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Pa. county says millions saved

By GEORGE MAST • Courier-Post Staff • December 13, 2009

CAMDEN — Built in the 1930s for about 580 inmates, Delaware County's jail was overflowing with nearly 1,200 inmates by the mid 1990s.

By 1995, officials in the suburban Philadelphia county decided the jail had outlived its usefulness and sought a better option. Faced with a cost of about \$89 million to build a new facility, county officials decided to privatize. They signed a contract with a corrections company to build and manage a new jail for two-thirds of the cost.

More than a decade later, Delaware County officials say they are continuing to save millions through a privately run facility that consultants in the corrections field describe as state-of-the-art "At this point I think a few million is a great savings," said Delaware County's executive director Marianne Grace.

Camden County officials, who are under a federal court order to address safety and crowding issues at their 1,083-capacity facility, are at the same crossroads.

At the county's aging structure along Federal Street in Camden, three to four inmates routinely sleep in cells designed for two. Officials have estimated the past five-year average population around 1,700 could swell past 2,000 next year.

The jail's operating costs continue to increase at 5 percent a year, according to county data. The 21-year-old facility needs an estimated \$50 million in repairs, and is under the watch of a federal judge. A federal lawsuit was filed against the county in 2005 because of crowding and the physical condition.

"The present situation is not sustainable," said County Administrator Ross Angilella in an earlier interview with the Courier-Post. "This is not just a statement, it's a reality."

A recent county-commissioned consultant's report concluded the county's best bet for replacing the jail is along the route taken by Delaware County -- a privately built and managed jail. The report from the New York-based Pulitzer/Bogard & Associates consulting firm addressed the pros and cons of building a new county run facility and creating a regional authority to build, operate, and own a new jail.

County officials have opted for a privately built and operated jail. They told borough police chiefs of their decision last week and are expected to meet with elected municipal officials this week.

Their decision will spark concern and opposition from the corrections officers and the union representing them. Union officials at the jail vehemently oppose privatization. They contend the Pulitzer/Bogard report was "engineered" by the county to support the option.

"The Police Benevolent Association is opposed to every facet of privatization," said PBA Local 351 President Robert Parker. Parker and other union officials cite horror stories of inmate escapes and violence at private jails as examples of safety concerns brought on by private

guards overseeing dangerous criminals. "This is going to jeopardize public safety," Parker said.

While county officials have cited safety concerns with the jail's age and design, Parker and other union officials said the design itself isn't an issue.

Rather than building a new facility, union officials suggest adding onto the existing structure.

Attorney Stuart Alterman, who represents the 332-member union, said officers would likely see pay and benefit cuts under a for-profit company.

"How is a private company really going to run it for anything less than what it costs today?" Alterman said. "They are going to cut costs of workers in the jail. They are going to cut programs offered to inmates." In recommending the private option, the 89-page report also highlighted questions about the true cost savings, operational success and legality of for-profit firms managing a public entity's corrections duties.

"On the upside, there is the potential for cost savings and for improved operations, with substantially less day-to-day involvement and direct management by the county," says the report, released in October. "The downside risks include the potential for cut corners and poor performance leading to liability for the county."

In the 13 years since Delaware County's jail was privatized, officials there have conducted multiple analyses to see if the new approach is saving money.

So far it is, according to Grace, who said the county is saving a "few million" dollars annually with a private operator, Community Education Centers.

According to media reports, the county estimated it saved \$16.5 million in operating costs in the first five years it turned daily operations over to then corrections company Wackenhut Corrections. Wackenhut, which later became GEO Group Inc., opted out of its contract last year, citing financial underperformance, frequent litigation and higher-than-average workers' compensation claims.

The county retained Community Education Centers Inc., last January. In the past year, CEC has "enacted several changes designed to improve the quality of operations at the facility," said company spokesman Christopher Greeder. CEC has worked to better security, medical and food services in addition to bolstering reentry treatment planning, Greeder said.

Thursday CEC officials agreed to another three-year contract with the county, Greeder said. The Delaware County jail, earlier renamed the George W. Hill Correctional Facility, is CEC's largest jail operation with a 1,883-inmate Delaware County is currently paying CEC about \$61.75 per inmate per day, for a total of about \$40 million per year, according to the October Pulitzer/Bogard report. However, those payments are supplemented by another \$4.3 million in medical contributions, utility payments and sewage payments in addition to another half a million to cover a staff of five full-time employees who monitor the jail.

With the additional costs factored in, the county's total expenditure is about \$44.8 million a year, or \$68 per inmate per day, according to the report.

Grace listed the county's savings as one of the primary benefits of contracting out the corrections duties. But as noted in the Pulitzer/Bogard report, savings from privatization aren't guaranteed.

About potential cost benefits, the report cites a 2001 Bureau of Justice Assistance funded nationwide study. The Bureau of Justice report found studies show a wide range of cost savings, from none, to only a couple percent, to as high as 15 percent.

A U.S. General Accounting Office study cited in the Bureau of Justice report found there was little differences in costs between public and private run facilities, and as a result, the accounting office study "could not conclude whether privatization saved money." The Bureau of Justice report concludes "the cost benefits of privatization have not materialized to the extent promised by the private sector."

However, the Camden County-funded study also cited a 2005 report by Abt Associates Inc., that found savings of 6 percent to 10 percent when comparing the five-year cost of a private firm operating a federal minimum security prison. "There are certainly examples of private firms assuming responsibility for operation of public facilities and achieving cost reductions," the Pulitzer/Bogard report states.

Camden County officials have often bemoaned the cost of running the current county jail.

At about \$58 million, the jail makes up about 18 percent of the county's total budget, county officials said. When indirect costs are added the annual cost of the jail jumps to \$68 million, the Pulitzer/Bogard report stated. The county is paying about \$103 per inmate per day, according to the Pulitzer/Bogard report.

However, corrections officials say they believe the associated fees are skewed to make the county's current costs seem higher than they really are.

The PBA's attorney Alterman said the report doesn't include any information on revenues from state and federal medical co-pays associated with the jail.

Alterman and critics from the corrections union also believe any savings realized through privatization come because the for-profit firm cuts salaries, benefits and services.

"Without question a private facility will pay less to realize cost savings," said Sgt. Peter Farlow, a corrections officer at the jail.

That fact, and its potential impact on service, is noted in the Pulitzer/Bogard report.

"(Privatization) raises substantive questions about whether money can really be saved by a private firm and, if so, whether those savings can only be achieved at the expense of quality of services or by hiring unqualified personnel with lower credentials and at salaries far below their public sector counterparts," the report states.

However, the report pointed out that dramatic cuts to salaries and benefits are not needed.

"While in some cases cost reductions have been achieved by replacing higher paid public employees with far lower paid private staff, this has not always occurred and is not necessarily advisable or necessary to allow for cost savings," the report states. "In those cases where wages and benefits are kept fairly close to those in place under public management, it is clear that savings can be obtained through many incremental measures."

Pulitzer/Bogard found that private firms, not restricted by government purchasing regulations, can purchase items quicker, more cost efficiently and keep lower inventories of supplies. Private companies also may be able to schedule staff more efficiently, avoid binding arbitration, offer different benefits and apply different overtime rules. Firms also can save money through their selection of subcontractors, says the report.

Operations safety

While Grace says Delaware County has saved money through privatization, she acknowledges the arrangement hasn't always been easy.

In the 12 years GEO Group ran the facility, it was forced to pay out hundreds of thousands of dollars for wrongful death suits, according to media reports. Several of GEO's security guards were fired for committing serious crimes, such as sexual assault, prisoner attacks and bank robbery.

Between November 2007 and August 2008, seven inmates, including comedian Kenneth Kallenbach, died either at the prison or an outside medical facility, according to media reports.

In its report, Pulitzer/Bogard states there were some "significant performance concerns" in the Delaware County facility in past years. Delaware County officials routinely fined GEO for understaffing, the report states. The Pulitzer/Bogard report also notes some studies have called into question whether private companies in general can provide comparable performance.

The Bureau of Justice study cited in the Pulitzer/Bogard report found "private correctional facilities have 49 percent more assaults on staff and 65 percent more inmate-on-inmate assaults than public facilities."

Other research has found higher escape rates and inmate idleness, the Pulitzer/Bogard report states. Yet others have found private companies outperform their public counterparts on many inmates services, like programming. The 1998 Abt report indicated there isn't evidence to support a conclusion as to the performance of private run jails compared to public operated facilities, according to the Pulitzer/Bogard report.

Corrections officials have championed the lack of safety for the public and facility staff, citing examples of uprisings, violence and escapes from private facilities in the state and across the country.

"There are some things the private sector can do well, but law enforcement is not one of them," Alterman said. Because private employees don't have the same authority to use force and carry weapons as trained corrections officers, Farlow and Alterman labeled their presence as "ill-trained and ill-equipped security guards."

"They are not going to have the resources available to us because they are not law enforcement officers," Farlow said. County officials have maintained that public safety comes first in their decision to privatize and that private jails are just as safe as public institutions.

"Safety of a jail depends on how it's managed and overseen, not whether it is public or private," county officials told police chief's Wednesday in a presentation backing their decision. Greeder said guards at George W. Hill Correctional Facility undergo a 160 training course as well as 40 hours of inservice training.

Personnel there are "authorized, trained and equipped to respond to all facility incidents," he said. The Pulitzer/Bogard report noted that public jails, including Camden County's, have significant safety issues of their own.

"While privately managed jails are sometimes found to be in violation of their contracts due to understaffing, publicly operated jails, including Camden's, frequently operate with fewer staff than are required," the report states. Camden County itself has been liable for almost \$12 million in damages and settlements from jail litigation, the report noted.

Among the most notable incidents, a 65-year-old mentally ill inmate was stomped to death in 2004 by a younger cellmate in the jail's mental health wing. The family of Joel Seidel of Cherry Hill received \$4 million to settle a wrongful-death lawsuit against the county, which admitted no

wrongdoing.

Also, inmate Christopher Miller, 22, of Waterford hanged himself in the mental-health wing while suffering from heroin withdrawal in 2005. He was not on a suicide watch when he died.

And in February 2008, inmate Michael Coombs, 20, was hospitalized after a severe beating. The Pennsauken man was attacked after agreeing to testify against alleged accomplices in a robbery that left a man dead.

Legality

At the outset of any questions raised over privatization, is one over its legality in New Jersey, the Pulitzer/Bogard report notes.

As indicated in the report, county attorneys believe the county could lawfully house inmates in privately operated facilities if the county retains responsibility for "operations, establishes rules and regulations for management of the facility, and appoints and maintains a warden to oversee and monitor the privately managed jail operations." Under that plan, the firm's top manager would report to a county warden technically responsible for the daily operations. A similar approach is used in Delaware County.

However, Alterman said he believes that a state statute would have to change for a private company to manage a county jail.