

Cost of Correctional Operations: An Overview of County Operated Vs. Private Contractor Billing, Responsibility and Cost Comparison Strategies

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Abstract

The following study is a comparison of the current operations of the Charlotte County Jail vs. privately operated Correctional facilities. This study is designed to examine all aspects of operations associated with typical jail functions. All areas discussed in this study have referenced attachments for further review. The decision for Counties to privatize is often driven by cost factors. This may be in an attempt to reduce county funding, or to avoid capital outlay projects. The information disclosed in this report was gathered through public records requests, physical inquiries, web-site information and other sources. This report will primarily focus on the most influential of the private companies within Florida, the Corrections Corporation of America.

Introduction

One of the biggest challenges confronting our criminal justice system today is the overcrowding of our nation's prisons and jails. The past few decades have witnessed the doubling of the number of inmates being incarcerated. According to the latest reported statistics, the nation's inmate population is well over the 2 million mark. Securing and housing such a large population has placed an enormous burden on Correctional Administrators as well as the federal, state, and local jurisdictions that must finance the confinement of so many inmates. (Pew, 2007)

Corrections Corporation of America (CCA), Geo Group (Formerly Wackenhut Corporation) and the now defunct Correctional Services Corporation have been the major companies in the Prison/Jail privatization industry in Florida. Primarily dominate in states such as Texas and Tennessee; they have expanded operations in other states and countries.

Upon examination of this subject during this study, there is no clear evidence that for-profit Correctional Corporations actually save money. In general, privatized facilities may cost tax payers more by:

- Providing low-paying jobs and inadequate benefits to employees
- Endangering Public safety with errors caused by high turn over in Staffing
- Leaving Government liable for mistakes
- Removing public accountability

- Allowing private contracts that avoid property and income taxes while taking advantage of tax incentives for development (Grassroots Leadership, 2007)

The point of this study is to examine all aspects of this issue by dissecting the issues surrounding privatizing Correctional facilities. Since this subject has been debated between the public and private sector for years, a comprehensive study of this issue is warranted. Governmental bodies are under pressure from tax payers to reduce the amount of taxes collected and for government to do “more with less.

Methodology

The details surrounding this issue were examined by collection of data from various sources. There have been many independent studies of this subject published from both sides of the issue. Privatization of correctional facilities nationwide has been examined in this report with a focus on the State of Florida as a model. Information relevant to this issue was collected from the following sources:

- Pew Charitable Trusts Public Performance Project
- Grassroots Leadership Study
- Corrections Corporation of America
- Geo Group (Formerly Wackenhut Corporation)
- Private Corrections Institute
- United States Department of Justice
- Florida Department of Corrections
- Florida Department of Law Enforcement
- American Jail Association
- National Institute of Corrections
- Hernando County Florida Jail
- Citrus County Florida Jail
- Bay County Florida Jail
- Polk County Florida Jail
- Charlotte County Florida Jail

A survey was mailed to 25 Correctional facilities within the state to inquire if privatization is a possibility. Ten responses were received with the following results

- 4 facilities considered privatization within the last 5 years
- None of these had the support of the Sheriff
- 1 facility posted a Request for Proposal with 2 companies responding
- The Sheriff also submitted a response to the RFP
- The bidding process was suspended by the County Commission

Results

The analysis of the data is subjective based on which side of the issue you favor. The Private Corrections Institute which is very critical of privatizing correctional facilities receives a large portion of its funding from Unions. They basically are examining only the negative aspect of the issue. If you only consider information from this single source, privatization would be completely out of the question. The study completed by the Pew Charitable Trusts paints a different picture of the privatization issue and several different conclusions could be made from the study.

In the late 1970's and through the 1980's, the public's frustration over the failure of the Correctional system created a nationwide crisis. The prison uprising in Attica New York installed a negative perception of the entire industry with the general public. One scenario for change that emerged was the privatizing of prisons and jails by contracting out their operations. By 1987, the number of inmates incarcerated in privately operated correctional facilities worldwide was 3,100; by 1998 the number had risen to 132,000. Supporters of the privatization movement insisted that allowing the facilities to be operated by the private sector could result in cost savings of nearly 20%. Numerous studies have resulted in a very different conclusion. Rather than the projected 20% savings, the average saving from privatization was only about 1%, and most of that was achieved through lower labor costs. (Grassroots Leadership, 2007)

Researchers at the University of Cincinnati analyzed 33 cost effectiveness evaluations of public and for-profit prisons from 24 independent studies. The results revealed that for-profit prisons were no more cost effective than public prisons, and that other institutional characteristics such as the facility's size, age and security level were the strongest predictors of a prison's per diem cost. An industry wide survey conducted by James Austin, a Professor at George Washington University, found 49% more inmate-on-staff assaults and 65% more inmate-on-inmate assaults in privatized medium/maximum security facilities than government operated facilities. (Pratt and Maahs, 1999)

Upon examination of the issues, ethics becomes a point of discussion due to the principle of incarceration of people for profit. Critics state that prisoner care suffers depending on the profit margin associated with a specific privatized facility. Medical care and food quality have always been a point of contention within the inmate population of any facility. By operating a for profit facility, many feel the quality of life for prisoners is compromised for profit margins.

Comparisons of operating costs and budgets between privately operated Correctional facilities and Government operated facilities were conducted in this study. By examining specific line items within the budgets, I was able to identify specific differences in the way costs are reported. In the budgetary process, government budgets are an open book to the public while private agencies are not required to supply all information to the public. Many items can be considered proprietary in nature, to include budgetary items.

I have found that there is no significant savings between the two ways of operation. Costs for Privately run facilities with comparable inmate counts are lower, but that seems to be as a result of funneling some operating costs to the Counties general budget. These costs are always incorporated in a Government run facility. Such charges as hospital costs, Intoxilyzer operations, and maintenance fees are absorbed into the county general fund by the private company.

Discussion

This controversial subject has been debated for years between the private and public sector. As I reviewed the arguments for both sides it becomes clear the dynamics of this issue must be re-examined as time passes. The inmate population in this country continues to grow despite a noticeable decrease in the crime rates. The budgets of government Agencies are beginning to come under much public scrutiny, and elected officials are looking for ways to reduce the tax burden on citizens.

Although a new 1,500 bed privately operated prison has just opened in North Florida, it should be noted that two facilities that were turned over to a private corporation have failed.

Monroe County Jail

For-profit companies may submit a low estimate to win the initial contract, and then request unexpected fee hikes when they assume the operation of a facility. A good example occurred in Monroe County Florida. Soon after taking control of County jail operations in February 1990, Wackenhut and Monroe County found themselves at odds over staffing levels at the jail. Wackenhut agreed to increase its staff, but asked the County Commission for \$750,000 more to pay for it. After the request was denied, the Sheriff's Office had to take back operations of the jail. Wackenhut was not able to provide the level of services it promised and generate a profit at the initial contract price.

West Frostproof Jail, Polk County

Polk County entered into a contract with the Corrections Corporation of America to construct and operate a new 1,008 bed correctional facility. Upon inspection of the facility, the County Commission was informed that the facility was constructed with materials that would generally fail to meet government standards. The County stated that purchasing the private jail in West Frostproof would cost Polk County between \$5.5 and \$11 million more than expected over its first five years of ownership. Polk County Commissioners noted that if Sheriff Lawrence Crow is allowed to operate the jail, the projected cost would be about \$13 million; as opposed to \$16 million it would have paid CCA. Inspectors reported deficiencies in lighting and electrical outlets in cells, lack of overrides in

operations of pod control areas, and predominant use of breakable porcelain toilets.

The Polk County Commissioners voted 4-1 to exercise an option in the contract to buy the facility and run it themselves. Accountant David Touchton reviewed Sheriff Lawrence Crow's cost projections, and found an annual savings of about 2.8 million if the Sheriff operated the jail. (The Ledger, 1999)

The following table provides an actual number of Florida Correctional Facilities, and the entities that are managing them.

Florida Correctional Facilities Overview

Jails:		Prisons:	
Sheriffs Office Operation	57	State of Florida	128
Board of County Commissioners	7	Geo Group	4
Corrections Corp. of America	3	Corrections Corp. of America	3

(FDOC, 2007)

Citrus County Jail Expansion

Some County governments utilize Private Corporations when the need to expand their current bed space becomes an issue and funding may not be readily available with the tax-base. The private industries allow the Counties to incorporate new construction with alternative funding. Citrus County added 360 new beds in 2007 in an expansion project funded by Corrections Corporation of America. The cost of the project to the County is outlined below.

The advantage for the Private Corporation is two fold, additional revenues from interest payments and the housing of Federal inmates which the Private Corporation keeps almost all the revenue.

Construction Cost	\$18,504,862
Management Fee	\$ 900,000
Interest (240 months @5%)	\$11,330,378

Total Cost of Jail Expansion Project to Citrus County----**\$30,735,240**
(Contract CCA & Citrus County 2007)

Corrections Corporation of America – Leader in Privatization

CCA has been in operation for over twenty years and they have yet to accomplish their main goal of becoming an acceptable alternative to government run facilities. The company now operates between 3 and 4 percent of all prison/jail beds in the United States and they are the leading company in the industry.

Despite their best efforts, a major management shake-up had to be instituted within the last few years and over \$120 million dollars was paid to

angry investors to settle lawsuits. CCA borrowed about \$1 billion dollars to construct prisons they did not have contracts for. This resulted in the company nearly going bankrupt. By the end of 2002, CCA had a debt load of about \$956 million dollars in which the interest burden to the company was about \$87 million dollars.

Looking toward the future, CCA remains heavily in debt and they are dependant on a future surge in privatization that may never happen. This study will present an overview of many of these items, as well as an analysis of privately operated facilities within the State of Florida.

Escapes, which in the case of at least two facilities include inadvertent releases of prisoners who were supposed to remain in custody for your information, a binder of news articles has been provided for each of the major companies in the field. As you will observe, the instances of escape, riot, disturbance, inmate suicide, staff misconduct and lawsuits are frequent and disturbing.

A review of court records, government reports and local news accounts shows that over the past several years, CCA has been buffeted by numerous lawsuits and scandals involving allegations of:

- Failure to provide adequate medical care to prisoners
- Failure to control violence in its jails/prisons
- Substandard conditions that have resulted in prisoner protests and uprisings
- Criminal activity on the part of some CCA employees, including the sale of illegal drugs to prisoners

Financial Instability

CCA came close to insolvency in the late 1990s after it embarked on a risky process of building expensive speculative prisons, i.e. ones for which it did not have an operating contract lined up ahead of time. The company borrowed about \$1 billion dollars to support speculative construction while simultaneously engaging in a series of risky financial restructurings. We believe that CCA is still feeling the effects of those misguided policies today and is weighed down by debt. (Grassroots Leadership 2007)

Self-defeating Labor Practices

From the beginning, CCA has sought to depress its labor costs by keeping wages low and by denying its employees traditional pension plans. There have been reports of understaffing and high rates of turnover at some of its facilities. For example, annual turnover rates at several CCA facilities in Tennessee have been more than 60 percent. It could be argued that underinvestment in its employees has left CCA with a workforce that is more inclined to commit operational error and to mistreat prisoners. (Grassroots Leadership 2007)

Use of Questionable Research

For years CCA and other prison companies have sought to give their business a veneer of academic respectability by publicizing a small body of research that purports to prove the superiority of private corrections over the public sector. Yet a close look at this documentation indicates that much of it is produced by researchers who are either funded by the industry or are ideologically predisposed in favor of privatization. By contrast, research by independent investigators had failed to find clear evidence that private prison management is superior in terms of quality, recidivism rates or cost. (Grassroots Leadership, 2007)

Overall, CCA's record during the first two decades of its existence is far from impressive. Rather than fulfilling the original promise of raising standards in corrections, CCA has built a reputation marred by numerous instances of scandal, mismanagement, alleged mistreatment of prisoners and its own employees, attempted manipulation of public policy and proliferation of questionable research. Its record is a clear example of how the pursuit of profit stands in the way of carrying out a core public function such as corrections. CCA has succeeded in staying in business for two decades, but it has not succeeded in demonstrating that prison privatization makes sense. (Grassroots Leadership, 2007)

Charlotte County Correction's Overview

The Corrections Bureau is currently operated by the Charlotte County Florida Sheriff's Office on an approved budget of \$14,598,744 for the 2006-2007 fiscal year. This includes items for daily operations that include but are not limited to the following:

- Salaries & Benefits
- Inmate Care (Medical/Meal services)
- Prisoner Transport
- Breath Test Operations
- Arrest Warrant Entry and Management
- Judicial Sentencing Review
- Vehicle Expenses
- Equipment Charges
- Training
- Computers & Software
- Communication Equipment & Supplies
- Building Maintenance

The current budget number quoted is not adjusted for amounts the County is refunded throughout the year. These amounts vary, and are deposited into the County General Fund monthly through collection of revenue from daily subsistence, processing, medical and other fees paid by the inmates. The

County also receives additional revenue from the use of grants that have been submitted for certain programs within the institution.

Other items that are considered paramount in the operation of any facility are not necessarily financial in nature. These items are considered just as important for positive and effective operations, such issues as staff / inmate ratio, employee turnover rates, liability, responsibility, and public relations.

This study will present an overview of many of these items, as well as an analysis of privately operated facilities within the State of Florida. This report will demonstrate how privatized facilities are unable to provide the same quality and level of services as that of a County Sheriff, and the actual unknown costs associated with their management. This will be accomplished by reviewing the following six items:

1. Cost per Inmate Formulas
2. Additional County Expenses
3. Lost Revenue
4. Staffing Comparisons
5. Liability
6. Public Relations

Cost per Inmate Formulas

The first dilemma in analyzing the true cost per inmate is understanding the total budgetary number often quoted is not calculated by the same formula for each separate entity. The next dilemma in understanding the true cost by being able to identify line items that are no longer included in the overall proposed budget package. The following comparison is between the Charlotte County Sheriff's Corrections Bureau and two privately run facilities under different contracts.

Sheriff:

Charlotte County determines their cost per day by number of inmates incarcerated at a specific time of day (8:00 AM). In essence, the actual number of people housed at 8:00 AM may be 600 inmates each day for a month. The total budget for that month is then divided by the number of inmates, and a number is given to the county. This number does not include people that have been booked and released during the other 23 hours. Though 600 were here yesterday, and 600 today; 40 others could have been processed and released during those 2 days that will not reflect on the overall cost per inmate formula currently used.

Population of inmates @0800 hours	600 inmates x 31 days in July	= 18,600
Sheriff's Budget expenditures during July		= \$1,285,067
Cost per inmate per day for July		= \$ 69.09

In essence, the Sheriff proposes a budget for the year, and his job is to maintain within that budget. The Sheriff routinely reviews all figures before submitting future funding requirements, and ensures that the county can maintain services using the approved amount.

Citrus County:

In contrast, the Correction's Corporation of America (CCA) contract requires that Citrus County will be charged based not on the average number of inmates housed at a particular time of day, but all inmates processed within the facility during the entire month. The CCA formula is based on **hours** of incarceration. For example, if the population is 600 at midnight, but 20 inmates are booked in and 20 inmates released during the day, the CCA bill will include the cost of 640 inmates that were incarcerated throughout that 24 hour time-period. The day is determined in hours spent in jail: 0-12 hours is ½ day, 12-24 is 1 day, 24-36 is 1½ day, and so on. This formula allows CCA to monthly bill for each and every inmate, and thus their formula is "per inmate per inmate day."

50 inmates incarcerated for 30 days	=	150.0
20 inmates incarcerated for 29.5 days	=	590.0
25 inmates incarcerated for 29 days	=	725.0
Etc.		
		=Total number of billable inmate days (Hours)

The final count of inmate days is then multiplied by the daily contractual rate. A July invoice from Citrus reflected 12281 billable days at a rate of \$56.60 equaling \$695,104.

* This amount paid is not inclusive, as CCA also submits to the County further additional billing for items that will be discussed at length further in the study.

Hernando County:

The CCA contract enacted in Hernando County presented a similar billing cycle. The Hernando Contract however made stipulations for inmates incarcerated less than 6 hours. This helped defer the costs associated with people who were only criminally registering, and inmates required only to be printed and released on civil matters. Any inmate not housed longer than 6 hours would not be billed to the county. The December invoice from Hernando reflected a total number of 15,291 billable inmate days at a rate of \$52.87 equaling \$808,435. This amount paid is also not inclusive, as we will discuss CCA's additional billing further in the study.

Unlike the Sheriff's budgeting practices, private management facilities do not base their services on a pre-approved funding amount. Their monthly bills could vary greatly, and the County has little control over the final total annual cost amounts since that cost is ultimately controlled by the vendor.

Additional County Expenses

As stated earlier, the second dilemma in understanding true costs is identifying line items not included within the budget. The Charlotte County Jail inmate per-diem includes costs associated with not only Care, Custody, and Control of inmates, but also other functions associated with process and incarceration. The private company "per inmate, per inmate day" costs typically include only daily operations within the facility. The following are not provided, or provided at additional costs to the county. The following are **not included** into the per diem rate, but ultimately remain a responsibility of the County to fund.

DUI and Breath Testing

The Intoxilyzer and DUI checkpoint programs enlist Corrections personnel into their monthly checkpoints, and daily breath test operations. Contract language provided by CCA will provide BTO Operations and maintenance at an additional cost of \$34 per breath test. The CCA cost will provide staffing within the facility for these breath tests on demand, but additional costs will be included if staffing is required for checkpoint operations.

The Charlotte County Correction's Bureau has conducted 210 Breath Tests from January thru July 2007. The projected amount for the entire year based on monthly averages will be approximately 360 tests. Based on the amount specified, Corrections Corporation of America would charge the County \$12,240 for this service, not including supplies and court appearances.

As an example of how this type of cost could impact a budget, make note of Hernando County, which has had to include a separate budget line item, outside of the CCA contract for DWI Breathalyzer test in the amount of \$65,040 for this fiscal year.

Facility Maintenance

The expense of County building maintenance will remain the financial responsibility of the County regardless of who operates the facility. The budget to maintain and operate the facility includes the following functions at an annual cost of \$2,790,000.

- Salaries & Benefits
- Vehicles & Equipment
- Smoke Alarm
- Utilities (Water—Electric—Gas—Telephone)

- Water Quality
- Air Conditioning
- Locks
- Radios & Alarms
- Pest Control
- General Building Maintenance

Contract Monitor

The Counties who choose to privatize their jail facility will be required to incur an expense for additional County Staff whose job will be the monitoring of the private contract. This employee is often provided with an office inside of the jail facility, but remains a County employee. The main function of the Contract Monitor is to ensure that all billing is accurate, and that all contractual obligations, disputes, or requests are supervised appropriately. Citrus County employs a Contract monitor at a cost of \$64,830 per year including benefits.

Other Inmate Services

The Citrus County Board of County Commissioner’s budget for 2007 has two separate line items listed outside of the contract amount paid to Corporations Corporation of America.

Electronic Inmate Monitor	\$96,000
Contract Service-Transport	\$16,800

Although these items are not specifically discussed in the Contract, it becomes apparent that the privately managed facilities can supply additional billing for non-routine situations that may arise throughout the contracted periods. It is the County’s responsibility to pay in these cases.

Warrants and NCIC/FCIC

The Charlotte County Sheriff’s Corrections Bureau is staffed with 3 civilian warrants clerks. These civilians process and maintain warrant information for the Law Enforcement Bureau. Employed from 0800 – 2200 Sunday to Friday, this department confirms, updates, and enters all arrest warrant information into the computer software system. The current cost of the salaries and matching funds for these employees is \$102,912 annually.

Per the Florida Department of Law Enforcement regulations, only Law Enforcement entities are allowed to utilize NCIC/FCIC terminals. CCA can not provide personnel for this function, but will provide office space for the Sheriff-run division if required. The cost of these employees will still remain a requirement for the County. Including this figure into the monthly cost for the county will add \$8,576 per month.

Classification

The current computation of gain time and credit for time served is performed by Classification employees. Hernando & Citrus Counties operated by CCA, also require Board of County Commissioners review for all inmate Disciplinary Sanctions resulting in the loss of gain time. This is a high-liability function that is normally provided by government operated facilities.

CCA will not provide any of these functions, and requires that the Clerk of the Court or other entity complete all gain time and credit calculations. This function will inevitably fall onto the Clerk of the Court, which may require additional staffing within the court facility, and additional cost to the County of about \$5,720 per month.

Hospital Charges

The Charlotte County Sheriff's Corrections Bureau provides transportation and security for all inmates requiring hospitalization or specialized medical treatment. The inmates are supervised 24 hours a day until the inmate is returned to the facility.

CCA will provide all transportation for inmates needing medical care, but they will only cover the first 48 hours of security free of charge. Any additional time incurred by CCA staff over the 48 hours will be billed to the county at the current hourly or overtime rate of the CCA officer filling that position. Citrus County is currently billed \$22.23 per hour after the initial 48 hours has elapsed. Last year alone, thirty three (33) inmates were housed at Hospital facilities over 48 hours. The total number of days they were hospitalized was ninety six (96). This would have placed an additional billing cost to the County of \$51,218.

Juvenile Transportation

Juveniles arrested and sent to the Department of Juvenile Justice are typically processed and delivered to Detention by the Corrections Bureau staff. Private companies do not provide this transportation service, and will only handle processing. This will require the Sheriff, or other arresting entity (i.e. Florida Highway Patrol, City of Punta Gorda Police Department, FWC, ect.) to remain at the jail to transport the juvenile after the booking process is completed, adding hours to the arresting Deputy being away from his normal duty of patrol. This will also create added expense to the County, outside of the contract, to house inmates in the Jail.

It should be understood that the items discussed above will all be separately billed to the County in addition to the contractual per diem rates, or they will simply need to be added to the other county entity budgets that will become responsible for taking over the required tasks. It is these additional costs that will still need to be closely factored into any per diem quotes, or contractual language to understand the true benefit in privatization.

Lost Revenues

The County provides a budget for the Sheriff to manage the County Jail Facility. At the end of the fiscal year, any funds not utilized are returned to the county. A privately operated Correctional facility does not return any funds to the County at years end. The Jail also provides monthly checks for deposit in the County's General Fund using legislatively approved programs. The following information lists various items that may constitute lost revenue to the county if the Jail was privatized.

Inmate Fees

Revenue is generated by the jail in the form of a fee program for incarcerated inmates. The Charlotte County Corrections Bureau collected and forwarded to the County, a total of **\$249,922** in 2006 for the following fee related items:

- Dentist Visits
- Doctor Visits
- Eye Glasses
- Indigent Packs
- Nurse Sick Call
- Program Fees
- Medication Fees
- Subsistence Fees
- Weekender Fees
- Damage to Property Restitution

For this year, a total of **\$213,624** has been returned to the County with two reporting periods remaining in the fiscal year.

SCAAP Program

The SCAAP Program that reimburses county jails for incarcerating undocumented residents, released **\$59,800** to Charlotte County for fiscal year 2005/2006. This revenue would also be lost to the County in the event of privatization.

Housing of Federal Inmates

With the expansion of the Charlotte County Jail to 1,056 beds, the possibility exists that we will be able to rent bed space to the United States Marshal Service. The exact amount paid to Charlotte County will not be known until a Cost for Detention Services survey is completed. In past years, the United States Federal Marshall Service held a standing contract with Charlotte County

for \$71.34 per inmate held within our facility. It is probable that this figure would be increased with a more current survey.

As the table illustrates below, Private Corporations only share a very small portion with County Government. This translates to actual lost revenues to the County.

Annual Federal Inmate Revenue

	Total Contracted Revenue			Administrative Fee Retained by Jail	Amount to County
Private Corporation (Using Hernando Contract \$8)	\$71.34 Inmates	x	64	\$1,479,622.40	\$186,880
Private Corporation (Using Citrus Contract \$6)	\$71.34 Inmates	x	64	\$1,526,342.40	\$140,160
Charlotte County Sheriff	\$71.34 Inmates	x	64	\$0	\$1,666,502.40

**Total Amount of Revenue Lost
Between \$1,479,622.40 - \$1,526,342.40**

Current Equipment and Software Systems

Currently, the Charlotte County Corrections Bureau has a Jail management software system that has been paid for by the County called VisionAir. This includes computers, software, interfaces with other entities and licenses for operations. The Sheriff has also purchased through his yearly budget process, most of the current computer equipment in the facility.

If the operations of the jail were turned over to a private company, the Sheriff would reclaim his equipment and the County would lose the money they have invested in the current inmate management computer program. Private companies operate a separate system of their own, and new equipment, interfaces and licenses will have to be purchased at a substantial cost.

The 7% Rule

957.07 Florida State Statutes--Cost-saving requirements.

The Department of Management Services may not enter into a contract or series of contracts unless the department determines that the contract or series of contracts in total for the facility will result in a cost savings to the state of at least 7 percent over the public provision of a similar facility.

This provision in the state statutes is designed for state prisons, and is a benchmark for County jail operations also. By taking all factors under consideration, Charlotte County stands to lose at least \$309,722 in revenue collected from inmate related fees and between \$1,479,622.40 - \$1,526,342.40 each year if we are able to house 64 Federal inmates for a combined total of **\$1,789,344.40 – 1,836,064.40.**

By applying the 7% rule to the current Charlotte County Corrections budget, a private company would have to operate the facility for \$995,077 less. The reality of the matter is Charlotte County would lose at least **\$794,267.40** by allowing a private corporation to operate the jail.

Actual Cost Comparison

It is very important to understand that comparisons of cost between Correctional facilities from different demographic locations within the state are not a true comparison. The cost of living is different in each part of the state. For example, the U.S. Marshal Service conducts a comprehensive cost analysis of each facility they contract to house Federal inmates.

The Orange County Jail is paid \$104.00 per inmate while the Citrus County Jail is paid \$56.00 per inmate. We have provided a comparison in order to judge the differences between a governmentally operated vs. privately operated facilities.

The most common mistake that government bodies make is attempting to make an exact comparison of the cost of operations. This report is presented to bring a realistic approach at what the actual costs are. Using the current Charlotte County Jail budget, along with the Hernando and Citrus County Contracts, the following comparison can be made using all relevant information.

Actual Cost per Inmate Review

	Charlotte (Sheriff)	Hernando (Private)	Citrus (Private)
Inmates	606	603	402
Monthly Costs	1,205,505	967,407	690,168
Additional Building Maintenance	Included	23,042	15,438
Intoxilyzer	Included	1,020	684
Warrants	Included	8,576	5746
Classification	Included	5,720	3,832
Staff Hospital Costs	Included	22,000	15,407
Transport	Included	39,810	

Electronic Monitor	n/a	8,000	5,360
Inmate Fees Returned to County	(35,500)	n/a	n/a
Monthly Total	1,170,005	1,075,575	736,635
Cost Per Inmate	62.28	58.64*	60.26*

***Figures do not include inmates in custody less than 24 hrs.**

Projected Budget Analysis

Figures taken from the Hernando County Board of County Commissioners budget posted on their web site, we observe drastic increases to the projected jail contract pricing. The average yearly projected increase for the Corrections Corporation of America's operation of the Hernando County Jail is **24.95%**

	Budget	Increase	Adjustment
2006	10,157,685		
2007	11,929,625	1,771,940	+17.44%
2008	16,234,681	4,305,056	+36.08%
2009	19,669,325	3,434,644	+21.34%

Staffing Comparisons

As stated earlier, there are various staff related observations that can be made between private and county run facilities that demonstrate positive and effective operations of the facility. This includes the number of experienced staff, inmate to staff ratios, and morale issues. The following charts indicate the Charlotte County Jail and private industries standards of management.

Inmate to Staff Ratios

	Inmate Population	Total Staff	Ratio
Charlotte (Sheriff)	609	160	1:3.8
Hernando (Private)	722	201	1:3.5

By comparison, Charlotte County has a more efficient staff to inmate ratio than the facility operated by Corrections Corporation of America.

Salary & Employee Turnover

In order to maintain a stable workforce, a competitive salary and benefit package is recommended. Currently in Southwest Florida, Charlotte, Lee, Sarasota and Collier Counties are expanding jail operations. The demand for Correctional Deputies has outpaced the number of prospective employees. Highly qualified applicants now have the luxury of choosing the Agency they wish to work for, and salary is a major deciding factor. If a perspective employee does not qualify for the Agency of choice due to issues disclosed during the hiring process, they will then apply and accept a position with a lower paying Agency. The quality of the workforce then becomes sub-par and the liability to the County increases.

	<u>Salary</u>	<u>Turnover Rate 2006</u>
Charlotte	\$35,768	9.4%
Citrus	\$26,500	43.4%
Hernando	\$25,955	48.7%

(Ocala Reporter 2007)

Liability

A government body can contract out its services, but it cannot contract out its liability. This ruling was made in 1999 by a Judge in Montana who dismissed the Department of Corrections arguments that it was not responsible for prison inmates held under contract in a for-profit prison. In selling its services, a for-profit firm may claim that it will fully indemnify a government from liability, but that claim can be difficult if not impossible to live up to. When a \$182 million contract was signed with CCA to house inmates in Youngstown, Ohio, CCA stated that local and state governments were fully indemnified. In reality, CCA had to be sued to force compliance with the contract. (Associated Press, 1999)

In 1990 CCA's contract with Hamilton County, Tennessee, called for the company to obtain \$25 million in insurance to protect the county from liability. The county learned that the company did not have this amount, after the contract had been signed. Then CCA stated that not only did it not have \$25 million in insurance, but that it could not obtain the insurance. (Washington Post, 1998)

Use of Non-Certified Officers

As a way to curtail costs and maximize profits, privately run facilities take full advantage of Temporary Employment Authorization (T.E.A.) employees as specified in Florida Statutes. This allows for a new employee to be employed for up to six (6) months before receiving formal training in an Academy setting to become a Certified Corrections Officer. These new employees, in most instances

without any Correctional experience are placed in a position of supervising inmates and making decisions that affect the liability to the County. Without formal training, the new employee could make the wrong decision and a major incident then takes place. It is paramount for the County to place the most professional Correctional workforce in place to protect the citizens from danger and decrease the liability to the County.

A St. Petersburg Times investigation of the Hernando County Jail revealed that the employee turnover rate was 78%. Furthermore, about 44% of the Officers currently employed were not certified by the State of Florida. (St. Petersburg Times, 2000)

The Charlotte County Corrections Bureau currently does not hire T.E.A. employees and at no time are new employees placed in a position to supervise inmates without formal training. A new Charlotte County Corrections Deputy will be sent to the Criminal Justice Academy and must successfully pass the 530 hour course. Upon graduation, they will be placed in, and must pass the Field Training Program for 420 hours to further their skills before being placed in a permanent assignment. The new Deputy will be assigned to a Field Training Officer who will monitor the progress of the new employee. Hands-on training is afforded to the new employee and they are graded each day by the F.T.O. Officer. By the time a new Charlotte County Corrections Deputy works the first day in an inmate Housing Unit alone, they will have received six (6) months of intense training to help them learn their profession. A privately run Correctional facility will have a newly hired employee supervising inmates in their first week of employment.

The liability to the County is dramatically increased by placing individuals with no experience supervising inmates. One successful lawsuit due to employee misconduct could very well erase any cost savings that may have been expected.

Escape of Prisoners

In the event of a prisoner escape, employees of a private Corrections company have no power to search and/or apprehend escapees once they have left the grounds of the jail. The Sheriffs Office would have to be notified to conduct the search and apprehend the escapee(s). It has been well documented that privately operated Correctional facilities generally have much higher occurrences of escapes than government operated facilities. Prisoner escapes places the public in great danger by having a potentially dangerous individual on the run, and by removing Law Enforcement personnel from their normal patrol duties.

Crimes Committed in Facility

If a crime is committed within a private Correctional facility, an outside Law Enforcement Agency must be notified to investigate, collect evidence and make the arrest of the suspect. If our facility was privatized, the Sheriffs Office would

have to respond, removing a Deputy from street patrol in order to make the arrest. This action does bear a cost to the County not defined in any contract with the private Correctional Company.

At the present time, the Charlotte County Corrections Bureau has the necessary Staff in place so a Deputy protecting the Public is not called to the jail for this purpose.

Public Relations

The Charlotte County Jail serves many other public functions within the community. The Jail is often showcased for various groups. "Leadership Charlotte" and "Jr. Leadership Charlotte" tours have been conducted throughout the jail in association with the Charlotte County Chamber of Commerce. The Charlotte County Jail has also provided unlimited access to its neighborhoods through other tours such as the Charlotte Alliance for a Safe and Drug Free Community, Citizen Police Academies, and even various Home Owners Associations. The Charlotte County Jail is also an active participant in the "Scared Straight" program offered to high-risk youth in the community. These open and honest relationships create a feeling of trust among the community and its leaders.

Private Institutions do not routinely provide staff for these functions, and they discourage such tours. The initiatives implemented by the Sheriff's Office for public relations would no longer exist.

Inmate Workers

The implementation of the Charlotte County Inmate Lawn Maintenance Program has been a huge success. There are plans being worked on to expand the program to include other county properties. This program saves the county money by incorporating inmate labor instead of contracting the services to an outside Vendor.

The other positive attribute to this program is the new skills the inmates are learning while incarcerated. The Charlotte County Corrections Bureau realizes the importance of reducing recidivism. By instructing inmates in the field of Landscaping, they are able to pursue a good paying job when released from custody. This will give the released inmate a better chance of not returning to a life of crime due to gainful employment.

The loss of this important program will be a step backwards for the County and funds will have to be re-appropriated for the maintenance of the facilities now served by the program.

Inmate Programs

The importance of attempting to reduce inmate recidivism is vital in Correctional operations. The Charlotte County Corrections Bureau has been

proactive in this area for many years. Our jail facility offers a wide array of inmate programs in an attempt to keep inmates from returning to jail on a regular basis. Any reduction to the amount of Programs offered to inmates increases the chances that inmates will return to jail.

Privately operated facilities also offer inmate Programs, but not to the level that we offer. The following is a list of inmate Programs currently offered at the Charlotte County jail is as follows:

- * Alcohol Anonymous
- * Anger Management
- * Batterers Intervention
- * Mental Health Counseling
- * Dual Diagnosis
- * G.E.D.—A.B.E. Literacy
- * G.E.D. & T.A.B.E. Testing
- * Parenting Education Class
- * Substance Abuse
- * Workforce Readiness

Conclusion

It is my opinion based on the extensive research conducted, that the privatization of Correctional facilities is not an attractive alternative for County government. By the County placing its liability in the hands of routinely low paid and inexperienced Correctional Officers, the chances for litigation against the County is greatly increased. The County must carefully consider whether the safety of the general public and the potential of mass litigation are worth placing the Jail into the hands of a for-profit entity.

The price per inmate formula in which the private corporation sells its services is greatly flawed. Critical services needed to operate a Correctional facility are not included in the “base” price quoted. After including the added charges, it is apparent that any potential cost savings is greatly diminished. The County will have to hire additional employees in order to take over the services not provided in the contract.

Private corporations enjoy enormous profits at the expense of the governments they contract with. They will construct a new facility for the housing of inmates, but in the case of Polk County, it ended up costing them a large amount of money to repair insufficient construction and take back the operations of the jail. The initial cost of the new construction is provided by the private company, but the County must repay the company with interest. The recent expansion of the Citrus County Jail will end up costing the tax payers over \$11,000,000 in added interest payments over twenty years.

The housing of Federal inmates is nothing more than lost revenue for the County and increased profits for the private corporation. Instead of the County potentially gaining millions of dollars in revenue, the private corporation will only share a minimal "administration" fee with the County of about \$6.00 -\$8.00 per inmate. The County also stands to lose inmate generated funds in excess of \$300,000 per year.

The allure to privatizing a Correctional facility is the initial contract proposed by the corporation. After the contract is put in place and the operations started, the request for additional funding becomes a drain on County finances. In the case of Monroe County, the amount of extra money requested by the private corporation was unacceptable to the County and the contract was terminated. It is important to note that the average yearly increase for Hernando County for the past three years is nearly 25 percent.

Captain Daniel Kacynski has worked in the Corrections Field since 1989. He has been involved with the operations of every level of Corrections to include Female & Male maximum custody, Juvenile, Mental Health and Death Row. Currently Dan is the commander for Jail Operations at the Charlotte County Sheriff's Office. He serves on the steering committee for the Charlotte County Mental Health Court and is a member of the Twentieth Judicial Circuit Public Safety Coordinating Council. Dan is pursuing an AA degree in Criminal Justice at Edison Community College.

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Corrections Facility Privatization Questionnaire

Greetings, my name is Lt. Daniel Kacynski from the Charlotte County Sheriffs Office in Punta Gorda Florida. I am currently enrolled in the Florida Department of Law Enforcements Class #12 of their Senior Leadership Program.

In accordance to the curriculum, I am preparing a study on the privatization of Correctional Facilities. I would greatly appreciate your help by returning this survey as soon as practical.

Please return this questionnaire in the self addressed envelope provided for your response. Postage has been provided and thank you very much for providing your input.

1. Has your Agency or County Commission considered privatizing Jail operations within the past five (5) years?

2. Did the action have the support of the Sheriff?

3. Was a Request for Proposal prepared and listed?

4. How many companies replied?

5. Did your Jail host a mandatory bidder's conference?

6. How many of the responding companies attended?

7. Were any of the return proposals disqualified?

8. Was the County Commission involved in the selection process?

9. Did the Sheriff submit a proposal?

10. What was the final outcome from the bidding process?
