

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

BUDGET
Senator Alexander, Chair
Senator Negron, Vice Chair

MEETING DATE: Tuesday, February 15, 2011
TIME: 10:30 a.m.—12:00 noon
PLACE: *Pat Thomas Committee Room, 412 Knott Building*

MEMBERS: Senator Alexander, Chair; Senator Negron, Vice Chair; Senators Altman, Benacquisto, Bogdanoff, Fasano, Flores, Gaetz, Hays, Joyner, Lynn, Margolis, Montford, Rich, Richter, Simmons, Siplin, Sobel, Thrasher, and Wise

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
Budget Work Session			

Public-Private Partnerships in Corrections



**Florida Senate Budget Committee
February 15, 2011**

**Leonard Gilroy, AICP
Director of Government Reform
Reason Foundation | www.reason.org**

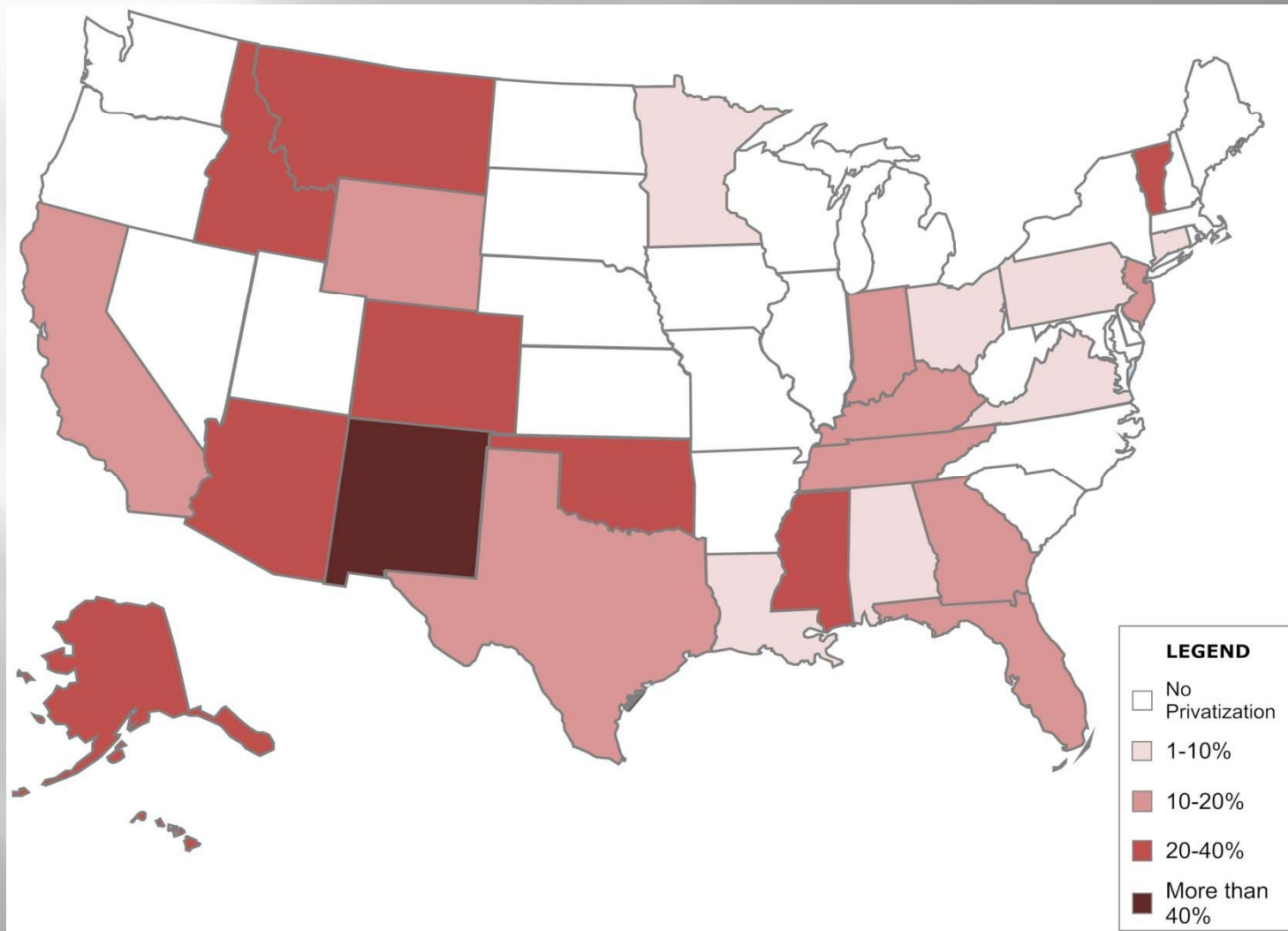


Corrections PPP Overview:

- Used by federal, state and local authorities since the 1980s.
- Significant growth since 2000:
 - b/n 2000-05, the number of PPP prisons & community corrections facilities rose 51%, from 264 in 2000 to 415 in 2005. (USDOJ)
 - 2000-2009 increase in total population: 43% Federal / 12% State
 - 2000-2009 increase in PPP beds: 120% Federal / 32% State

Year	Total Federal Prison Population	Federal Population in Private Facilities	% Federal Population in Private Facilities	Total State Prison Population	State Population in Private Facilities	% State Population in Private Facilities
2000	145,416	15,524	10.7%	1,245,845	71,845	5.8%
2001	156,993	19,251	12.3%	1,247,039	72,577	5.8%
2002	163,528	20,274	12.4%	1,276,616	73,638	5.8%
2003	173,059	21,865	12.6%	1,295,542	73,842	5.7%
2004	180,328	24,768	13.7%	1,316,772	73,860	5.6%
2005	187,618	27,046	14.4%	1,340,311	80,894	6.0%
2006	193,046	27,726	14.4%	1,376,899	85,971	6.2%
2007	199,618	31,310	15.7%	1,398,627	92,632	6.6%
2008	201,280	33,162	16.5%	1,408,479	96,320	6.8%
2009	208,118	34,087	16.4%	1,405,622	95,249	6.8%

Corrections PPP Overview: State Use of PPP Prison Capacity (2010)



Source: U.S. Department of Justice, Bureau of Justice Statistics, *Prisoners in 2009 Report*, adjusted for contracts announced in 2010.

Corrections PPP Overview: Where are States Using Corrections PPPs?

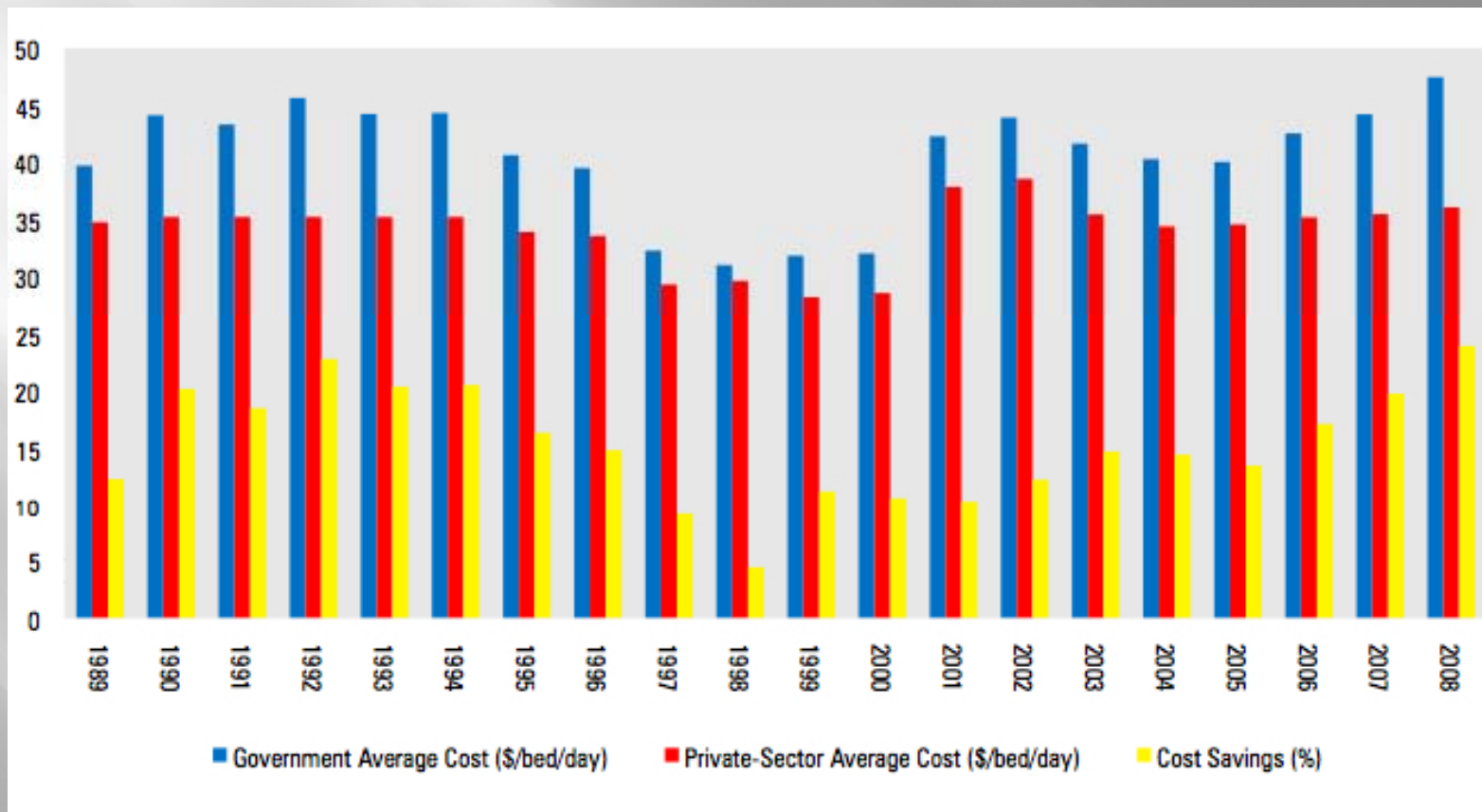


- **Correctional facility operations**
 - Operating contracts for existing state facilities
 - Contracted beds in privately owned/operated prisons (in-state and out-of-state)
 - Accelerated delivery of “greenfield” (new-build) facilities; public debt avoidance; capital and operational savings
- **Healthcare**
 - Correctional system medical, dental, mental health services
- **Substance abuse and treatment programs**
- **Educational/vocational programs**
- **Probation and parole services**
- **Food services**
- **Facility maintenance, transportation**

Cost Savings through Corrections PPPs: Texas



- **Cost savings in PPP prisons average 15% annually from 1989-2008.**
 - Average daily cost of operation in PPP prisons has not exceeded the comparable costs in government-run prisons since 1989.



Source: 1989-2003 data: Texas Criminal Justice Policy Council. 2004-2008 data: Texas Legislative Budget Board, *Criminal Justice Uniform Cost Report*, various editions.

Several Layers of Accountability in Corrections PPPs



- **Contractual requirements**
 - contracts specify operating standards, accreditation mandates, and other aspects of service delivery deemed critical by public sector
 - compliance with accreditation standards (e.g., American Correctional Assn, National Comm. on Correctional Healthcare, etc.)
- **Government contract monitoring**
 - corrections PPPs typically utilize on-site, government contract monitors
- **Policymakers**
 - elected officials exert control through lawmaking, budgeting, rulemaking, legislative hearings and oversight, etc.
- **Internal audits**
 - Private partners have a vested financial interest in ensuring proper performance; use internal auditing and review teams, contract compliance reviews, etc to ensure performance and quality controls
- **Shareholders**
 - companies' ability to attract investors and obtain credit is predicated on their overall business viability through their delivery of quality services

Corrections 2.0: Creating a Continuum of Care in Corrections through PPPs



- **Corrections 1.0—Current state correctional systems**
 - Central focus on *incarceration*; rehabilitation a secondary concern
 - Offenders move across a system of fragmented facilities and services
 - Little coordination & continuity of knowledge of individuals' history and rehabilitation progress
 - Little accountability → Poor performance → High recidivism
- **Corrections 2.0 Proposal—Continuum of Care through PPPs**
 - Central focus on *rehabilitation & successful re-entry to society*
 - Coordinated delivery of most or all correctional services within a region
 - Contract designed to hold providers accountable for reducing recidivism; achieving high performance in offender outcomes
 - Rehab/programs customized to each inmate and follow the inmate across continuum—designed to ensure inmates are in the *right place* at the *right time* for the *right programs*

Focusing PPPs on What Works in Offender Rehabilitation



Kevin A. Wright, WA State University, *Journal of Offender Rehabilitation* (April 2010):

- *leverage the power of PPPs and performance-based contracts to improve rehabilitation & increase use of proven methods of reducing recidivism and successfully reintegrating offenders back into society.*
- *“Private prisons [present] the unique opportunity for innovation in corrections through the use of contracts that emphasize principles of effective intervention and programs that work.”*
- *“...the privatization of prisons can serve as the vehicle that the rehabilitation effort has searched for in its revivification [...] In essence, it appears that private prisons and the rehabilitative ideal would be the perfect marriage for corrections.”*

Proposed Model: Corrections Continuum of Care PPPs



- Would bundle the delivery of most or all correctional services within an entire DOC region through PPPs.
- Pilot implementation in 1-2 DOC regions, partnering with different operators (teams) in each to maximize competition, mitigate risks.
- 10-year, performance-based contract—contractual responsibility for demonstrably reducing recidivism over the contract.
- DOC would issue an “invitation to negotiate” asking respondents to submit their qualifications and a 10-year conceptual plan for implementation.
- Proposals would be evaluated based on:
 - Maximizing the use of state resources;
 - Cost savings;
 - Increases/decreases in the number and operation of existing facilities; and
 - Implementing best practices in care, service delivery and programming.
- Would require statutory authority for DOC/state to implement regionalized, continuum of care PPPs.
- Could exclude or limit the private sector operation of maximum security prisons/units; other sensitive facilities

Potential Benefits of Continuum of Care PPPs in Corrections



- **Cost Savings**
 - Though typical savings through PPPs exceed 10%, COC PPPs would be more complex—savings between 7-10% are more realistic
- **Lower Recidivism and Improved Performance**
 - More coherent, individualized rehabilitation plans that follow inmates
 - Contractual focus on improved outcomes and reduced recidivism
- **Improved Tracking and Management of Offenders**
 - PPPs would include state-of-the-art tracking systems and databases to follow offenders throughout the continuum.
 - inherent flexibility to move personnel and facilities around in a nimble way to adapt and tailor an individual's changing rehabilitation needs.
- **“Bundling” for Better Value**
 - Governments maturing in their use of privatization; finding greater economies of scale, cost savings and/or value for money through bundling several—or even all—services in a given agency or agency subdivision into a PPP initiative, rather than treating individual services or functions separately.

Continuum of Care PPPs: Florida Case Study



- Estimated annual cost savings through continuum of care PPP approach (conservative estimate @ 7-10%):
 - FDOC Region I: \$41.8M - \$59.7M
 - FDOC Region IV: \$29.3M - \$41.9M
 - Both regions: \$71.1M - \$101.6M

	FDOC Region I	FDOC Region IV	Combined FDOC Regions I & IV
Number of Correctional Facilities	37	34	71
Inmate Population (October 2010)	32,960	21,028	53,988
Inmate Population held in Privately Operated Facilities	4,905	2,829	7,734
% of Inmate Population held in Privately Operated Facilities	14.9%	13.5%	14.3%
Estimated Annual Correctional Facilities Cost	\$545,572,731	\$367,795,601	\$913,368,331
Offenders under Community Supervision	36,366	37,958	74,324
Estimated Annual Community Corrections Cost	\$51,700,601	\$51,735,165	\$103,435,766
Total Estimated Annual Cost	\$597,273,332	\$419,530,765	\$1,016,804,097
Estimated Continuum of Care PPP Cost Savings (7%)	\$41,809,133	\$29,367,154	\$71,176,287
Estimated Continuum of Care PPP Cost Savings (10%)	\$59,727,333	\$41,953,077	\$101,680,410
Total Estimated 10-Year Cost	\$5,972,733,317	\$4,195,307,654	\$10,168,040,971
Estimated 10-Year Continuum of Care PPP Cost Savings (7%)	\$418,091,332	\$293,671,536	\$711,762,868
Estimated 10-Year Continuum of Care PPP Cost Savings (10%)	\$597,273,332	\$419,530,765	\$1,016,804,097

Questions?



Leonard Gilroy, AICP

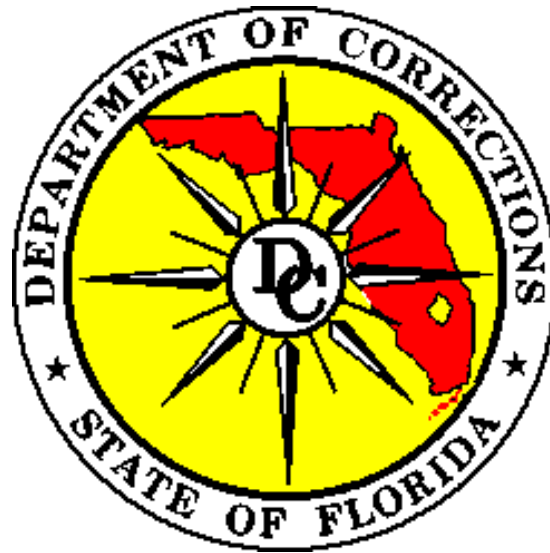
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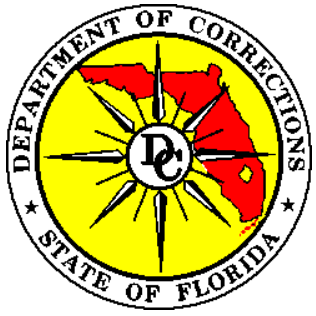
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Overview of the Privatization of State Prisons



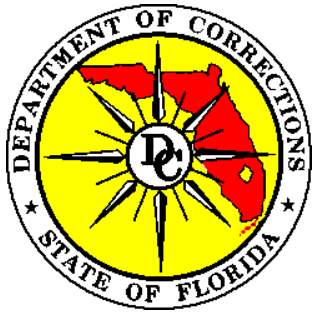
Senate Budget Committee

February 15th, 2011



Chapter 944, Florida Statutes, assigns legal custody of all Florida inmates in state and private prisons to the Department of Corrections.

- DOC makes all decisions that affect inmate discipline, gain time and release
- DOC conducts routine security, infirmary and contraband audits



Inmate Population as of February 13th 2011 **101,611**

State facilities – 55 major prisons, 82 minor facilities 91,515

Private Facilities

Bay CF 982

Black Water River CF 1,991

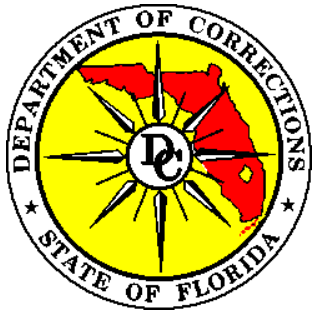
Gadsden CF 1,518

Graceville CF 1,875

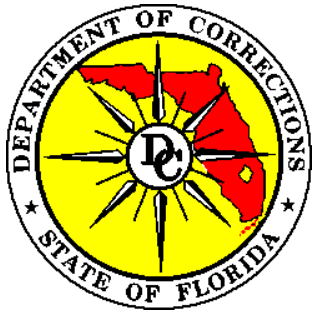
Lake City CF 889

Moore Haven CF 983

South Bay CF 1,858 10,096

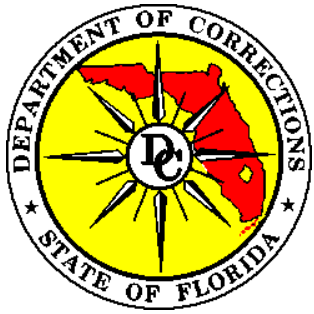


- Florida is the only state where private prison contracts are managed outside a correctional agency.
- Regardless, DOC and DMS have forged a good relationship in managing private prison contracts
- Economy of management and professional oversight would be increased however, if the DOC was authorized to manage the contracts



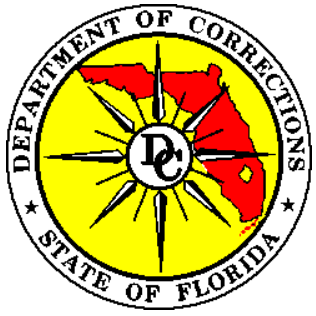
Private Prison Inmate Assignments

- All inmates go through the DOC reception process upon incarceration
- After Initial Classification, inmates are transferred to private prisons as appropriate.
- Private prisons do not house every type of inmate
- Inmates are transferred in and out of private prisons for various reasons



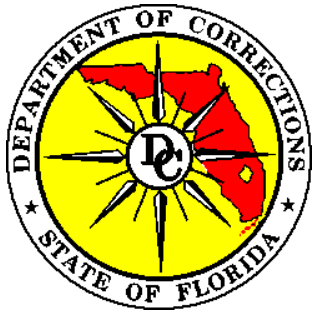
Security Audits

- The security audit process is applied equally to both private prisons and state prisons.
- DOC security standards and procedures are provided to each private prison.
- A team of DOC auditors performs the audit and subsequent follow-up to insure any corrective action is being fully implemented.



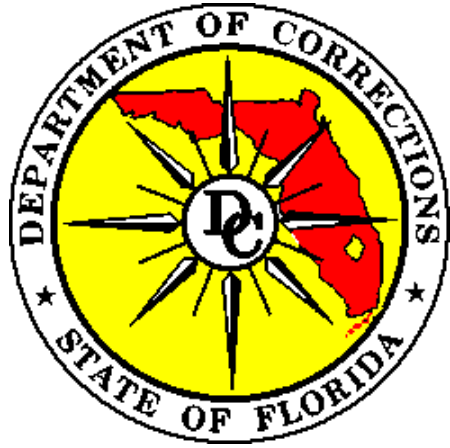
Differences between state and private prison design

- DOC adopts a campus style design as opposed to the single site facility that private companies have built.
- Security – we believe this may provide better sight lines and visibility of dorms from the control room.
- Allows for future expansion – provides a bigger foot print for growth.



Calculation of Comparable Prison Per Diem Rate

- Pursuant to s. 957.07 (4), F.S. DOC identifies a similar sized public facility and DMS makes adjustments to the actual operating costs to reach a comparable operating cost.
- This per diem cost is used by DMS for procurement and as a base for calculating savings.



Questions?



Private Prison Monitoring

February 15, 2011

Senate Budget Committee

Bureau of Private Prison Monitoring

Mission:

To promote program accountability and continuous improvement in private prison programs and services, in accordance with Chapter 957, F.S.

- Provide public safety to the citizens of Florida
- Ensure private contract will result in 7% cost savings over a public facility, as required by statute
- Provide effective oversight and management of private prison contracts
- Provide programs designed to reduce recidivism

Private Prison Monitoring – Operating Budget and Contract Funding

- **Total Managed facilities: 7**
 - Approximately 2,000 staff employed
- **Total private prison beds: 10,128**
 - Program 64% in Academic, Behavioral, Vocational and Substance Abuse
- **Contract Funding – Department of Corrections (DC)**
 - PPM contract funding is appropriated to DC
 - FY 2010-11 \$159 million

Quick Facts

- **Past three years-**
 - \$7.5 million reverted to General Revenue
 - Vacancy deductions
 - Liquidated Damages
 - Onsite Contract monitor
 - \$6.4 million in Privately Operate Institutions Inmate Welfare Trust Fund revenues

Facility Comparison – Lowell/Gadsden

Lowell CI (Public)

Lowell CI Per Diem \$66.47
(\$54.85 used for procurement)
(Inmate Capacity 2,794)

- Lowell Correctional Institution
- Lowell Annex
- Lowell Work Camp
- Lowell Basic Training Unit
- Levy Forestry Camp



Gadsden CF (Private)

Gadsden CF Per Diem \$45.97
(Inmate Capacity 1,520)



Comparable Facility Per-diem Calculation

- DC sends information to the Auditor General
- Auditor General Certifies DC's per-diem cost
- DMS incorporates into procurement
- Private Prison Per-diem Workgroup, s. 957.07 (5)(a), F.S.
 - Convened 2005

Procurement and Contract Per-Diems

DC Facility (budget entity) + Auditor General Certified, DMS adjusted per-diem
DMS Facility and actual contract per-diem

DC	Lowell	\$54.85	16%
DMS	Gadsden	\$45.97	
DC	Brevard	\$67.54	10%
DMS	Lake City	\$60.84	
DC	New River	\$57.52	16%
DMS	Bay	\$48.05	
DC	Okeechobee	\$59.76	19%
DMS	South Bay	\$48.16	
DC	Wakulla	\$47.02	27%
DMS	Graceville	\$34.37	
DC	New River	\$56.19	14%
DMS	Moore Haven	\$48.36	

2010 Procurements

- Three of the four facilities changed operators:
 - **Bay** remained with Corrections Corporation of America (CCA)
 - **Gadsden (CCA)** → Management and Training Corporation
 - **Graceville** The GEO Group, Inc. (GEO) → CCA
 - **Moore Haven (GEO)** → CCA
- Reduced costs by \$1.5 million over FY 2009-10 rates
- Reduced pricing for multiple sites

Multi-facility/Combination Pricing

- Single Facility
- 11 multi-site combinations

Facilities			
1	Single Facility Pricing	Bay	
		\$	
2		Gadsden	
		\$	
3		Graceville	
		\$	
4		Moore Haven	
		\$	
5	Combination #1 Pricing	Bay	Gadsden
		\$	\$
6	Combination #2 Pricing	Bay	Gadsden
		\$	\$
7	Combination #3 Pricing	Bay	Gadsden
		\$	\$
8	Combination #4 Pricing	Gadsden	Graceville
		\$	\$

Contract Efficiencies and Innovations

- No medical caps
- Emergency response agreement between DC and Contractor
- 35 day vacancy deductions for Certified and non-certified staff
- More programming
- Inmate Services, video visiting, secure e-mail

Contract Changes – Safety

- DC performs annual Unannounced Security Audits
- Since 2007
 - 61% decrease in total audit findings
 - 79% decrease in repeat audit findings
- State Law Enforcement Radio System (SLERS) subscriber
- DC providing regional emergency training with the Contractors

Inmate Profiles and Transfer Agreements

- DC determines the inmate population at each private facility
- Population specifications are incorporated into procurement documents
- Transfer Agreements are signed between DMS, DC and the Private Prison contractor

Monitoring Tool

- 300 indicators
- Indicators are based on:
 - Contract Requirements
 - American Correctional Association Standards
 - Department of Corrections procedures
 - Chapter 33, F.A.C.
 - Various codes and requirements from local county health department, Fire Marshal, Department of Health, Department of Children and Families, Department of Education, and the Florida Department of Law Enforcement

Contact

DMS Legislative Affairs – (850) 488-6285

Michael Weber, Chief

Private Prison Monitoring

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oppaga

High Cost Public Prisons

A presentation to the
Senate Budget Committee

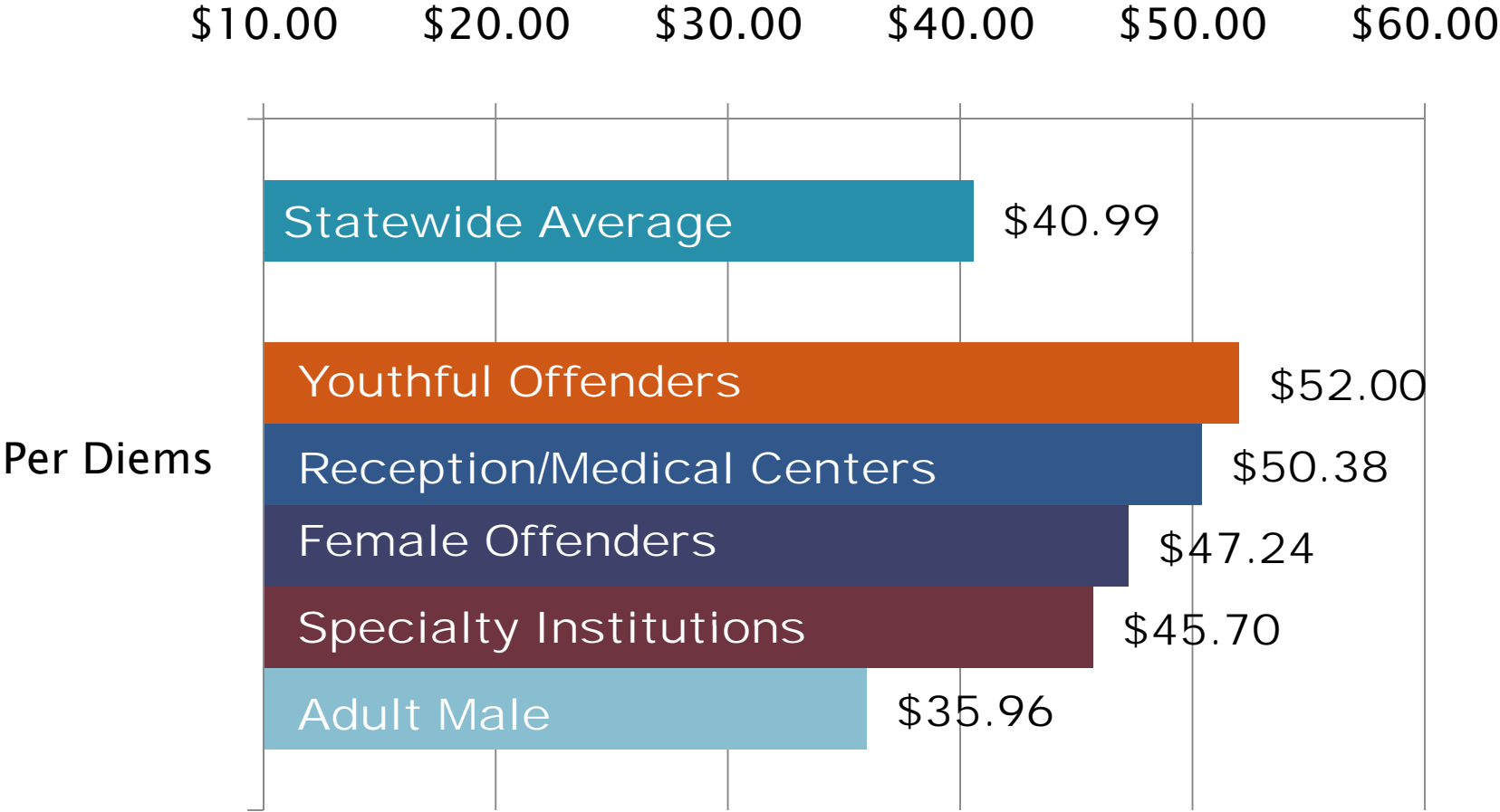
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Byron Brown
Chief Legislative Analyst

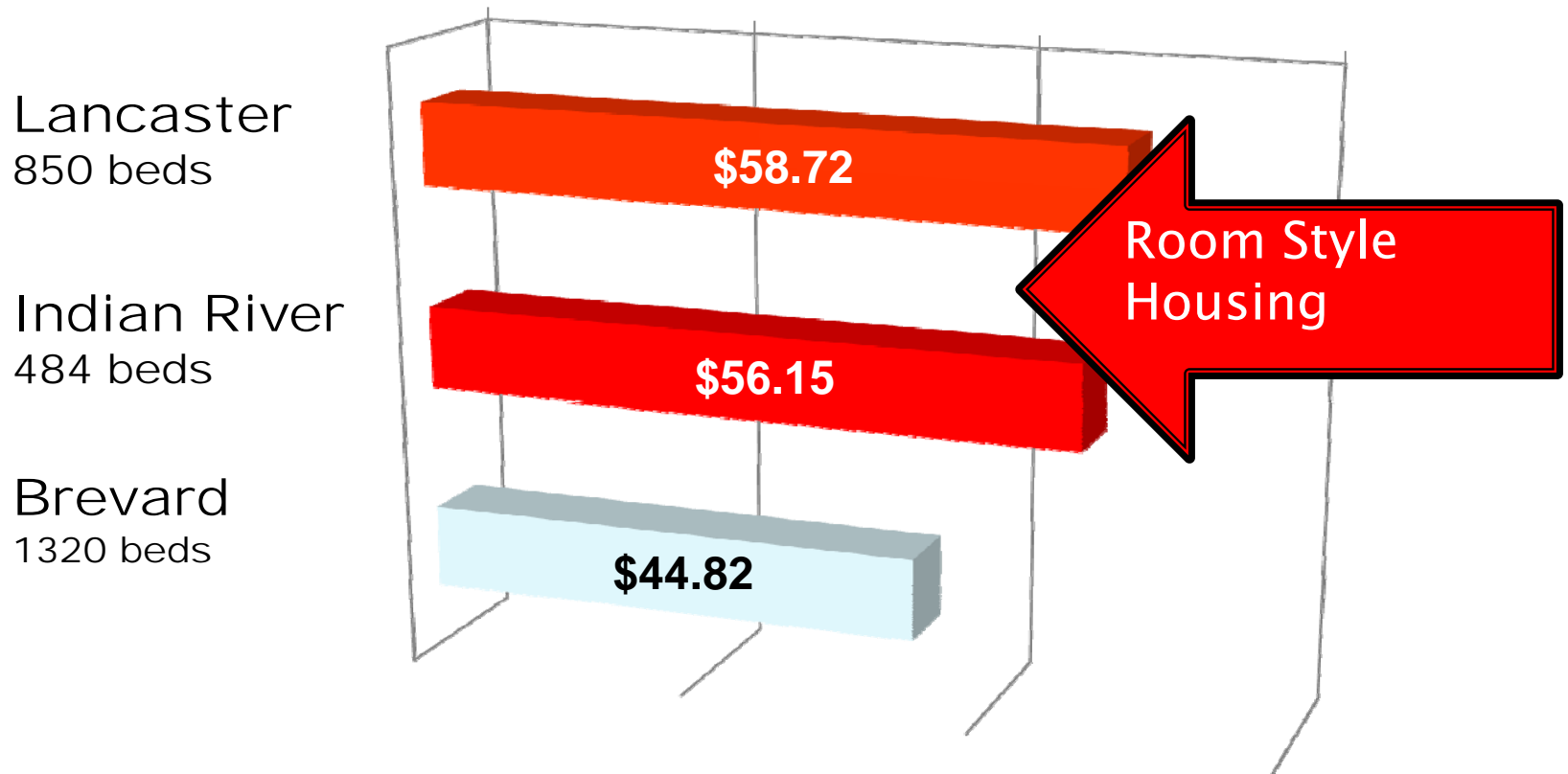
Per Diem Costs

- ▶ Operations Per Diem includes:
 - Security staffing and benefits
 - Classification and maintenance staffing
 - Utilities and supplies
 - Food and inmate uniforms
- ▶ Does not include:
 - Medical costs
 - Program / treatment costs
 - Administrative costs

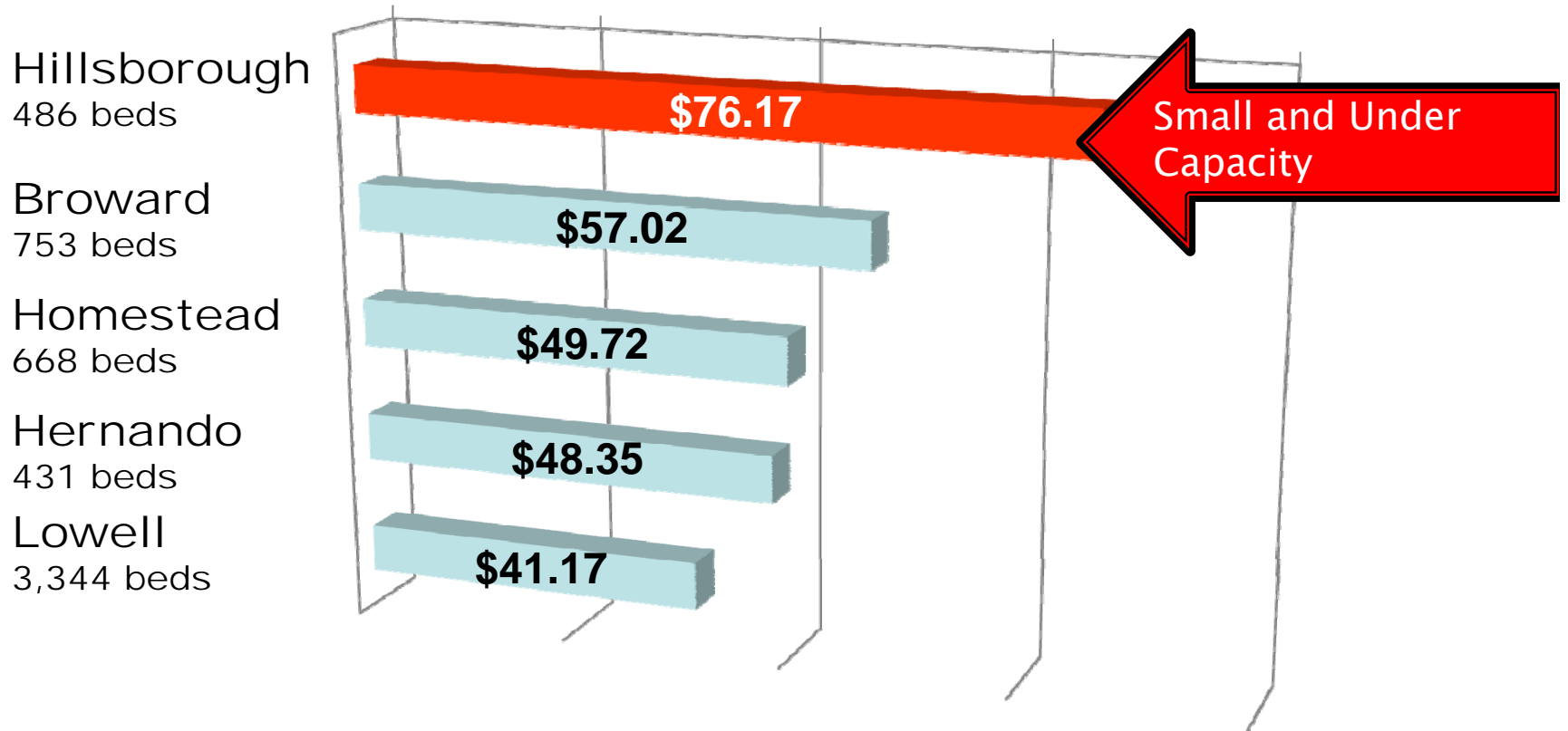
Operations Per Diem Costs Vary by Type of Prison



Youthful Offender Prisons

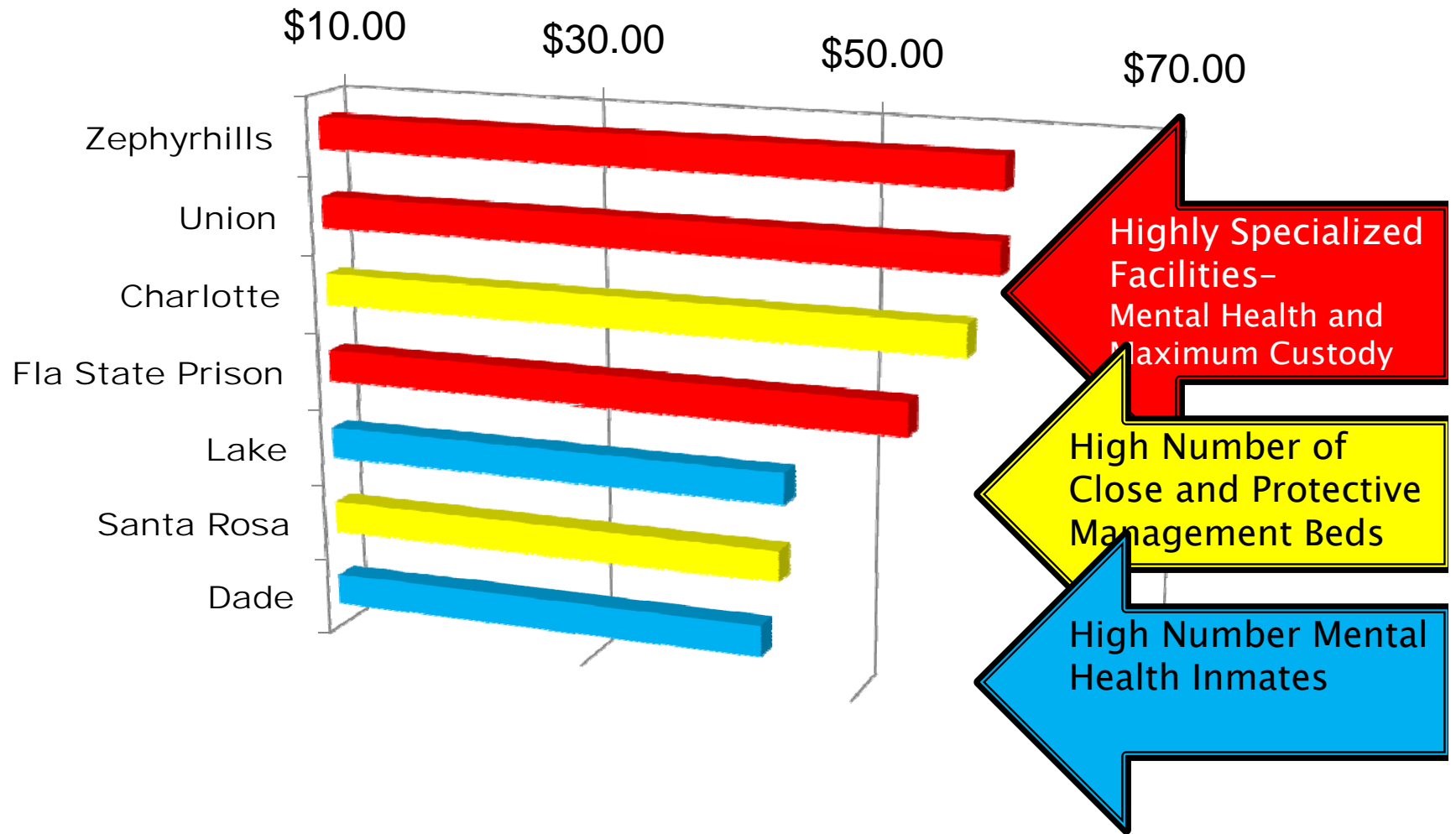


Female Custody Prisons



Specialty Prisons

Medical and Psychiatric Treatment Needs, Death Row



Adult Male Custody Prisons

The Department has identified significant maintenance and upgrades for these 8 prisons within the next 5 years

