also got a no answer. Oh, no, everything is fine.  
3 We don't need talk about that. We are not  
4 privatizing.

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

11 CHAIRMAN CALTAGIRONE: Thank you.

12 Questions? Tim.

13 REPRESENTATIVE SEIP: Thank you, Mr.  
14 Chairman.

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

23 MR. PINTO: Yes. What happens in that  
24 facility is all of our institutions, with the  
25 exception of our three state hospitals. Because

0123

1 there is a civil section, which people are committed  
2 to get treatment, and there is a forensic; they are  
3 two very different treatment programs for two very  
4 different types of people. Okay? And they fall  
5 under the DPW. Our correction facilities fall under  
6 the DOC.

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

12                   Does that answer it?

13                   REPRESENTATIVE SEIP: Okay. Yes.

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

21                   MR. PINTO: Yes. It was testified  
22 earlier, when the department hires you, you go to  
23 Elizabethtown for a six-week training orientation.  
24 They have a very extensive program set up.  
25 Actually, I think the Deputy Secretary has a lot to

0124

1 do with that. And it's a great program.

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

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

10           REPRESENTATIVE SEIP: Right. Absolutely.

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

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

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

23           So I certainly support Representative  
24 Goodman's bill. And I would like to see things  
25 continue the way they are now.

0125

1 Thank you, Mr. Chairman.

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

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

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

9 REPRESENTATIVE MCGEEHAN: So it is there.  
10 Okay. And I was confused about that.

11 And you have the same training as a DOC  
12 employee?

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

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

20 REPRESENTATIVE MCGEEHAN: That makes it  
21 clear for me. Thank you.

22 MR. PINTO: One thing, Representative.  
23 You talked about a deputy of security and a deputy  
24 of treatment. And that's how our institutions run,  
25 they have a deputy of each.

0126

1                   However, the issues that everybody is  
2 talking about here today is separate from the  
3 Department of Corrections.

4                   REPRESENTATIVE MCGEEHAN: Um-hum.

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

7                   MR. POINDEXTER: Privatize.

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

11                   CHAIRMAN CALTAGIRONE: Okay. Tim.

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

15                   MR. PINTO: No.

16                   REPRESENTATIVE SEIP: Okay. Well, thank  
17 you.

18                   MR. POINDEXTER: We don't have deputies.

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

22                   A good example is Norristown. We just  
23 did a grievance hearing out of Norristown, where the  
24 men and women that work in that forensic unit were  
25 faced with 55,000 hours of overtime in a six-month

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1 period. Now, you talk about being cost-effective.  
2 55,000 hours is a lot of hours to have in overtime.

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

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

13 REPRESENTATIVE SEIP: Thank you, Mr.  
14 Chairman.

15 Thank you for your testimony.

16 MR. PINTO: Thank you.

17 MR. POINDEXTER: Thank you.

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

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

22 MR. SMITH: Well, I am actually with the  
23 Private Corrections Institute. We are a nationwide  
24 systems watchdog agency. That's -- You have some, I  
25 think, testimony that you have been given.

1           We have kind of formed organically. We  
2 are people who have been involved in the field and  
3 very specifically focused on -- That is, our Board  
4 of Directors, and Alex, of course, is one of those  
5 members, and myself, and the executive director, we  
6 have been focused on private prisons for anywhere  
7 between about six to 11 years.

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

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

18           THE COURT REPORTER: Yes.

19           MR. SMITH: Thank you very much.

20           Who is the Chair now? I am sorry.

21           CHAIRMAN CALTAGIRONE: (Points to  
22 Representative McGeehan.)

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

25           I have another document here because the



1 state brought up ACA accreditation, which the  
2 privates use as kind of a fig leaf to cover their  
3 problems. The ACA is a completely commercial  
4 organization totally in the thrall of the privates.

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

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

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

25           Unfortunately, the accreditation bodies,

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

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

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

18 Many of the studies, as people mentioned  
19 where -- are coming out of the Reason Institute,  
20 some kind of covertly, like there will be an article  
21 in Stanford Law Review in about six months or so,  
22 that's really coming from Reason, from the same guy  
23 who wrote an article nonpeer reviewed. Just some of  
24 you attorneys, I think. Not even a review of the  
25 literature, but a legal note done by a student

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1 nonpeer reviewed. And it is used by the private  
2 industry to say, we are terrific, look at this.

3           In fact, it was a little embarrassing  
4 once. The only piece of opposition research that  
5 was quoted in the entire article in the HLR was from  
6 a book, Capitalist Punishments. And I was a little  
7 embarrassed because I had contributed chapter 10 to  
8 that book. So I should have been flattered, I  
9 guess.

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

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

21           And it is quite extraordinary to  
22 understand that, that the reasons that that happens  
23 is, first, even though they are low-balling it, they  
24 are deliberately short-staffing, even though they  
25 are cutting corners at every possibility imaginable.

1           For instance, somebody mentioned CCA here  
2 today. I looked at the SEC filing just a few days  
3 ago and the CEO of CCA made \$23.5 million last year.  
4 These guys make millions and millions of dollars, at  
5 the same time they are paying their staffs--somebody  
6 here mentioned--eight bucks an hour. That was the  
7 GEO Group prison.

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

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

16           And I pointed out that they were paying  
17 \$7.61 an hour. And they asked him if it was true.  
18 And he said, I don't know which prison Mr. Smith is  
19 referencing. He's the head of corrections for CCA.  
20 He's the vice president for operations.

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

24           And then somebody else said, don't you  
25 have to pay that to make a profit? Well, we were

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1 supposed to wait for questions, but I had to put up  
2 my hand at that one. I said, they choose to do  
3 that.

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

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

21           Well, the consequences of doing that, is  
22 that you get this enormous turnover. Alex referred  
23 to 50 percent. It's actually 52 percent, the last  
24 time the industry released the figures. They  
25 stopped releasing it. Public corrections is 16

0134

1 percent a year.

2           People talked about retirement. I just  
3 saw some figures last week that astonished even me,  
4 and I'm pretty hard to astonish. 15 percent of  
5 correctional officers, of public correctional  
6 officers, retire every year, rather than resigning.  
7 15-percent retire in the private industry at the .6  
8 percent. One out of 160 people in the private  
9 prison industry retire every year. And they have  
10 been around for 23 years now, or they have been back  
11 for 23 years.

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

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

20           The sheriff, two counties away from me in  
21 rural Kansas, took \$284,000 to privatize his prison.  
22 There is a trial going right on in -- right now in  
23 Alaska of a number of state representatives that  
24 were on a take from--so far in testimony--from the  
25 partner of Cornell Corrections. Cornell Companies,

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1 they call themselves now; the owner of Moshannan and  
2 New Morgan Academy.

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

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

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

23 One thing that--since you are a Labor  
24 Committee--you should be, in part, you should be  
25 really aware of, is that you are exporting living

0136

1 wages.

2           When like in Brush, Colorado, when I went  
3 and I found scandal after scandal. One guard had  
4 sex with women from three different states. They  
5 are paying guards \$9.25 an hour and a substantial  
6 portion of these guards are pulling a second shift  
7 at Wal-Mart.

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

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

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

25           When you turnover at 52 percent a year,



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1 you don't have any mentoring process. There is  
2 nobody to turn to, to say, what do we do now?

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

9           When you have that kind of turnover --

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

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

23           All of a sudden, somebody is a sergeant  
24 or somebody is a major in these private prison  
25 companies; somebody who washed-out of public

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1 employment after three months and six months later  
2 they are a sergeant in a private prison company.

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

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

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

21 John Ferguson was the man who got the  
22 23.5 million last year. He complained because the  
23 Presbyterian elder -- because the church came out so  
24 strongly against private prisons.

25 But they have done this work. And they

0139

1 have said, like the Catholics that call for the  
2 abolition, not even the maintenance of the current  
3 level but the abolition of private prisons. I think  
4 that's something that, you know, your constituents  
5 certainly would be interested in.

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

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

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

20 They said, when it passes, it will cost  
21 you -- You will have to produce another thousand  
22 beds by 2012. And we can do it for you. We can  
23 give you those beds. It won't cost you anything.  
24 You know, that's the presentation they were making.  
25 They called it a package.

0140

1           It's just unbelievable because it  
2 produces for them, of course, more market, more  
3 market share.

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

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

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

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

25           They had to do a one-for-ten reverse

0141

1 split in order to keep listed with the New York  
2 Stock Exchange. It has come back up because now  
3 they are in the immigration detention business,  
4 which is another nightmare, with tens of thousands  
5 of beds.

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

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

10 Let me tell a couple of quick anecdotes.  
11 I talked to a very conservative senator, a guy who I  
12 have had relationships, with years, in the state of  
13 Alaska. And he called me into his office about four  
14 or five years ago when we were going through this  
15 bridge to nowhere business.

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

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

25 I said, you have the same kinds of

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1 problems, but the private prisons have 5 percent of  
2 the prisoners and they have 50 percent of the  
3 problems.

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

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

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

19           You can pick up the paper,  
20 month-after-month, and see these cases because it's  
21 such inadequate screening, it's such inadequate  
22 training, and such inappropriate people that just  
23 don't have the personalities to work in these places  
24 because they have such huge turnover.

25           And they pay so poorly where either a

0143

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

7 Other places where guards --

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

16 But before that riot happened, I heard  
17 that there was one officer who was fraternizing with  
18 prisoners, having possibly even sexual relations  
19 with prisoners. And when the riot happened--he was  
20 from Wyoming--he got shipped to Texas. Because  
21 Wyoming just immediately withdrew all its prisoners.

22 He got shipped to Texas. And within six  
23 weeks a guard -- in fact, three guards, two women  
24 and a man, had broken him and a buddy, another  
25 Wyoming buddy out. And they found him in an attic

0144

1 of one of the guards. One of the women guards'  
2 brother's, in an attic hiding, about 10 miles away  
3 from the prison.

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

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

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

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

25 And I said, well, Senator, you know you



0145

1 would be picking the best of the bad lot.

2 And he said, well, but name the group.

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

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

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

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

21 And, in fact, if you want to ask me any  
22 questions where I need to follow-up, if you want to  
23 ask me questions that occurred during the  
24 deliberations on this processing, I would be happy  
25 to give you any information you wanted. I am very

0146

1     amenable to that.

2                     So we talked about solutions that aren't  
3 really solutions. And they are trying to increase  
4 prisoner population. They are not even providing  
5 Band-aides for overcrowding.

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

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

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

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

24                    And you have got that on your plate. You  
25 have got to really understand that committing to

0147

1 these guys that are so interested in profits, not  
2 their stockholders but their executives, is going to  
3 take money away from the educations of your  
4 constituents and their children and their  
5 grandchildren's. It's not a process that is going  
6 to go away easily.

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

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

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

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

25           So it wasn't a California-to-California

0148

1 survey. It was just an escape-to-escape survey with  
2 comparable-sized populations and custody levels 30  
3 times as high.

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

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

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

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

21           Just another thing. We have talked about  
22 union versus anti-union, because your unions have  
23 the members, the workers. Unions, of course, if any  
24 of you are familiar with the unions, usually do  
25 apprenticeship and training programs.

1                   It doesn't, of course, happen with the  
2   privates.

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

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

18                  In the state of Florida, they, GEO Group,  
19   offered, I believe, a match, a one-to-two match, so  
20   \$2500 up to a \$5,000 max. to anybody that wanted to  
21   participate in the retirement. But they get paid so  
22   little that only 10 percent of the employees could  
23   participate in that. It's inconsequential.

24                  So you wind up with people on Social  
25   Security. And that's it. They have no retirement.

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1 They have no pension. They have no determination to  
2 stay in that job. It just doesn't make any career  
3 sense, when you have got a family to raise and food  
4 to put on the table.

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

7 CHAIRMAN CALTAGIRONE: Okay. Tim.

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

13 MR. SMITH: Absolutely.

14 REPRESENTATIVE SEIP: Maintenance staff,  
15 all different kinds of ancillary services.

16 And even when people were doing things,  
17 very simple tasks, if they did it and it wasn't by  
18 prison -- or by DOC policy, they would take negative  
19 feedback from their peers.

20 MR. SMITH: Right.

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

25 MR. SMITH: Sure.

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

6                   MR. SMITH:  Thank you very much.

7                   REPRESENTATIVE SEIP:  Thank you, Mr.  
8  Chairman.

9                   REPRESENTATIVE MCGEEHAN:  Thank you, Mr.  
10  Chairman.

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

14                   MR. SMITH:  Yes.

15                   REPRESENTATIVE MCGEEHAN:  I have rarely  
16  seen a stronger letter.

17                   MR. SMITH:  It was quite astonishing.

18                   REPRESENTATIVE MCGEEHAN:  I would agree.

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

23                   REPRESENTATIVE MCGEEHAN:  It doesn't  
24  identify -- The US Catholic Bishops.

25                   MR. SMITH:  Okay.  That's the national

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1 one. The Southern Bishops were even more caustic in  
2 their appraisal.

3 REPRESENTATIVE MCGEEHAN: But the  
4 heading, I thought, was riveting. It's titled,  
5 Wardens from Wall Street.

6 MR. SMITH: Right.

7 REPRESENTATIVE MCGEEHAN: And I think  
8 that about sums it up.

9 MR. SMITH: Sure.

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

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

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

21 They also get some people --

22 Sometimes they get some very good people.  
23 A friend of mine was -- he was in Vietnam the same  
24 time I was, 40 years ago. He was a great commander  
25 in the Marines. When he got out, he went to work



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1 with GEO Group. He was their warden of the year in  
2 2001.

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

10 But they get some really good people in.

11 But a good person doesn't last in these  
12 systems because a good person has integrity and  
13 professionalism. And you can't look yourself in the  
14 mirror if you know what's going on. If you know --

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

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

24 They are getting, like in New Morgan  
25 Academy, they are getting almost \$300 a day. Down

0154

1 there, Texas is a cheaper state, they are getting  
2 \$206 a day to take care of these kids. And they are  
3 in the most filthy, abominable conditions,  
4 exploited, abused. You know, they had escapes.

5           They turned it into a juvenile male  
6 prison because they had such horrendous experience  
7 with females. So nine years ago, they--after all of  
8 these women, these young girls, rather, were abused,  
9 sexually abused--they took all the girls out of  
10 there and they replaced them with boys. But it  
11 hasn't improved.

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

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

20           REPRESENTATIVE MCGEEHAN: Mr. Chairman, I  
21 would suggest that we do keep in touch with Mr.  
22 Smith, as Representative Goodman's bill moves  
23 through the Labor Committee. I think you are a  
24 strong advocate and would help us tremendously in  
25 getting a better understanding of this issue.

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1                   MR. SMITH: I thank you very much for  
2 that, Representative McGeehan.

3                   CHAIRMAN CALTAGIRONE: Thank you. Any  
4 questions? Neal?

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

8                   MR. SMITH: Yeah.

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

18                   MR. SMITH: It's very obvious to me that  
19 many of the people on this committee, on this joint  
20 committee, have done their home work, and they  
21 understand the problems before any testimony was  
22 heard at all. And I really appreciate that.

23                   One of the big problems I have is when --  
24 And I travel a lot around the country. I go to all  
25 of these different municipalities where they have

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1 got a bunch of rubes, unfortunately. I live in a  
2 tiny town where we have had our rubes. They get  
3 conned by these guys.

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

11           She has had her mayor sued, time after  
12 time.

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

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

25           And her mayors got sued for that.

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

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

17                   So they went bust. And then one of them  
18 claimed he was a high department of Corrections  
19 official and offered to break somebody out of jail  
20 and the feds. gave a woman a hundred -- a convict's  
21 girlfriend \$150,000 to break him out. So they  
22 busted him. And they had him on IRS charges, too.

23                   These two guys then went to Jena,  
24 Louisiana, which has been mentioned here. It's a  
25 horrendous prison. GEO Group had a horrible record

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1 there.

2           Went to Jena, Louisiana. And they went  
3 to Governor Edwards, who was the ex-Governor. He  
4 was going to become Governor again and he was on his  
5 way back to re-election. And said, you know, we  
6 want this. We need public money to build this. Can  
7 you help us out? And for about \$300,000, he helped  
8 them out.

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

13           But what they did do is they got Eddie  
14 DeBartolo, the owner of the San Francisco 49ers,  
15 given the bag then for Governor Edwards, who is now  
16 doing 10 years in the Federal Pen., a briefcase with  
17 \$400,000 in it.

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

24           REPRESENTATIVE GOODMAN: Thank you, Mr.  
25 Chairman.

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1                   CHAIRMAN CALTAGIRONE: Okay. Thank  
2 you, sir.

3                   MR. SMITH: I have really appreciated  
4 being here. I have really appreciated  
5 deliberations.

6                   Representative Waters.

7                   REPRESENTATIVE WATERS: Mr. Chairman?

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

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

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

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

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

0160

1 retrospective history of CCA.

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

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

13 When they had the riot --

14 I met her in Pueblo, Colorado.

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

22 But when I gave her that, she said--of  
23 all the things that were in there, it's an 81-page,  
24 I think, monograph--she said, year after year they  
25 would come to us, and they would say, gee, we can't



0161

1 pay a Christmas bonus this year and there won't be  
2 any raise, things are really tight, times are  
3 terrible.

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

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

19           REPRESENTATIVE WATERS: Thank you, Mr.  
20 Chairman.

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

24           REPRESENTATIVE WATERS: Well, I don't see  
25 why they don't know, because you know. I mean, can

0162

1 you help them here?

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

4 REPRESENTATIVE WATERS: Um-hum.

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

11 REPRESENTATIVE WATERS: Um-hum.

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

14 REPRESENTATIVE WATERS: No.

15 Thank you, Mr. Chairman. Thank you.

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

18 CHAIRMAN CALTAGIRONE: Thank you,  
19 Frank.

20 Dave Fillman, Darrin Spann, AFSCME  
21 Council 13.

22 MR. FILLMAN: Okay. Thank you, Chairman  
23 Caltagirone and Chairman McGeehan and members of the  
24 Labor and Judicial Committees. My name is David  
25 Fillman and I am the Executive Director of Council

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1 13 of AFSCME. To my right is Darrin Spann, he's the  
2 Executive Assistant to myself and also a former  
3 county correctional officer.

4 I am honored to represent more than  
5 65,000 public employees in the commonwealth, and  
6 approximately 2500 of these employees work in state  
7 and county prisons.

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

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

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

20 And when we decide, through our  
21 government's justice system, that a citizen's  
22 actions warrant losing that freedom, it should be  
23 the responsibility of government to enforce that  
24 loss, not an opportunity for private corporations to  
25 obtain monetary gain. Individuals convicted of a

1 crime should remain prisoners of the state, not  
2 commodities to be contracted out to the lowest  
3 bidder.

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

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

23           Private-run facilities don't have the  
24 authority to come into the community and search out  
25 escape prisoners. Valuable time is lost when calls

1 to local and state police are the only resource to  
2 employees without the legal right to search the  
3 community. And low bids by for-profit prison  
4 companies leave governments to pick up the tab for  
5 unanticipated expenses or costly mistakes.

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

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

19 Citizens have a right to be confident in  
20 the promise that prisons built and operated in their  
21 communities will be run by competent, professional  
22 and dependable staff. Citizens should also assured  
23 that the only priority of the prison operators is  
24 the secure, safe and humane operation of the  
25 facility; not how a decision on a security matter

0166

1 will affect the profit margin.

2 I am a labor leader. Protecting workers  
3 is what I do. I need to look at the big picture.  
4 And the big picture is clear. Merchandising  
5 prisoners is a very slippery and dangerous slope.  
6 Since the implementation of this concept, we have  
7 seen abandoned motels renovated to prisons in Texas.  
8 We have seen prisons popping up in the rural  
9 flatlands of southern states like shopping malls.

10 And while for-profit advocates may argue  
11 that these facilities bring money and jobs to these  
12 areas, the big picture is quite the opposite. When  
13 a corporation is in control, employees simply aren't  
14 protected. People are fired and hired with no  
15 regard for seniority. Wages are cut. Benefits are  
16 few. And turnover is high.

17 A depressed community may see a new  
18 facility as a shot in the arm to their economy, but  
19 at what expense? When prisoners escape or when  
20 prisoners are released back into the community with  
21 no rehab. programs, who will protect the community?  
22 And when that facility eventually goes up for sale,  
23 who will protect those workers left at the mercy of  
24 a new administration?

25 In conclusion, just ask yourself one

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1 simple question. If they built a prison next door  
2 to you, in whose hands would you want the  
3 responsibility of that institution to be placed:  
4 the Pennsylvania Department of Corrections, or the  
5 Acme Prison, Incorporated?

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

11           We should never allow crime to pay for  
12 anyone.

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

16           CHAIRMAN CALTAGIRONE: Representative.

17           REPRESENTATIVE MCGEEHAN: Just a comment.  
18 I hope, Mr. Executive Director, you team up with Mr.  
19 Smith. Because that was a powerful presentation.  
20 No one knows better that plight of workers, not just  
21 in prisons but around the commonwealth, and you and  
22 your able assistants and executive board.

23           So I appreciate your testimony. It means  
24 a lot to this committee, I know. And we look  
25 forward to working with you, to see that the Goodman

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1 bill gets out of committee, onto the Floor, and  
2 becomes law.

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

9 MR. FILLMAN: That would be wonderful.

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

18 MR. FILLMAN: Thank you, Mr. Chairman.

19 REPRESENTATIVE WATERS: Mr. Chairman.

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

23 And I like the way that you ended it.  
24 Who would you rather have if the place was built  
25 next to you? You know, I think that says a lot.



0169

1 I want to ask you, does people who are in  
2 the private prison industry become -- do they -- are  
3 allowed to be union members?

4 MR. FILLMAN: Yes, they can.

5 REPRESENTATIVE WATERS: They can become  
6 union members?

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

11 REPRESENTATIVE WATERS: Okay. All right.  
12 Thank you very much.

13 CHAIRMAN CALTAGIRONE: Thank you.

14 Thank you, gentlemen.

15 MR. FILLMAN: Thank you.

16 MR. SPANN: Thank you.

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

20 MR. BENEFIELD: Thank you. Thank you,  
21 Chairman Caltagirone and members of the committee,  
22 for inviting us to testify today. I will try and  
23 keep my testimony brief, since you have a written  
24 copy and I know the schedule is running behind a  
25 little bit. But for those on PCN, who want to get a

0170

1 copy of it, it's on our website at the  
2 CommonwealthFoundation.org. And that has a link to  
3 all of the studies I cite in that.

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

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

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

22 Pennsylvania prisons are also among the  
23 nation's most costly facilities in per prisoner  
24 cost, and the \$1.6 billion budget for corrections  
25 will continue to escalate in future years.

1           The commonwealth faces a looming prison  
2 crisis both in capacity and cost, and private  
3 prisons can play a useful role in addressing this  
4 crisis.

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

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

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

22           Additionally, states that have introduced  
23 privatization in prisons have seen slower rates of  
24 growth in correctional costs. The states that have  
25 a higher percentage of prisoners in private

1 facilities see slower rates of growth in those  
2 costs.

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

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

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

21           All prisons, public and private, must  
22 deal with issues of violence. But in the private  
23 sector, prison management and staff can be held  
24 accountable for a failure to perform. States can  
25 terminate a contract with a private prison

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1 management: private managers and staff are much  
2 more likely to face penalties, or be fired; and  
3 private companies may go out of business if they  
4 don't perform adequately. When is the last time a  
5 government-run prison was shut down because of  
6 rioting, abuse, poor care, or so forth?

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

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

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

20           It is also useful to note that private  
21 corrections facilities are much more likely than  
22 state-run prisons to obtain accreditation with the  
23 American Correctional Association. This certifies  
24 compliance with that organization's standards of  
25 quality for operation, management, and maintenance.

1 Part of this discrepancy lies in the private  
2 prisons' need to demonstrate quality to the state,  
3 to the media, and to the public, in order to obtain  
4 and retain contracts; whereas public prisons face no  
5 such scrutiny.

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

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

22           But prison privatization does not mean  
23 lost jobs or lower pay. An analysis by the Reason  
24 Foundation indicates that privatization of existing  
25 prisons result in a 93-percent retention of

0175

1 employees. Private prisons typically offer  
2 comparable compensation to state prisons. Including  
3 incentives such as stock options, that are  
4 impossible in the public sector.

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

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

19           Thank you for the opportunity to testify.  
20 I will be happy to try and address any of the  
21 questions you may have, though I think many of the  
22 concerns would be better addressed either by  
23 bringing in some private prison management or even  
24 some of the state officers who have -- and some  
25 states that have done a lot more prison

0176

1 privatization that could address some of your major  
2 concerns. But I will try and field what I can.  
3 Thank you.

4 CHAIRMAN CALTAGIRONE: Thank you,  
5 Nathan.

6 Neal.

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

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

12 I know that one of the foundations of the  
13 Commonwealth Foundation is privatizing many things.

14 I mean, that goes to one of your core  
15 values. You believe that the private industry can  
16 do it better than government and so -- And I am not  
17 going to argue with you on that, because I know  
18 that's -- And you're entitled to your opinion,  
19 Nathan.

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

24 I mean, many of the companies that  
25 operate private prisons were invited to be here



0177

1 today and decided not to show up. So the fact that  
2 you would stick around to the very end, I admire  
3 your moxie.

4 Some of the things that I would like to  
5 point out in your testimony. On page two --

6 I mean, you heard some of the testimony  
7 that was said today and so basically everything that  
8 you have said in your testimony is the complete  
9 opposite.

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

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

24 MR. BENEFIELD: (No response.)

25 REPRESENTATIVE GOODMAN: Or it says:

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1 based on these findings, if Pennsylvania were to  
2 place 30 percent of its inmates in the private  
3 facilities, taxpayers would save as much as \$100  
4 million annually. I mean, that's in your testimony.

5 MR. BENEFIELD: Yeah, that's based on a  
6 10- to 15-percent savings, which was of the average  
7 of the studies that I cited. And I think there was  
8 a chart that kind of goes through those studies.

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

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

25 REPRESENTATIVE GOODMAN: Well, that's, I

0179

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

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

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

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

24 I mean, our position would be that we  
25 should look at totality of any kind of contract with

0180

1 the private provider, not just trying to do the  
2 lowest bid, the lowest cost. Look at the security  
3 provisions of what they offer, and not just try and  
4 save money. That would be our position. That it's  
5 not just that, a low-cost provision.

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

9 Just if you could? On page four, it  
10 says, analysis by Research Foundation indicates that  
11 privatization of existing prisons resulted in  
12 93-percent retention of employees; where the  
13 testifier before you told us that only one person in  
14 160, actually, to his knowledge, pulled in enough  
15 time to be able to retire with a pension. So they  
16 seem to be contradictory terms.

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

19 MR. BENEFIELD: The Reason Foundation,  
20 they are a Washington D.C.-based research,  
21 public-policy institute. They are similar to the  
22 Commonwealth Foundation, only much larger and  
23 nationally focused. I think their website is  
24 Reason.org. And they have done quite a bit more  
25 research in this area than what I have.

0181

1                   REPRESENTATIVE GOODMAN: Okay. And my  
2 last question would be: as you did your preparation  
3 for your testimony here, did you honestly find that  
4 benefits, wages, and overall --

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

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

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

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

23                  I understand that it is the philosophy of  
24 the Commonwealth Foundation to be for privatization  
25 of many things.

1                   And I think that you need to have a  
2 little bit of latitude when you look into some of  
3 these things.

4                   Like when members like myself introduce  
5 certain pieces of legislation that we know will  
6 make -- will continue a way of life that we are used  
7 to in Pennsylvania; and that is that, you know, that  
8 the Department of Corrections will oversee every  
9 prison, but yet allow for some privatization of some  
10 of the things in that facility, that we are not  
11 necessarily against all of privatization.

12                   And I don't think the Commonwealth  
13 Foundation should simply come out against something  
14 because it goes against their core principal. And I  
15 just find it -- I think if you would take another  
16 look at the legislation, you may come out with a  
17 different opinion at the end of that.

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

25                   Although, I think we would go farther

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

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

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

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

23 MR. BENEFIELD: (Nods head  
24 affirmatively.)

25 REPRESENTATIVE GOODMAN: Good. Okay.

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1                   CHAIRMAN CALTAGIRONE: Thank you for  
2 your testimony. This hearing is now adjourned.

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

5                                   \* \* \* \*

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C E R T I F I C A T E

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.

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Dated this 13th day of November, 2007.

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