

Agenda Item II—Funding for Maintenance Projects at State Residential Schools

Support Conclusion

This funding will be used for upkeep and repairs at the Schools for the Deaf and the Visually Handicapped.

The money for this request was held in reserve until the State Superintendent could submit a plan for how they money would be used. LFB says the request is reasonable, and the money should be released.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 2, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Public Instruction: Section 13.10 Request to Release Funds for Maintenance Projects at the State Residential Schools--Agenda Item II

The Department of Public Instruction (DPI) requests the release of \$91,200 GPR in 1998-99 from reserve in the Joint Committee on Finance's GPR appropriation to DPI's residential schools appropriation, for maintenance projects at the School for the Deaf and at the School for the Visually Handicapped.

BACKGROUND

In 1997 Act 27 (the 1997-99 budget act) \$91,200 GPR annually was provided to increase base funding by \$74,000 annually to fund maintenance projects at the School for the Deaf and by \$17,200 annually for maintenance projects at the School for the Visually Handicapped. Act 27 directed the State Superintendent of Public Instruction to submit plans to the Joint Committee on Finance (JFC) within 30 days after the effective date of the budget act (October 14, 1997) and by October 1, 1998, specifying how the Superintendent would allocate the maintenance funds provided. JFC has the authority to release these funds upon approval of the plans. DPI submitted its plan for 1997-98 in November, 1997 and it was approved on a 15 to 0 vote at the Committee's December, 1997, s. 13.10 meeting.

Currently, annual base funding allocated to maintenance projects is \$121,500 GPR at the School for the Deaf and \$89,000 GPR at the School for the Visually Handicapped. In total, with the Act 27 amounts combined with base funding, the annual maintenance budgets equal \$195,500 GPR at the School for the Deaf and \$106,200 GPR at the School for the Visually Handicapped.

ANALYSIS

During 1996, the Department of Administration (DOA) directed DPI to allocate additional funding for facility upkeep and repairs at each school. As part of its agency budget submission, DPI requested, and the Governor recommended, \$91,200 GPR annually for maintenance at the residential schools. DPI worked with the Division of Facilities Development (DFD) in DOA to develop the funding amounts that were approved by the Legislature and the Governor in Act 27.

The \$91,200 GPR in 1998-99 annually would be used, in part, to purchase new or updated tools, shop supplies, paint and painting supplies, new doors, tree removal and contractual services. The following table lists, by item, the plan submitted by the State Superintendent for 1998-99.

Residential Schools – 1998-99 Maintenance Funding

<u>Wisconsin School for the Deaf</u>	<u>Amount</u>
Lumber	\$3,500
Hand tools--carpenter shop	4,000
Dual axis multi-mixer	1,000
16 canister electric agitator	2,400
Ladders	1,000
Paint	2,000
Hand tools--paint shop	500
Hand tools, supplies, machinery--electrical shop	1,800
Electrician's calculator	500
Fluke multimeter attachment kit	400
Inductive amplifier	700
Cleaning system with vacuum—boiler/chiller shop	4,000
Freon recycling/reclaim machine	5,000
Supplies (gaskets, rivets, chemicals)	1,500
CFC clean system	6,000
Dakota chairs with caddy (50)	3,000
Folding tables with caddy (12)	1,300
Refuse containers (4)	1,500
Supplies--custodian shop	2,000
Washer/dryer	1,500
Linens, towels, sheets, cases	1,800
Racks with wire mesh and gates	7,000
Pallets, nuts and bolts	300
Push bar door locks	2,500
Fork lift repairs	1,500
Insect spraying	1,000
Volley ball court	3,100
Sealcoat/crack filling	2,900
Landscaping, plant material, tree removal	7,000
Pressure washer	1,300
Carpeting for computer lab	<u>2,000</u>
Total--School for the Deaf	\$74,000

<u>Wisconsin School for the Visually Handicapped</u>	
Furnish and install two doors and frames	\$7,000
Overhead garage door	200
Three CFA windows	1,200
Motor for commercial washer	400
Maxi dump	5,000
Giant vacuum	2,500
Soil pipe cutter	300
Hammer drill and bits	<u>600</u>
Total--School for the Visually Handicapped	\$17,200
 Total -- Residential Schools	 \$91,200

CONCLUSION

Because the 1998-99 plan submitted for the allocation of the maintenance funding held in reserve in the Committee's appropriation appears reasonable, the Committee may wish to release \$91,200 GPR in 1998-99 from the Joint Committee on Finance's s. 20.865(4)(a) appropriation to DPI's s. 20.255(1)(b) residential schools appropriation to fund maintenance projects at the School for the Deaf and at the School for the Visually Handicapped.

Prepared by: Dave Loppnow

MO# Conclusion

2 WEEDEN	Y	N	A
FARROW	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
SCHULTZ	Y	N	A
ROSENZWEIG	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
1 GARD	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 15 NO 0 ABS _____

III. Department of Corrections -- Michael J. Sullivan, Secretary

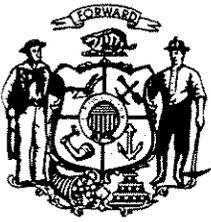
The department requests the following Committee action:

1. Transfer \$2,269,796 GPR in fiscal year 1998-99 from the Committee's appropriation under s. 20.865(4)(a) to appropriation 20.410(1)(ab), corrections contracts and agreements, to fund expansion of the department's contracts with the Corrections Corporation of America by 419 male prison beds in Sayre, Oklahoma and the Federal Bureau of Prisons by 100 male prison beds in Duluth, Minnesota and by 20 male prison beds in Oxford, Wisconsin.
2. Transfer \$150,000 GPR in fiscal year 1998-99 from the Committee's appropriation under s. 20.865(4)(a) to appropriation 20.410(1)(a), general program operations, to fund out of state trips to develop and monitor program standards, out of state inmate group transports and individual inmate return trips.
3. Allow the department to contract for up to an additional 500 beds within previous approved sites with the Federal Bureau of Prisons, Corrections Corporation of America and Texas counties. These beds would be funded from existing funds that may become available due to unanticipated delays in the transfer of inmates or other unforeseen circumstances.

Governor's Recommendation

Approve the following:

1. Transfer \$2,269,796 GPR in fiscal year 1998-99 from the Committee's reserved appropriation to fund expansion of the department's contracts with the Corrections Corporation of America by 419 male prison beds in Sayre, Oklahoma and the Federal Bureau of Prisons by 100 male prison beds in Duluth, Minnesota and by 20 male prison beds in Oxford, Wisconsin.
2. Transfer \$150,000 GPR in fiscal year 1998-99 from the Committee's reserved appropriation to fund out of state trips to develop and monitor program standards, out of state inmate group transports and individual inmate return trips.
3. Allow DOC the flexibility to increase or decrease the number of inmates at authorized sites within authorized contract bed levels.



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

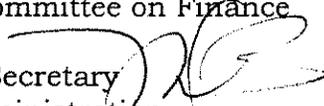
TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
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Date: November 30, 1998

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Corrections (DOC) for Additional Contract Prison Beds.

Request

The Department of Corrections (DOC) requests the following Committee action:

1. Transfer \$2,269,796 GPR in fiscal year 1998-99 from the Committee's appropriation under s. 20.865(4)(a) to appropriation 20.410(1)(ab), corrections contracts and agreements, to fund expansion of the department's contracts with the Corrections Corporation of America by 419 male prison beds in Sayre, Oklahoma and the Federal Bureau of Prisons by 100 male prison beds in Duluth, Minnesota and by 20 male prison beds in Oxford, Wisconsin.
2. Transfer \$150,000 GPR in fiscal year 1998-99 from the Committee's appropriation under s. 20.865(4)(a) to appropriation 20.410(1)(a), general program operations, to fund out of state trips to develop and monitor program standards, out of state inmate group transports and individual inmate return trips.
3. Allow the department to contract for up to an additional 500 beds within previous approved sites with the Federal Bureau of Prisons, Corrections Corporation of America and Texas counties. These beds would be funded from existing funds that may become available due to unanticipated delays in the transfer of inmates or other unforeseen circumstances.

Background

Section 301.21 of the Wisconsin Statutes permits DOC to enter into contracts with other states, political subdivisions of other states or private companies for out of state prison beds. However, s. 302.26 of the Wisconsin Statutes requires that the Joint Committee on Finance (JCF) approve any contract to transfer ten or more inmates in any fiscal year to any public or private prison facility in another state. The table on the next page lists the out of state contract prison beds that have been authorized by the Committee to date.

Authorized Out of State Contract Beds

<u>Location</u>	<u>Authorized Beds</u>	<u>Contractor</u>
Texas	700	Texas Counties
Duluth, Minnesota	300	Federal Bureau of Prisons
Oxford, Wisconsin	30	Federal Bureau of Prisons
Alderson, West Virginia	200	Federal Bureau of Prisons
Whiteville, Tennessee	1,500	Corrections Corporation of America
<u>Sayre, Oklahoma</u>	<u>700</u>	<u>Corrections Corporation of America</u>
Total	3,430	

Analysis

As of November 20, 1998, 17,697 inmates were being held in Wisconsin correctional institutions and in contract prison beds. Of this total, 16,596 were males and 1,101 were females. DOC projects that by the end of FY99 the total inmate population will increase to 19,790 (18,583 males, 1,207 females). As the chart below indicates, this will leave a projected bed shortfall of 746 for males and 5 for females.

Projected Prison Bed Capacity vs. Population
(June 30, 1999)

Projected Male Population	18,583
Projected Male Capacity	17,837
✓ DOC Institutions (14,344)	
✓ Out of State Contract Beds (3,230)	
✓ <u>County Jail Beds (263)</u>	
Projected Male Bed Deficit	746
<u>Requested Male Beds (Funding Requested)</u>	<u>539</u>
Unaddressed Male Bed Deficit	207
<hr/>	
Projected Female Population	1,207
Projected Female Capacity	1,202
✓ DOC Institutions (982)	
✓ Out of State Contract Beds (200)	
✓ <u>County Jail Beds (20)</u>	
Projected Female Bed Deficit	5

The request for 539 additional male contract beds and transportation costs is based on the reserved funding that remains in the Committee's account for DOC (\$2,419,796). The funding in the Committee's appropriation, s. 20.865(4)(a), is currently allocated for additional contract beds (\$782,296), Racine Youthful Offender food service costs (\$645,700) and St. John's Correctional Center expansion (\$991,800). The funding currently allocated for food service costs and St. John's Correctional Center expansion can be reallocated for additional contract beds because current funding is sufficient for Racine Youthful Offender food service and expansion of St. John's Correctional Center will not be completed in fiscal year 1998-99.

Even with the 539 additional male contract beds, a 207 bed deficit is projected at the end of FY99. No additional beds or funding were requested for female facilities because the bed deficit is projected to be minimal (5 beds) and because DOC cannot locate additional female contract beds at this time.

As noted above, DOC is also requesting that \$150,000 be transferred from the Committee's reserved appropriation to fund out of state trips to establish and monitor program standards and to fund out of state inmate group and individual transports. The costs of all of these trips have been unbudgeted and without funding DOC must continue to fund these costs from base resources.

In their initial request, DOC also requested that the department be allowed to contract for up to an additional 500 beds within previously approved sites with the Federal Bureau of Prisons, Corrections Corporation of America and Texas counties. However, it was unclear whether DOC was requesting authority for additional contract beds within or above currently authorized levels.

DOC has recently clarified this portion of the request. According to DOC, the request for the additional 500 beds had two objectives: to provide maximum flexibility within authorized contract bed levels and to allow DOC to utilize savings generated by unforeseen circumstances at these sites to address the additional population needs.

According to DOC, providing maximum flexibility within currently authorized contract bed levels was the most important objective. Therefore, DOC is now requesting the flexibility to increase or decrease the number of inmates at authorized sites within authorized contract bed levels. For example, if additional beds became available with the Federal Bureau of Prisons, DOC could transfer inmates from other locations to these sites. Approval of this provision would increase DOC management flexibility to transfer inmates, within authorized contracted bed levels, to locations that better reflect the interests of the state.

The second objective was to increase the number of contract beds if savings became available due to unforeseen circumstances involving the availability and movement of inmates to approved contracted facilities. However, DOC already has the authority within fiscal year 1998-99 to receive certification from the JCF co-chairs to increase the number of authorized contract beds as long as the total amount of funding does not exceed the total amount of funding available for

contract beds. Therefore, DOC is withdrawing their request for the authority for the additional 500 contract beds.

Recommendation

Approve the following:

1. Transfer \$2,269,796 GPR in fiscal year 1998-99 from the Committee's reserved appropriation to fund expansion of the department's contracts with the Corrections Corporation of America by 419 male prison beds in Sayre, Oklahoma and the Federal Bureau of Prisons by 100 male prison beds in Duluth, Minnesota and by 20 male prison beds in Oxford, Wisconsin.
2. Transfer \$150,000 GPR in fiscal year 1998-99 from the Committee's reserved appropriation to fund out of state trips to develop and monitor program standards, out of state inmate group transports and individual inmate return trips.
3. Allow DOC the flexibility to increase or decrease the number of inmates at authorized sites within authorized contract bed levels.

Prepared by: Doug Percy
266-2213

Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



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State of Wisconsin
Department of Corrections

November 16, 1998

TO: The Honorable Timothy Weeden
Co-Chair, Joint Committee on Finance

The Honorable John Gard
Co-Chair, Joint Committee on Finance

FROM: *Michael J. Sullivan*
Michael J. Sullivan, Secretary
Department of Corrections

SUBJECT: §. 13.10 Request – Additional Contract Beds

The Department of Corrections requests a transfer of \$2,269,796 in FY 99 from appropriation §. 20.865(4)(a) Joint Finance to §. 20.410(1)(ab) for an increase of 539 in out of state contract bed capacity. The Department also requests a transfer of \$150,000 in FY 99 from §. 20.865 (4) (a) to §. 20.410 (1) (a) to provide funds for out of state offender and staff transportation costs.

The Department also requests certification to utilize up to an additional 500 beds within previously approved sites with the Federal Bureau of Prisons, Corrections Corporation of America and Texas counties. These beds would be utilized to provide enough flexibility in contracting so that the Department can continuously maintain the fully funded approved out of state contract capacity.

Population Issues

Inmate populations continue to increase rapidly as a result of increased admissions and reduced releases. In 1997 total inmate populations grew at an average rate of 151 per month. Total inmate populations have grown at a rate of 268 per month during the first 10 months of 1998, going from 14,899 on January 2, 1998 to 17,584 on 11/6/98.

Background

The Department currently has authority for the following federal and out of state contracted bed capacity:

APPROVAL PROCESS	CONTRACT SITE	BEDS AUTHORIZED
§13.10 Request - 9/96	Texas Counties	700
1997 WI Act 27	Federal Bureau of Prisons- Duluth, Minnesota	300
1997 WI Act 27	Federal Bureau of Prisons- Oxford, WI	30
§13.10 Request – 3/98	Corrections Corp. of America- Tennessee	1,200
§13.10 Request – 6/98	Corrections Corp. of America- Tennessee	300
§13.10 Request – 6/98	Corrections Corp. of America- Oklahoma	300
JCF Special Meeting – 7/98	Federal Bureau of Prisons- Alderson, West Virginia	120
Certification Request – 10/98	Corrections Corp. of America- Oklahoma	400
Certification Request – 10/98	Federal Bureau of Prisons- Alderson, West Virginia	80
	TOTAL	3430

Request

Identified Contract Expansions - The Department is requesting authority to expand its contracts with the Corrections Corporation of America (CCA) by 419 male beds in Sayre, Oklahoma and with the Federal Bureau of Prisons by 100 beds in Duluth, Minnesota and 20 beds in Oxford, Wisconsin. The rates will remain unchanged and the terms and conditions will be identical to the current contracts. These expansions will be funded in FY 99 with the transfer of \$2,269,796 from §. 20.865(4)(a).

Funding for Travel Costs - The Department is also requesting a transfer of \$150,000 from §. 20.865(4)(a) to fund

- out of state staff trips to set up and monitor program standards; and,
- out of state inmate group transports and individual inmate return trips.

Certification of Unspecified Increased Bed Capacity - The Department is requesting certification for up to an additional 500 beds within previously approved sites with the Federal Bureau of Prisons (FBOP), Corrections Corporation of America (CCA) and Texas counties. These beds would be paid for out of existing funds that may become available within the Department due to unforeseen circumstances involving the availability and movement of inmates to approved contracted facilities.

Savings in contract costs can occur due to unanticipated delays in the transfer of inmates or if sites cannot accommodate their full contract capacity due to physical plant repairs/remodeling, etc. With the approval for flexibility in capacities at existing locations, such cost savings could be applied to other locations to maintain a constant level of contracted beds. The Department currently does not have the authority to modify contract capacities at specific facilities.

Sources of Funding

§20.865(4)(a) - In FY 98 the Department had \$31,442,700 appropriated in §20.410(1)(ab). A total of \$28,911,203.55 was expended. This left an unencumbered balance of \$2,531,496.45.

A March 5, 1998 Joint Finance action required any unencumbered balance on June 30, 1998 in this appropriation be transferred to the Joint Finance supplemental appropriation. At this time \$782,296 remains in the Joint Finance appropriation especially targeted for contract beds.

1997 Act 27 placed \$991,800 in the Joint Finance supplemental appropriation as a reserve for the relocation of the St. John's Correctional Center. The relocation of St. John's will not be completed in this biennium.

1997 Act 27 placed \$645,700 in the Joint Finance supplemental appropriation as a reserve for additional contract costs associated with the Racine Youthful Offender Correctional Facility food contract. Sufficient funds are budgeted for the existing contract.

The Department requests that the total \$2,419,796 be transferred from §20.865(4)(a) to the Department of Corrections to contract for additional out of state beds and fund inmate and staff travel associated with some of the out of state contracts.

Summary

This request asks for approval to expand contracts with the Federal Bureau of Prisons and with Corrections Corporation of America by 539 beds. It also requests the release of funds from the Joint Finance Committee reserve to pay for the additional beds and travel expenses of staff and inmates associated with some of the contracted facilities.

The Department of Corrections requests a transfer of \$2,269,796 in FY 99 from appropriation §. 20.865(4)(a) Joint Finance to §. 20.410(1)(ab) for an increase of 539 in out of state contract bed capacity. The Department also requests a transfer of \$150,000 in FY 99 from §. 20.865 (4) (a) to §. 20.410 (1) (a) to provide funds for out of state offender and staff transportation costs.

The Department also requests certification for up to 500 additional beds with Corrections Corporation of America, the Federal Bureau of Prisons or Texas counties which will be paid for out of existing funds.

This request is based on available funds. If the population continues to increase as it has over the past nine months, the Department projects a shortfall in beds and a deficit in funding in the latter part of FY 99.

Agenda Item III -- Department of Corrections Prison Transfer

DOC wants to send more prisoners out of state, increase the budget for travel of both staff and inmates, and evade future JFC oversight.

Clearly, the system is bursting at the seams. But, reports of abuse at private contract facilities run by CCA and the subsequent cover-up of that abuse by CCA officials, argue against sending more prisoners their way. The department's mis-statements or misleading statements to the media about its intentions also raise a red flag (see attached Shepherd story).

On the plus side, the DOC appears to have taken the abuse seriously, and the four long-awaited prisoner ombudsmen start work Monday, so monitoring should improve.

Be careful when arguing against the piecemeal approach of DOC (500 here, 200 here, etc.) They asked the committee for more in June and were denied, then told to return if the budget permitted.

But do not hesitate to put the onus on DOC to develop a comprehensive plan that involves more strategic thinking than simply buying one-way bus tickets.

Alternatives:

A. If this world of privatized prisons were a free market, CCA would not be rewarded with more business from Wisconsin. Voting to deny the request would send that signal. But, we still end up crowded.

One solution might be to ask to separate parts (a), (b) and (c) under option one. By voting against (a), but supporting (b) and (c), you send CCA a message while providing extra capacity (in public facilities in or close to Wisconsin).

B. 2 Allows travel and support, but saves money as recommended by Fiscal Bureau.

C. 3 Denies the request to streamline an already streamlined process.

CORRECTIONS

Out-of-State Prison Contracts
Contract Approval and Funding and Increased Travel Costs
[Substitute to Alternatives A1 and B1]

Motion:

Move the following:

A. Contract Approval. Authorize the utilization of: (a) an additional 357 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,057; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.

B. Contract Funding and Increased Travel Costs. Transfer: (a) \$1,969,796 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)); and (b) \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of the additional contract beds, travel by program staff to contract facilities for monitoring purposes and inmate transportation. Funding would come from the following reserved amounts in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$345,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center.

Note:

This motion approves the Department of Corrections' request for contract approval and funding, as modified in its December 1, 1998, letter to the Co-chairs. In the letter, the Department requested a modification to the s. 13.10 request for out-of-state contract prison beds as follows: (a) reduce the number of contracted beds from an additional 539 beds to 477 beds; and (b) reduce the amount transferred from the reserved amount in the Committee's appropriation for food service at RYOFC from \$645,700 GPR to \$345,700 GPR. The Department's request would leave \$300,000 GPR in the Committee's reserved appropriation for food service at RYOFC. In the Department's

letter, it indicated that the current food service provider was unable to continue to provide food for the facility under the current contract. As a result, additional funding for food service may be necessary in 1998-99 to support the costs of another contract.

MO# 357 beds + funding
at Sayer

WEEDEN	(Y)	N	A
FARROW	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
2 SCHULTZ	(Y)	N	A
ROSENZWEIG	(Y)	N	A
BURKE	Y	(N)	A
DECKER	(Y)	N	A
1 GARD	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
HUBER	(Y)	N	A
COGGS	Y	N	A

AYE 14 NO 1 ABS 0

MO# rest of motion

2 WEEDEN	(Y)	N	A
FARROW	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
SCHULTZ	(Y)	N	A
ROSENZWEIG	(Y)	N	A
BURKE	(Y)	N	A
DECKER	(Y)	N	A
1 GARD	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
HUBER	(Y)	N	A
COGGS	Y	N	A

AYE 15 NO 0 ABS 1

CORRECTIONS

Out-of-State Prison Contracts—Agenda Item III
Increased Contract Monitor Travel Costs
[Modification to Alternative B1]

Motion:

Move to specify that \$13,000 GPR requested by the Department of Corrections in appropriation s. 20.410(1)(a) for inmate return trips and transportation to West Virginia instead be used to increase the number of monitoring trips to prison contract locations.

Note:

This motion would direct that \$13,000 GPR of the amount that Corrections requests be transferred to its general program operations appropriation (s. 20.410(1)(a)) be used for an increased number of monitoring trips to prison contract locations. Based on revised figures, it was indicated that the Department had over-estimated the costs of inmate return trips and transportation to West Virginia by \$13,000. This motion would approve the Department's request (Alternative B1) without reducing the request to account for the revised figures, but would require that the \$13,000 be used to increase the number of monitoring trips to prison contract locations.

MO#

WEEDEN	Y	N	A
FARROW	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
SCHULTZ	Y	N	A
ROSENZWEIG	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GARD	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A



Legislative Fiscal Bureau

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December 2, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Corrections – Section 13.10 Request for Out-of-State Prison Contracts – Agenda Item III

On November 16, 1998, the Department of Corrections requested that the Joint Committee on Finance release \$2,419,796 GPR from its supplemental appropriation (s. 20.865(4)(a)) to support the costs of additional out-of-state prison contracts. The Department also requested that the Committee: (a) approve an amendment to a contract with the Corrections Corporation of America (CCA) to allow an additional 419 male inmates to be placed at a CCA in Sayre, Oklahoma; (b) authorize the use of a federal contract to place an additional 100 male inmates at a federal facility in Duluth, Minnesota, and 20 male inmates at a federal facility in Oxford, Wisconsin; and (c) authorize Corrections to place up to 500 inmates in sites previously approved by the Committee, if funding is available. On November 20, 1998, the Department submitted an amended request specifying that instead of authorizing Corrections to place up to 500 inmates in sites previously approved by the Committee, the Department be allowed to modify the number of authorized inmates at any approved site, without Committee approval, as long as the total number of beds remained unchanged.

BACKGROUND

The Joint Committee on Finance is required, under s. 302.26 of the statutes, to approve any contract to transfer 10 or more inmates in any fiscal year to any public or private prison facility in another state. Since September, 1996, Corrections has been authorized to contract for beds at facilities outside of Wisconsin. In addition, Corrections also has a longstanding agreement with the federal government which allows for the placement of Wisconsin inmates in federal correctional facilities. Further, the Department contracts for beds in jails with Wisconsin counties and with the Prairie du Chien juvenile correctional facility. The following table indicates the number of

currently authorized beds and the number of inmates in those facilities as of November 13, 1998. Since Committee approval of in-state contracts is not required, the number of inmates in Wisconsin facilities is equal to the authorized beds. Discrepancies between the number of authorized beds and the current populations can be attributed three factors: (a) 480 beds (400 at CCA's Oklahoma facility and 80 in West Virginia) were approved on October 28, 1998; (b) 30 beds at the federal facility in Oxford, Wisconsin will be used beginning in the first week of December, 1998; and (c) transfers to CCA's Tennessee facility have been slower than initially estimated (160 inmates per month instead of 160 inmates per week).

**Contract Prison Beds
Total Authorized and Current Population
November 13, 1998**

<u>Contract Site</u>	<u>Authorized Beds</u>	<u>Current Population</u>
Corrections Corporation of America		
Tennessee	1,500	944
Oklahoma	700	298
Federal Bureau of Prisons		
Duluth, Minnesota	300	307
Alderson, West Virginia (Females)	200	117
Oxford, Wisconsin	30	-
Other Federal Facilities	25	25
Texas Counties	<u>700</u>	<u>662</u>
Out-of-State Total	3,455	2,353
Wisconsin Counties		
Male	263	263
Females	20	20
Prairie du Chien Correctional Facility	<u>303</u>	<u>303</u>
In-State Total	586	586
Total Contracted Prison Beds	4,041	2,939

The appropriation for correctional contracts (s. 20.410(1)(ab)) supports the costs of in-state and out-of-state prison space contracts, and temporary lockups for inmates in the correctional center system and in the intensive sanctions program. For 1998-99, total funding available in the contracts appropriation is \$62,785,900 GPR. The estimated total cost in 1998-99 for currently authorized contract beds (including the utilization of 30 beds at the federal prison in Oxford, Wisconsin beginning in November, 1998, and 300 beds at the Milwaukee County House of Corrections beginning in April, 1999) is \$60,055,900 GPR. The estimated costs for temporary lockup

utilization is \$1,723,400 GPR. As a result, total unbudgeted funding in the appropriation is estimated to be \$1,006,600 GPR.

In a June, 1998, s. 13.10 request related to additional authorization for contract beds, Corrections sought authorization to contract for more beds than the contracts appropriation could support. At the same time, however, information on prison admission and release trends indicated that inmate populations would continue to grow. In order to address Corrections' identified need for increased prison space and to provide for legislative oversight of the prison contracts, the Committee adopted a provision for 1998-99 authorizing Corrections to:

“submit amendments related to the number of beds in authorized contracts to the Co-chairs for certification to the Committee Secretary, as long as the total projected cost for the contract beds (including currently authorized beds) does not exceed the total amount of funding available for prison contracts in 1998-99.”

The Department of Corrections has, by policy, defined the operating capacity of the prison system as the lesser of: (a) the number of inmates that a correctional institution can house; or (b) an institution's capacity to provide non-housing functions such as food service, medical care, recreation, visiting, inmate programs, segregation housing and facility administration. Medical services and segregation beds (single cells for inmates removed from the general population for behavioral or security reasons) are not counted in housing capacity. Housing capacity is defined as: (a) one inmate per cell at maximum-security facilities, with a 2% cell vacancy rate; and (b) up to 20% double occupancy of cells in medium-security facilities existing as of July 1, 1991, or 50% double occupancy of cells in medium-security facilities constructed after July 1, 1991. No specific standard has been established for minimum-security institutions, but capacities have been determined on an institution-by-institution basis. Corrections' operating capacity figures also include contracted county jail and prison beds.

As of November 13, 1998, Corrections' identified operating capacity was 13,400 inmates. This figure included 2,939 contract beds in Wisconsin and Texas county jails, federal facilities, the Prairie du Chien Juvenile Correctional Facility and in private facilities in Tennessee and Oklahoma. At that time, Corrections' inmate population totaled 17,634. As a result, the state adult correctional facilities were at 132% of operating capacity. Institutions for male inmates were at 131% of capacity (16,544 inmates in facilities with a capacity of 12,627), while institutions for female inmates were at 141% of capacity (1,090 inmates in facilities with a capacity of 773). It should be noted that if inmates in contracted space are excluded from both the capacity and population figures, the Department of Corrections' facilities were operating at 140% of capacity (140% for male institutions and 150% for female institutions).

From January, 1996, to November 13, 1998, correctional populations increased from 11,285 inmates (10,777 male and 508 female) to 17,634 (16,544 male and 1,090 female). This represents a 56% increase in approximately 35 months (a 54% increase in male inmates and a 115% increase in female inmates). The rate of monthly inmate population growth for both males and females has

also increased significantly since January, 1996. From January, 1996, until January, 1998, the prison population grew at an average monthly rate of 1.16%. Since January, 1998, the average monthly rate of population growth has increased significantly, from a growth rate of approximately 1.7% in January to a rate of approximately 1.9% in March, April and May. It should be noted that the rate of increase during August, September and October, 1998, averaged approximately 1.4%. While the rate of inmate population increase in recent months has slowed, the crowding in the state facilities has increased from 136% of operating capacity in July, 1998, to 140% in November, 1998.

SUMMARY OF REQUEST

The request from the Department of Corrections seeks Committee approval for the following:

a. Additional Contract Beds and Funding. The Department requests that the Committee authorize the utilization of: (a) an additional 419 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,119; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.

The estimated cost for the additional 539 beds is \$3,276,336 in 1998-99. Of the total, Corrections requests that \$2,269,796 GPR be transferred from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)). The remaining funding necessary to support the additional contract beds (\$1,006,540) would be provided from the estimated balance in the contracts appropriation.

b. Increased Travel Costs. In addition to increased contract funding, Corrections is requesting that the Committee transfer \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of travel by program staff to contract facilities for monitoring purposes and for inmate transportation.

The following sources of reserved funding in the Committee's appropriation would be used to support the Department's request: (a) \$782,296 GPR associated with contract beds; (b) \$645,700 GPR associated with possible increased food service costs at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR associated with the expansion of the St. John's Correctional Center in Milwaukee.

c. Departmental Modifications to Existing Contracts. In its initial request, the Department also requested authorization to add up to 500 additional beds at previously approved sites with the federal Bureau of Prisons, CCA or Texas counties. The Department indicated that funding for any additional beds would come from savings in the existing contracts appropriation

that may be generated by unanticipated underutilization of contracted beds. On November 20, 1998, however, the Department submitted a revised request, withdrawing its request for authorization to add another 500 contract beds and instead requesting authority to place inmates in any authorized facility without Committee approval as long as the total number of out-of-state beds did not exceed the total authorized number of beds.

ANALYSIS

The Department indicates that since January, 1998, prison populations have increased by 268 inmates per month. The Department's currently projects that on June 30, 1999, the population will be 19,790. This projection is consistent with recent prison population growth trends. Corrections' projection is an increase of approximately 2,200 inmates from the current population. As noted previously, the prison system currently has an operating capacity of 13,400 inmates (10,461 in state correctional institutions and 2,939 in contract beds). While capacity of the state institutions will increase by approximately 2,200 beds as the result of currently authorized construction projects, only 30 of those beds (at the R. E. Ellsworth Correctional Center for women) will be available during 1998-99.

Population increases are affected by several admission and release factors. Admission and release data since January, 1996, indicate that admissions have always exceeded releases but that the difference between admissions to prison and releases from prison have varied greatly: there were 28 more admissions than releases in August, 1997, compared to 443 more admissions than releases in April, 1998. On average, the difference between average monthly admissions and releases has increased from 130 inmates in 1996 to 282 inmates thus far in 1998. The ratio of most types of admissions (admission on a new sentence and admission for revoked probation or parole) has remained relatively constant. However, as the result of a State Supreme Court ruling (DOC vs. Kleismet) that Corrections may not place its detainees in a county jail over a sheriff's safety objections, admissions to the prisons of individuals pending revocation of probation or parole have recently increased (from 1 in January, 1996, to 207 in August, 1998).

With regard to releases, three trends should be noted: (a) discretionary parole releases have accounted for the vast majority of releases from prison, averaging 248 releases per month since January, 1996. Beginning in April, 1998, however, the number of discretionary paroles has significantly decreased, with a low of 47 parole releases in May, 1998; (b) releases to the intensive sanctions program have almost been eliminated, decreasing from a high of 178 releases to the program in October, 1996, to a low of 7 releases in November, 1997, and January, June and September, 1998; and (c) the number of releases as the result of mandatory release have increased from 8.9% of monthly releases in January, 1996, to 40.2% of releases in September, 1998. If these admissions and release trends continue, prison populations will continue to increase.

Contract Approval Request and Funding. The Department's request would increase the number of beds at three previously authorized sites: (a) the CCA facility in Sayre, Oklahoma (this

site was originally approved on June 23, 1998); (b) the federal Bureau of Prisons--Duluth, Minnesota (this site was approved on March 27, 1997); and (c) the federal Bureau of Prisons--Oxford, Wisconsin (this site was approved on March 27, 1997). Beds at the CCA facility have become available because the State of Oklahoma has decided to place its inmates in other contracted facilities. Beds in the federal facilities are available because the Department requested additional space and the federal Bureau of Prisons was able to accommodate that request. The increase in the number of prison beds would not affect the terms of the existing contracts with the federal government or CCA, including the cost per day per bed (\$42 per day with CCA and \$45 per day with the federal government).

If the Committee approves the Department's request for authority to contract for additional out-of-state prison beds, the total number of beds will increase from 3,455 to 3,994 as follows: (a) CCA--Tennessee, 1,500 beds; (b) CCA--Oklahoma, 1,119 beds; (c) federal Bureau of Prisons--Duluth, Minnesota, 400 beds; (d) federal Bureau of Prisons--Oxford, Wisconsin, 50 beds; (e) federal Bureau of Prisons--Alderson, West Virginia (female inmates), 200 beds; (f) federal Bureau of Prisons--other sites, 25 beds; and (g) Texas counties, 700 beds. In order to fund the additional contract prison beds, Corrections requests the release of \$2,269,796 GPR from the Committee's appropriation under s. 20.865(4)(a) to the prison contracts appropriation under s. 20.410(1)(ab). If the Committee does not approve the Department's request, it is likely that, without major changes in departmental or Parole Commission practices concerning releases, crowding at the existing facilities would continue to increase. In its request, the Department indicates that if populations continue to increase at the same rate as in the last nine months, a shortfall of beds and a deficit in funding will be occur later in 1998-99.

Contract Funding and Increased Travel Costs. Corrections requests that \$150,000 GPR be transferred to the Department's general program operations appropriation (s. 20.410(1)(a)) to support additional out-of-state travel for Corrections program staff and for inmate transportation. The additional \$150,000 GPR would be used as follows: (a) travel for inmate program review monitoring staff, \$55,500 GPR (\$44,600 GPR on-going and \$10,900 GPR on a one-time basis); (b) \$49,000 GPR for unscheduled return trips for Wisconsin inmates in contract prisons; (c) \$20,500 GPR for inmate transportation costs to West Virginia; and (d) \$25,000 GPR for prior inmate transportation costs to Alderson, West Virginia.

A portion of the Department's request would be used to support travel costs of Corrections staff to monitor programs provided by contractors (alcohol and drug abuse, sex offender treatment and criminal behavior modification) and the program review process administered by the contractors under Wisconsin's specifications. These monitoring costs are in addition to the general contract oversight positions that the Committee created at the June, 1998, s. 13.10 meeting, and utilize existing Corrections program staff. The requested funding is based on actual costs of previous staff trips to contract sites.

The remainder of the Department's request (\$94,500 GPR) provides funding for the transportation of inmates to and from various contract sites. Based on three months of experience,

Corrections estimates that unscheduled return trips for Wisconsin inmates for medical and legal reasons costs approximately \$4,500 per month, for a total of \$54,000 GPR annually. In order to keep the request at a total of \$150,000 for the general program operation appropriation, the total for inmate return trips was reduced to \$49,000. The transportation of female offenders to West Virginia is provided by the federal government and reimbursed by Corrections. In the Department's request, prior trips were budgeted at a cost of \$25,000 GPR and an additional two trips were budgeted at \$20,500 GPR for total transportation costs of \$45,500 GPR. Based on revised figures, however, total costs of transportation to West Virginia will be \$27,500 GPR. If the Committee wishes, the Department's request could be reduced by \$13,000 GPR to account for the actual projected cost of inmate return trips and transportation to West Virginia.

Funding for the Department's request would be come from the following reserved funds in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$645,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center. At the June 23., 1998, s. 13.10 meeting the estimated lapse from Corrections' contract appropriation in 1997-98 (\$1,749,200 GPR) was transferred to the Committee's appropriation and then to the contracts appropriation in 1998-99, as authorized under a previous Committee action. The actual amount lapsed to the Committee's appropriation was \$2,531,496, leaving a balance of \$782,296. With regard to the other two reserved amounts:

a. St. John's Correctional Center. In 1997 Act 27, \$991,800 GPR was placed in the Committee's 1998-99 appropriation to support the potential costs of expanding the St. John's Correctional Center (Milwaukee) once a new location for the facility had been located. Corrections now indicates that a new location will not be found during 1998-99, and that the Center will be allowed to remain at its current location until a new location is available. Therefore, the funding reserved for this purpose will not be necessary.

b. Racine Youthful Offender Correctional Facility. In 1997 Act 237, \$645,700 GPR was placed in the Committee's appropriation to fund potential increased costs of a yet-to-be-negotiated food service contract at the Racine Youthful Offender Correctional Facility (RYOCF). According to Corrections, sufficient funding is available to support the existing contract. As a result, the reserved funding is not necessary.

Departmental Modifications to Existing Contracts. As originally written, the Department requested authority to add up to 500 additional beds at previously approved sites with the federal Bureau of Prisons, CCA or Texas counties, utilizing funds in the existing contracts appropriation that may become available as the result of unanticipated underutilization of contracted beds. Corrections submitted an amended request on November 20, 1998, indicating that: (a) the request to add up to 500 additional beds at previously approved sites was withdrawn; and (b) the Department seeks the ability to modify the number of authorized inmates at currently approved sites, without approval of the Joint Committee on Finance, as long as the number of out-of-state beds does not exceed the total number approved by the Committee.

Under authority granted to the Co-chairs of the Committee for 1998-99, Corrections currently has the authority to seek approval for additional contract beds from the Co-chairs if the total projected cost for the contract beds (including currently authorized beds) does not exceed the total amount of funding available for prison contracts in 1998-99. The Department's current request would allow Corrections the ability to modify the authorized number of inmates at any contract facility without Co-chair certification as long as the total number of out-of-state inmates was not exceeded. The Department indicates that this authority would allow it to react quickly to any unforeseen circumstance at any one particular site, without having to wait for Co-chair certification. It should be noted that the Department may currently move inmates between authorized contract sites, as long as the total at a specific site is not exceeded. Site-specific limitations only affect the Department's flexibility if individual sites have reached the maximum authorized limits (currently this only applies to the federal facility at Duluth, Minnesota).

Approving the Department's request to allow departmental contract modifications would limit the Legislature's oversight of out-of-state contracts because: (a) there would be no means for the Legislature to know how many state inmates could be placed at any one contract location because Corrections could freely modify the number of authorized inmates; (b) the Committee would lose the ability to approve caps at specific locations; and (c) there would be no distinction made between male and female inmates. In order to address the first concern, the Committee could approve the request, with the requirement that the Department report any modification to the site-specific caps to the Committee within five working days. It could be argued that under the current authority for Co-chair certification, Corrections may already modify contracts in a relatively quick time frame (in October, Corrections' request was certified within eight working days of its submission), with the Legislature maintaining its oversight role in those changes. In order to address all three concerns, the Department's request for contract modification flexibility could be denied.

ALTERNATIVES

A. Contract Approval

1. Approve the Department's request to authorize the utilization of: (a) an additional 419 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,119; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.
2. Deny request.

B. Contract Funding and Increased Travel Costs

1. Approve the Department's request to transfer: (a) \$2,269,796 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)); and (b) \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of the additional contract beds, travel by program staff to contract facilities for monitoring purposes and inmate transportation. Funding would come from the following reserved amounts in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$645,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center.

2. Modify the Department's request by decreasing by \$13,000 the amount transferred to s. 20.410(1)(a) from the amount in the Committee's appropriation reserved for contract beds (20.865(4)(a)) to account for the projected cost of inmate return trips and transportation to West Virginia.

3. Deny the request.

C. Departmental Modifications to Existing Contracts

1. Approve the Department's request for authority to modify the number of authorized inmates at currently approved sites, without certification by the Co-chairs of the Joint Committee on Finance, as long as the number of out-of-state beds does not exceed the total number approved by the Committee.

2. Approve the Department's request, with the requirement that any modifications to the site-specific caps to the Committee within five months of MO# C2

3. Deny the request. Approval of this alternative would allow the Co-chair certification process for modifications in the number of

WEEEDEN	Y	N	A
FARROW	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
SCHULTZ	Y	N	A
ROSENZWEIG	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GARD	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

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More Women Prisoners Being Sent Out of State

BY LINDA MCCANTS PENDLETON

It was printed in a September issue of *Racine Journal Times*: "Corrections spokesman Bill Clausius said the state sent 120 women to a federal prison in West Virginia earlier this year but had no plans at present for additional transfers."

Then just last month Clausius told *Shepherd Express*: "I don't know where you get your information, but no inmates are being transferred. The 120 inmates sent in August would be all."

But Clausius said Monday, just weeks later, that 40 additional female prisoners would be bussed to the Alderson Federal Prison Camp (FPC) in West Virginia this week, increasing the camp's current prison population to 847. The prison's capacity is 880.

In July, the Joint Finance Committee authorized the Department of Corrections to send 120 women to the federal prison camp at a daily cost of \$58.30 per inmate to relieve overcrowding.

The recent transfer came as a surprise to state Rep. Spencer Coggs [D-Milwaukee], a member of the Joint Finance Committee.

"If they did send beyond 120, they must have pulled a passive review model or process," he said. That involves sending authorization request papers around to committee members. If no one raises any objections, controversial requests like out-of-state prison transfers become tacitly authorized without a hearing.

"They [the DOC.] must have perfectly timed this to coincide with the [Nov. 3] elections when we're all busy," Coggs said. He said that prison transfers should not be approved by passive review.

When asked about vacant facilities at Taycheedah and Ellsworth, corrections officials said that Taycheedah's antiquated, asbestos-laden vacant Nupred building was unsafe for inmates. But the 70-year-old housing at the Alderson camp doesn't seem much better.

According to one inmate's parent, Cathy, the camp's "cottages are loaded with asbestos and lined with yellow warning stickers. And before leaving, the women have to sign an agreement that they won't sue the federal government for possible asbestos-related illnesses."

The warden at Alderson says his prison is not dangerous to inmates' health. "Asbestos is not a safety issue unless there's damage in the walls or roofs of the buildings where it's contained," said Alderson FPC Warden John Hemingway. Thus "there are no agreements for inmates to sign."

In an FPC conference room used for interviews in September, asbestos warnings were posted in and around three- or four-foot holes in one wall. That was an exception to the overall excellent condition of the facilities, the warden explained.

"We have an occupational and safety hazards [OSHA] guy on staff," Hemingway continued. "He monitors any unsafe materials or practices in the institution. The cottages are in very good condition."

However, Hemingway said that after April or May 1999, when work on the camp's new 488-bed unit is scheduled to be complete, they will begin to close down and "demolish some of the cottages that are just too old."

And as part of a minimum security camp, the new unit won't include a secured area for problem inmate conduct, Hemingway said. The FPC will continue to send inmates to the Southern County Regional Jail as part of the discipline process, if necessary.

Clausius said 40 additional women will be transferred from state prisons in December or soon thereafter. That will bring the total female inmate transfers to 200 since August of this year.

But where the state will transfer them is unclear. Clausius indicated that they'll go to West Virginia. Hemingway said they won't.

"We're not going to take another busload," Hemingway said.

"We're watching our own federal pipeline. I know that Wisconsin wants to send more, but I'm not going to take more until I'm comfortable or I have additional bed space."

Taycheedah warden Christine Krenke was unavailable for comment at press time.

Joint Finance Committee Member Coggs had neither seen nor approved this upcoming transfer.

Coggs, who is investigating prisoners' allegations of physical abuse from a CCA facility in Whiteville, Tenn., said, "We don't care enough about poor and desolate families. We also don't care about middle-class law-abiding families, because we're just throwing their money away with these transfers. We're not investing in long-term solutions at all."

He also asserts that while DOC Secretary Mike Sullivan is currently taking action against Whiteville corrections officials in a clean-up effort, the DOC is likely to soon request an additional 200 slots from that very same facility.

"It really looks like we've taken the rehabilitation out of corrections," Coggs said. Now "it's just for punitive measures."

"Transfers hurt the women who are being sent away because they break up families," said Melissa Froiland of the Wisconsin Network to End the Transfers (WNET). "It's not moral for the state of Wisconsin to break up families. And they hurt the rest of us because visits with families are the number-one factor in rehabilitation."

Complaint Charges Racism in State Transit Planning

BY DOUG HISSOM

A civil rights complaint was filed Wednesday with the federal government

branch offices in forty-two states and in more than fifty foreign countries. Its annual revenues exceed \$1 billion. George Wackenhut remains the chairman of the company, but the day-to-day operations are handled by his son, Richard. Over the years Wackenhut's board of directors has read like a Who's Who of national security, including a former head of the FBI, a former head of the Defense Intelligence Agency, a former CIA director, a former CIA deputy director, a former head of the Secret Service, a former head of the Marine Corps, and a former Attorney General. After the company decided to enter the private-prison industry, it hired Norman Carlson, who had headed the Federal Bureau of Prisons.

Last year Wackenhut Corrections became the first private company ever hired by the Federal Bureau of Prisons to manage a large facility. The federal government's long-standing relationship with Wackenhut has developed an odd equilibrium: one wields the power while the other reaps the financial rewards. Kathleen Hawk Sawyer, the current director of the Federal Bureau of Prisons, is responsible for the supervision of about 115,000 inmates, including drug lords, international terrorists, and organized-crime leaders. Her salary last year was \$125,900. George C. Zoley, the chief executive officer of Wackenhut Corrections, is responsible for the supervision of about 25,000 state and federal inmates, mostly illegal aliens, low-level drug offenders, petty thieves, and parole violators. His salary last year was \$366,000—plus a bonus of \$122,500, plus a stock-option grant of 20,000 shares. At least half a dozen other executives at Wackenhut Corrections were paid more last year than the head of the Federal Bureau of Prisons.

The Corrections Corporation of America is the nation's largest private-prison company; it recently participated in a buyout of the U.S. Corrections Corporation, thereby obtaining several thousand additional inmates. CCA was founded in 1983 by Thomas W. Beasley and Doctor R. Crants, Nashville businessmen with little previous experience in corrections. Beasley, a former chairman of the Tennessee Republican Party, later told *Inc.* magazine his strategy for promoting the concept of private prisons: "You just sell it like you were selling cars, or real estate, or hamburgers." Beasley and Crants recruited a former director of the Virginia Department of Corrections to help run the company. In 1984 CCA accepted its first Texas inmates, before it had a completed facility in that state. The inmates were housed in rented motel rooms; a number of them pushed the air-conditioning units out of the wall and escaped. A year later Beasley approached his good friend Lamar Alexander, the governor of Tennessee, with an extraordinary proposal: CCA would buy the state's entire prison system for \$250 million. Alexander supported the idea, saying, "We don't need to be afraid in America of people who want to make a profit." His wife, Honey, and the speaker of the Tennessee House, Ned McWherter, were among CCA's early investors; between them the two had

owned 1.5 percent of CCA's stock; they sold their shares to avoid any perceived conflict of interest. Nevertheless, the CCA plan was blocked by the Democratic majority in the legislature.

CCA expanded nationwide over the next decade, winning contracts to house more than 40,000 inmates and assembling the sixth largest prison system in the United States; but it never lost the desire to take over all the prisons in Tennessee. In order to achieve that goal, CCA executives established personal and financial links with figures in both political parties. During the spring of last year CCA's allies in the Tennessee legislature began once again to push for privatization. Crants said that letting CCA run the prisons would save the state up to \$100 million a year; he did not specify how these dramatic savings would be achieved. George Zoley, the head of Wackenhut Corrections, argued that handing over the Tennessee prison system to a single company would simply turn a state monopoly into a private one. Wackenhut employed the law firm of the former U.S. senator Howard Baker to lobby on its behalf, seeking a piece of the action.

By February of this year a compromise of sorts had emerged in Tennessee. New legislation proposed shifting as much as 70 percent of the state's inmate population to the private sector; CCA and Wackenhut would both get a chance to bid for prison contracts. The new privatization bill seemed a sure thing. It was never put before the legislature for a vote, however. On April 20 CCA announced plans for a corporate restructuring so complex in its details that many Wall Street analysts began to wonder about the company's financial health. The price of CCA stock—which in recent years had been one of the nation's top performers—began to plummet, declining in value by 25 percent over the next several days. At the annual CCA shareholders meeting, last May, Crants compared Wall Street investors to "wildebeests" stampeding out of fear, and blamed the stock's plunge on a single broker who had sold 640,000 shares.

Crants neglected to tell CCA shareholders a crucial bit of information: he himself had sold 200,000 shares of CCA stock just weeks before the announcement that sent its value tumbling. By selling his stock on March 2, Crants had avoided a loss of more than \$2.5 million. When asked recently to explain his CCA financial dealings, Crants declined to comment. The timing and the size of that stock transaction are likely to be of interest to the attorneys who have filed more than half a dozen lawsuits on behalf of CCA shareholders.

Although conservatives have long worried about the loss of American sovereignty to international agencies such as the United Nations and the World Bank, the globalization of private-prison companies has thus far eluded criticism. A British private-prison company, Securicor, operates two facilities in Florida. Wackenhut Corrections is now under contract to operate Doncaster prison, in England; three prisons in Australia; and a prison in Scotland. It is actively seeking

prison contracts in South Africa. CCA has received a good deal of publicity lately, but few of the articles about it have mentioned that the largest shareholder of America's largest private-prison company is Sodexho Alliance—a food-service conglomerate whose corporate headquarters are in Paris.

THE MEGA-PRISON

ABOUT 200 inmates were in the A yard at New Folsom when I visited not long ago. They were playing softball and handball, sitting on rocks, standing in small groups, smoking, laughing, jogging around the perimeter. Three unarmed correctional officers casually kept an eye on things, like elementary school teachers during recess. The yard was about 300 feet long and 250 feet wide, with more dirt than grass, and it was hot, baking hot. The heat of the sun bounced off the gray concrete walls enclosing the yard. "These are the sensitive guys," a correctional officer told me, describing the men in Facility A. Most of them had killed, raped, committed armed robberies, or misbehaved at other prisons, but now they were trying to stay out of trouble. Some were former gang members; some were lifers because of a third strike; some were getting too old for prison violence; some were in protective custody because of their celebrity, their snitching, or their previous occupation. A few of the inmates on the yard were former police officers. As word spread that I was a journalist, groups of inmates followed me and politely approached, eager to talk. Lieutenant Billy Mayfield, New Folsom's press officer, graciously kept his distance, allowing the prisoners to speak freely.

"I shouldn't be here" was a phrase I heard often, followed by an impassioned story about the unfairness of the system. I asked each inmate how many of the other men in the yard deserved to be locked up in this prison, and the usual response was "These guys? Man, you wouldn't believe some of these guys; at least two thirds of them should be here." Behind the need to blame others for their predicament and the refusal to accept responsibility, behind all the denial, lay an enormous anger, one that seemed far more intense than the typical inmate complaints about the food or the behavior of certain officers. Shirtless, sweating, unshaven, covered in tattoos, one inmate after another described the rage that was growing inside New Folsom. The weights had been taken away; no more conjugal visits for inmates who lacked a parole date; not enough help for the inmates who were crazy, really crazy; not enough drug treatment, when the place was full of junkies; not enough to do—a list of grievances magnified by the overcrowding into something that felt volatile, ready to go off with the slightest spark. As I stood in the yard hearing the anger of the sensitive guys, the inmates in Facility C were locked in their cells, because of a gang-related stabbing the previous week, and the inmates in Facility B were being shot with pepper spray to break up a fight.

The acting warden at New Folsom when I visited, a woman named Suzan Hubbard, began her career as a correctional officer at San Quentin nineteen years ago. Although she has a degree in social work from the University of California at Berkeley, Hubbard says that her real education took place at the "college of San Quentin." She spent a decade at the prison during one of its most violent and turbulent periods. In her years on the job two fellow staff members were murdered. Hubbard learned how to develop a firm but fair relationship with inmates, some of whom were on death row. She found that contrary to some expectations, women were well suited for work in a maximum-security prison. Communication skills were extremely important in such a charged environment; inmates often felt less threatened by women, less likely to engage in a clash of egos. Hubbard was the deputy warden at New Folsom on September 27, 1996, when fights broke out in the B yard. At nine o'clock in the morning she was standing beside her car in the prison parking lot, and she heard three shots being fired somewhere inside New Folsom. Everyone in the parking lot froze, waiting for the sound of more gunfire. After more shots were fired, Hubbard hurried into the prison, made her way to the B yard, and found it in chaos.

A group of Latino gang members had launched an attack on a group of African-American gang members, catching them by surprise and stabbing them with homemade weapons. The fighting soon spread to the other inmates in the exercise yard, who divided along racial lines. As many as 200 inmates were involved in the riot. Correctional officers instructed everyone in the yard to get down; they fired warning shots, rubber bullets, and then live rounds. When Hubbard arrived at the yard, about a hundred inmates had dropped to the ground and another hundred were still fighting. The captain in charge of the unit stood among a group of inmates, telling them, "Sit down, get down, we'll take care of this." Hubbard and the other officers circulated in the yard, calling prisoners by name, telling them to get down. It took thirty minutes to quell the riot. Twelve correctional officers were injured while trying to separate combatants. Six inmates were stabbed, and five were shot. Victor Hugo Flores, an inmate serving an eighteen-year sentence for voluntary manslaughter and attempted murder, was killed by gunfire.

Hubbard finds working in the California penal system to be stressful but highly rewarding. She tries to defuse tensions by talking and listening to the inmates on the yards. She and her officers routinely place themselves at great risk. Last year 2,583 staff members were assaulted by inmates in California. Thousands of the inmates are HIV-positive; thousands more carry hepatitis C. Officers have lately become the target of a new form of assault by inmates, known as gassing. Being "gassed" means being struck by a cup or bag containing feces and urine. The California prison system, especially its Level 4 facilities, is full of warring gangs—members of the Crips, the Bloods, the Fresno Bulldogs, the Aryan Brother-



Private prison denies it abused Wisconsin inmates

By Richard P. Jones
of the Journal Sentinel staff
October 7, 1998

Madison -- The warden of a private prison holding Wisconsin inmates in Tennessee assured a key lawmaker Tuesday that no prisoners had been abused during the investigation of a near-fatal assault on a guard in August.

Warden Patrick Whalen did reveal that the Corrections Corporation of America sent two special units armed with a so-called stun shield and pepper spray to help restore order and identify suspects at its prison in Whiteville, Tenn.

But Whalen said the units he called "sort teams" did not use the stun shields, which deliver an electrical shock similar to a stun gun. He said pepper spray was used twice and that both incidents were documented.

Whenever force is used to control an unruly inmate, Whalen said, the tactical squads are to record the incident with a video camera.

Corrections Secretary Michael Sullivan said that Wisconsin officials would go to Whiteville in two weeks to monitor conditions at the prison and review medical records, incident reports and any video recordings on use of force.

But Sullivan said he was confident the abuse alleged by the inmates at Whiteville, claims amplified by their families back in Wisconsin, would prove groundless. Having visited the prison after the assault, he said he found ample evidence that guards were treating inmates with dignity and respect.

On Aug. 5, guard Jerry Reeves, 26, suffered severe head injuries when he was struck with a weightlifting bar in a recreation yard. Wisconsin inmates have alleged they were beaten, shocked with stun guns and sexually abused by investigators trying to learn who assaulted Reeves.

With its prison system crowded well beyond capacity, Wisconsin has been sending convicts to rented cells in other states. The state wants to send 1,500 inmates to the Whiteville prison, which now has about 800 from Wisconsin, including two busloads that arrived from the state on Tuesday, according to Whalen.

Whalen, Sullivan and two Sullivan aides met Tuesday afternoon with state Rep. Robert Goetsch (R-Juneau), chairman of the Assembly Criminal Justice and Corrections Committee. Also present was Duwayne Williams, an aide to state Rep. Spencer Coggs (D-Milwaukee), who could not attend the meeting.

Goetsch said that he asked to see Whalen, but the meeting was not prompted by the





State now admits private prison abuse

Seven employees of corrections firm fired as result of Tennessee incident

By Richard P. Jones
of the Journal Sentinel staff

November 11, 1998

Madison -- One month after discounting charges that Wisconsin inmates had been physically abused in a Tennessee prison, Corrections Secretary Michael Sullivan acknowledged Tuesday that up to 20 inmates were abused there.

Sullivan said employees banged inmates at the private prison in Whiteville, Tenn., against walls and zapped at least two prisoners with either a stun gun or stun shield.

He said that 15 to 20 inmates had been abused and that seven of the prison company's employees, including the security chief, were fired after the incident.

The abuse followed the near-fatal attack on a guard at the prison, which is operated by the Corrections Corporation of America. Tennessee authorities plan to indict nine Wisconsin inmates on felony assault charges in that attack, Sullivan said.

The assault on the guard and resulting inmate abuse is the most serious incident since Wisconsin began an aggressive campaign of shipping convicts out of state several years ago to relieve overcrowding in state prisons.

Sullivan said the U.S. Department of Justice and other agencies are continuing to investigate the assault on the guard, the abuse of inmates and what he described as a coverup by CCA officials at the prison.

Sullivan's acknowledgment of the abuse comes one month after four Wisconsin prisoners at Whiteville claimed that they had been beaten, shocked with stun guns and sexually abused.

At that time, state corrections and CCA officials said no abuse had taken place. Two days after the complaints surfaced, the warden of the Whiteville prison came to Madison to assure officials here that no prisoners were abused and that stun guns were not used on prisoners.

Sullivan said Tuesday that he based his comments at the time on the way the prison was operating and the "apparent forthrightness" of the CCA staff. He said he later discovered officials at the prison had withheld information from him and his staff.



appropriately follow policy."

Meanwhile Tuesday, two lawyers representing Wisconsin inmates housed at Whiteville said they planned to file a federal lawsuit against CCA.

"Our intentions are at some point to file a civil rights complaint in federal court," said Gaston Fairey, an attorney in Columbia, S.C., who has another suit pending against CCA over alleged abuse of juvenile offenders.

State Rep. Spencer Coggs (D-Milwaukee) said Sullivan's revelations warranted another fact-finding mission by lawmakers, similar to one he, state Rep. Robert Goetsch (R-Juneau) and others made to Texas to investigate the conditions of county jails housing Wisconsin inmates.

Christopher Ahmuty, executive director of the American Civil Liberties Union of Wisconsin, said the state should stop shipping inmates out of state until Sullivan and his staff can be certain they will not be subjected to such abuse.

Considering what happened at Whiteville, state Rep. Antonio Riley (D-Milwaukee) said that he and other legislators may want to consider building more state prisons in Wisconsin, rather than send convicts out of state.

"We have to ask ourselves the policy question," Riley said. "Are we all better served by shipping them out of state, or do we somehow bite the bullet and create the additional space that we need to keep them closer to home?"

Defending Sullivan and his staff, state Rep. Scott Walker (R-Wauwatosa) said the department acted properly in investigating allegations of excessive force.

"The DOC treated the inmates' complaints seriously, and asked CCA to look into what happened," said Walker, chairman of the Assembly Committee on Corrections Facilities. "The bottom line is that corrections is just as diligent whether it's a public or private prison."

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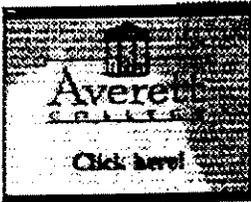
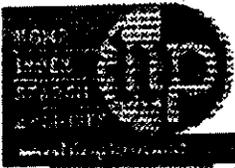
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Sunday Features

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Ohio Sours On Prison Managed by Private Firm D.C. Inmates Live In Troubled Facility

By Cheryl W. Thompson
Washington Post Staff Writer
Monday, October 19, 1998; Page B01

When Corrections Corporation of America proposed building a medium-security men's prison in northeastern Ohio to house 1,500 of the District's inmates, it got little opposition.

The Nashville-based company promised 500 new jobs to Youngstown, a working-class community where unemployment jumped after steel mills shut down. City officials and many residents opened their arms to welcome the new addition.

But 17 months later, the relationship has soured. Ohio lawmakers, saying the privately run prison isn't accountable to the public, want the Northeast Ohio Correctional Center shut down or taken over by the state. The attorney general is investigating the prison's operations. And after 44 assaults and two fatal stabbings in the prison — and the escape of six inmates from it — Youngstown residents want the inmates moved out.

Although all the prisoners were later caught, the escapes have led Ohio Gov. George V. Voinovich (R), Youngstown Mayor George McKelvy, Mahoning County Sheriff Philip A. Chance and others to accuse CCA of operating the prison with poorly trained and poorly supervised employees.

"It's been a nightmare," McKelvy said in an interview last week. "[CCA's] credibility is zero."

The months of protest come at a critical time for CCA, which is lobbying to win a federal contract to build a 2,200-bed prison in Southwest Washington, at the southern tip of the city. The 42-acre parcel known as Oxon Cove is owned by the National Park Service but is supposed to be turned over to CCA once the company completes environmental testing and appraisals of the land. Congress approved legislation in 1997 that allows the company to swap 84 acres of land it owns for the Park Service parcel.

The problems at the Youngstown prison started the day it opened, when the D.C. Department of Corrections began shipping inmates from the Lorton Correctional Complex in Fairfax County, Ohio officials said. The move was sparked by a federal financial rescue plan for the District that calls for Lorton to close by the end of 2001. By then, inmates must be moved to other prisons.

D.C. Corrections has a one-year contract with CCA, with an annual renewal option, to house medium- and high-medium-security inmates at the Youngstown prison. The total five-year contract is worth \$182 million.

But District corrections officials sent 118 maximum-security inmates to the prison without their complete case history files, according to a report recently released by an Ohio legislative committee. Four of them were serving time for murder. Two of the four later escaped from the prison, and the other two have been charged with murder in the slayings of two inmates while there.

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India Chisley is suing CCA, the District and Moore for deprivation of civil rights, negligence, wrongful death and intentional infliction of emotional distress, according to the lawsuit filed last month in D.C. Superior Court. •

Susie Ford, a 54-year-old grandmother of three who lives in Hubbard, a town of 15,000 on the outskirts of Youngstown, said residents are afraid to walk the streets, particularly since last summer's escape of six prisoners.

"Ever since that prison opened, it has been one thing right after another," Ford said. "Nothing but trouble. We don't need it and we don't want it."

Ford said she was relaxing in her apartment in July when her sister telephoned to tell her to turn on the television. Vincent Smith, one of six D.C. prisoners who escaped from the facility by cutting holes in two chain-link fences, had been caught -- crouched behind a shrub in Ford's back yard.

"That's our building! That's our building!" Ford recalled her sister yelling.

"It was only God's grace that nobody was hurt," Ford said.

Smith was serving a 25-year-to-life sentence for a 1995 murder.

Sheriff Chance testified at a public hearing in August that CCA employees initially denied that escapes had occurred and didn't immediately call police or sheriff's deputies, giving the escapees at least a "one-hour head start."

"From the beginning, there was a lack of adequate information from CCA given to the responding agencies," Chance testified. "Physical descriptions and photos were not available for some period of time."

CCA employee Jim Bartos testified that despite the problems the facility had had, it was on the mend and should remain open. "The issue here is whether we can run a safe facility," Bartos said then. "We can. Have we made mistakes? Yes."

Acting D.C. Corrections Director Calvin Edwards said he has agreed to a 60-day extension of the contract before the first renewal so that the initial agreement can be modified to hold CCA more accountable, including levying fines for noncompliance.

Ohio state Rep. Mark Mallory said the state shouldn't allow private prisons to operate and cited the Youngstown prison as an example of problems that can occur when a prison is run by a private corporation.

"There is no public accountability," Mallory testified. "The public doesn't have recourse."

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PRIVATE PRISONS IN THE NEWS

MONDAY
Transcript of live
chat with CCA
spokeswoman Susan
Hart

TUESDAY
Transcript of live
chat with American
University professor
Ira Robbins

Prison Brought Jobs—And Murder—to Youngstown
They Didn't See It Coming



Like many small towns around the country, Youngstown, Ohio, turned to the private prison industry for jobs and economic development. Many new employees were unprepared for what takes place 'inside.' (ABCNEWS.com photo illustration)

By David Phinney
ABCNEWS.com

YOUNGSTOWN, Ohio—Bryson Chisley never saw it coming as an inmate jumped him from behind, knocking him down. Another lunged at him with a handmade prison knife called a shank.

Chisley tugged away and bolted up a metal stairway, but his assailants dragged him back and threw him on the floor. All three had been shackled with handcuffs and belly chains, but somehow the two assailants found a key to free themselves.

While one unarmed prison guard watched nearby, blood poured from the 23-year-old inmate's body. Later, a guard claimed he was helpless to stop the killing, according to police investigating the incident.

One Year, 20 Stabbings

The private prison that opened one year ago in Youngstown, Ohio, brought the promise of new jobs and \$47 million in construction contracts. After losing work for 30,000 at local steel mills over the last 20 years, Youngstown's city officials were looking for an economic life raft. They put their trust in Corrections Corporation of America, a 15-year-old multinational that now commands 77 money-making correctional facilities—an empire larger than the penal systems of most states.

But no one was banking on brutal stabbings and murder.

Prison officials say the situation was a misunderstanding. "There's an education curve about things like just what 'medium security' means," explained CCA's vice president of communications, Susan Hart.



Youngstown Mayor George McKelvey (WYTV, Youngstown, Ohio)

audio

'Anyone Could Get a Job'

Many Youngstown residents who took jobs as correctional officers at \$11.82 an hour never planned for what was in store. More than two-thirds of the new employees lacked any experience working in prisons. Some were looking for a chance to get off welfare. Others had been painting houses. A few were retired cops and veterans.

"Anyone could get a job," recalls one guard who has witnessed the violence first-hand. Like many working at Northeast Ohio Correctional, he requested his name not be used. "All you have to do is pass this test and get a manual. Four weeks of training and a manual that no one follows anyway."

For some who work at Youngstown's prison, something has gone very wrong. They complain it's the inmates who are running the show, not the often-inexperienced staff of guards.

"You can't trust the people you work with," says one disgruntled correctional officer, who gathered co-workers at his home to complain about working conditions to ABCNEWS.com. "They're reading or talking on the phone instead of watching your back while you are searching the cells."

'This Place is a Powder Keg'

The outbreak of violence in Youngstown reflects the reality of opening a new prison—private or public, says CCA's Hart.

"We made a commitment to Youngstown to hire staff from the area and we met that," says Hart. "Everyone went through training. Then the inmates arrive and some get scared and quit. That contributes to the newness of the situation."

But the management staff all have extensive corrections experience, she says. The prison's first warden had 31 years of corrections experience. Said one CCA official, "What's going on is a lot of speculation by people who don't know what's going on."

Northeast Ohio Correctional's two murders and 20 stabbings among 1,700 inmates far exceeds any comparable numbers available. In 1997, there were 22 assaults involving handmade prison weapons and two murders in all of Ohio's 29 public prisons, which are home to 48,000 inmates. Nationwide in 1995, 87 prisoners were murdered by other inmates. In a national prison population of well over 1.7 million, that's one murder a year for every 19,540 inmates.

"This place is a powder keg," says Cincinnati attorney Alphonse Gerharstein. "They have chosen to mix medium- and maximum-security inmates with demonstrated histories of violent



State Sen. Bob Hagen, D-Youngstown (WYTV, Youngstown, Ohio)

audio

will be more violence," predicted one. "I'm just afraid it will be an officer this time."

Several weeks later, a three-week lockdown was lifted. Four inmates jumped a guard and beat him, knocking two front teeth from his jaw.

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Striking it rich off the lock 'em up obsession



Ivey

You needn't be in the prison construction business to profit from Wisconsin's continuing crusade to "get tough on crime."

Just call your broker.

The nation's two largest private prison companies, Corrections Corporation of America and Wackenhut Corrections Corp., are both publicly traded on the New York Stock Exchange.

And considering the way Wisconsin has been shipping its worst elements to the private lock-ups, business is booming.

Over the past two decades, privatization of public services has made inroads in just about every area, from social services and transportation to education. Cash-strapped governments have been targets for corporations offering elaborate promises in exchange for public-sector contracts.

The privatization fever has now spread to the corrections area, with private prison facilities in 27 states and the capacity of private prisons expected to dou-

ble over the next four years.

Wisconsin has no private prisons of its own but it has been sending prisoners to out-of-state facilities since March.

The state now has 944 prisoners housed in Whiteville, Tenn., and another 298 prisoners in North Fork, Okla. Both facilities are operated by Corrections Corporation of America.

The Whiteville facility was in the news recently over a nasty exchange between Wisconsin inmates and prison guards, including charges that an 18-year-old convict from Racine was beaten and attacked with a stun gun by several men seeking information about an assault on a guard.

Despite those kinds of problems, Nashville-based CCA has seen its profits jump dramatically over the past two years. The company's net income rose 74 percent in 1997 to \$53.9 million, following a 115 percent jump the previous year.

CCA now boasts 52,000 prison beds under contract, up from 41,135 last year. And the flow of new customers shows no sign of slowing.

The other big player in the prison business is Wackenhut Corrections Corp. An

offshoot of the famous security company, Wackenhut Corrections counts 30,144 beds at 46 facilities in the U.S., U.K. and Australia.

Based in Palm Beach Gardens, Fla., and with regional offices in California, Louisiana, Texas, London and Sydney, Wackenhut Corrections went public in March of 1996 and has seen profits rise 119 percent over the past three years to \$8.4 million.

Like most small cap growth stocks, both companies' shares have taken their lumps this year. CCA is trading at about \$20 a share, down 44 percent year to date. Wackenhut is off some 10 percent this year and is trading in the \$24 range.

Still, aside from speculation on Wall Street, the concept of private prisons raises plenty of questions.

On the surface there do appear to be some cost savings for taxpayers. It costs \$54.61 a day or \$19,900 a year to house prisoners in Wisconsin, according to the Department of Corrections. That compares with \$35.38 per day at CCA facilities.

But since private prisons are in busi-

ness to earn money for their shareholders, there is great incentive to shift costs back to states. In Florida, for example, the state picks up the medical tab once a prisoner's health care costs exceed \$7,500.

Also, since private prisons pay less in wages than unionized public prisons, the employee turnover rate runs nearly double that of public facilities, according to a U.S. General Accounting Office report.

That results in inexperienced guards or workers with little long-term commitment to their profession, a dangerous situation in either case.

Yet, given the political popularity of "three strikes you're out" and other simple responses to the complex crime issue, it seems likely the growth in private prisons will only continue.

And allowing the private sector to deal with soaring prison populations lets the tax-paying public wash its hands of the whole messy affair — or even share in the bounty.

Mike Ivey is a business reporter at The Capital Times. His e-mail address is mivey@madison.com

CORRECTIONS

Out-of-State Prison Contracts
Contract Approval and Funding and Increased Travel Costs
[Substitute to Alternatives A1 and B1]

Motion:

Move the following:

A. Contract Approval. Authorize the utilization of: (a) an additional 357 beds at CCA's Sayre, Oklahoma, facility, increasing the total number of authorized beds at the facility to 1,057; (b) an additional 100 beds at the federal facility in Duluth, Minnesota, increasing the total number of authorized beds at the facility to 400; and (c) an additional 20 beds at the federal facility in Oxford, Wisconsin, increasing the total number of authorized beds at the facility to 50.

B. Contract Funding and Increased Travel Costs. Transfer: (a) \$1,969,796 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's contracts appropriation (s. 20.410(1)(ab)); and (b) \$150,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the Department's general program operations appropriation (s. 20.410(1)(a)) to support the costs of the additional contract beds, travel by program staff to contract facilities for monitoring purposes and inmate transportation. Funding would come from the following reserved amounts in the Committee's appropriation: (a) \$782,296 GPR for contract beds; (b) \$345,700 GPR for food service at the Racine Youthful Offender Correctional Facility; and (c) \$991,800 GPR for the expansion of the St. John's Correctional Center.

Note:

This motion approves the Department of Corrections' request for contract approval and funding, as modified in its December 1, 1998, letter to the Co-chairs. In the letter, the Department requested a modification to the s. 13.10 request for out-of-state contract prison beds as follows: (a) reduce the number of contracted beds from an additional 539 beds to 477 beds; and (b) reduce the amount transferred from the reserved amount in the Committee's appropriation for food service at RYOFC from \$645,700 GPR to \$345,700 GPR. The Department's request would leave \$300,000 GPR in the Committee's reserved appropriation for food service at RYOFC. In the Department's

letter, it indicated that the current food service provider was unable to continue to provide food for the facility under the current contract. As a result, additional funding for food service may be necessary in 1998-99 to support the costs of another contract.

Tommy G. Thompson
Governor

Michael J. Sullivan
Secretary



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149 East Wilson Street
Post Office Box 7925
Madison, WI 53707-7925
Telephone (608) 266-2471

State of Wisconsin Department of Corrections

November 20, 1998

The Honorable Timothy Weeden, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance

On November 16, 1998 the Department requested an increase in out-of-state contract bed capacity of 539 beds to be funded with money transferred from the Joint Committee on Finance's supplemental appropriation. The Department also requested certification to utilize up to an additional 500 out-of-state beds at previously approved sites.

Following discussions with the Department of Administration and the Legislative Fiscal Bureau, the Department is asking that the request be modified to an increase in capacity of 539 out-of-state beds at previously approved sites without limiting the capacity at any particular site and withdrawal of the request for certification for an additional 500 beds.

The 539 beds are based on the funds available at this time and do not fully address the population growth. The request for the additional 500 beds had two objectives, to provide maximum flexibility within the contracted beds and to allow the Department to utilize savings generated by unforeseen circumstances at these sites to address the additional population needs.

Current authorization is for a specific number of beds at specific sites. The flexibility that the Department is requesting could be accomplished with the 539 beds if the capacity limit is removed at specific sites. For example, the Department is currently authorized for 330 male and 200 female beds with the Federal Bureau of Prisons. If additional beds were available in the federal system and 700 beds were not available in Texas, the Department could place more inmates in the federal system without having to return to the Joint Committee on Finance for approval.

It appears that the request for the additional 500 beds is not necessary. On June 23, 1998, the Joint Committee on Finance authorized the Department to "submit amendments related to the number of authorized contracts to the Co-chairs for certification to the Committee Secretary as long as the total projected cost for the contracted beds (including currently authorized beds) does not exceed the total amount of funding available for prison contracts in 1998-99." This would allow the Department to utilize savings generated by unforeseen circumstances by submitting a certification request to the Committee Secretary.

I would appreciate it if you would accept this modification to the November 16, 1998 request. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Sullivan".
Michael J. Sullivan

IV. Department of Health of Family and Family Services -- Joe Lekan, Secretary

The department requested the approval of a plan under 14-day passive review to transfer \$744,800 GPR in FY99 from the committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(3)(cx) for purposes of funding programs in Milwaukee County directed at child abuse and neglect prevention. Due to an objection from a committee member, this request is now before the committee under s. 13.10.

Governor's Recommendation

Approve the department's request.



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

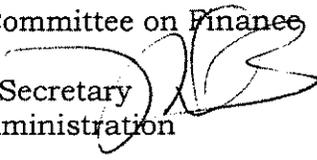


IV

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Date: November 30, 1998

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Health and Family Services for Funding for Child Abuse and Neglect Prevention in Milwaukee County.

Request

The department requested the approval of a plan under 14-day passive review to transfer \$744,800 GPR in FY99 from the committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(3)(cx) for purposes of funding programs in Milwaukee County directed at child abuse and neglect prevention. Due to an objection from a committee member, this request is now before the committee under s. 13.10.

Background

When the Milwaukee County child welfare FY97-99 budget was before the Joint Committee on Finance (JCF), the Department of Health and Family Services (DHFS) requested \$744,800 GPR in FY98 and \$1,489,600 GPR in FY99 to fund child abuse prevention programs currently funded by Milwaukee County. Due to uncertainty as to how the funds would be used, JCF placed the funds in the Committee's appropriation under s. 20.865(4)(a) and required DHFS to submit a plan to the Department of Administration (DOA) and, if approved by Secretary of DOA, required the DOA Secretary to submit the plan to JCF under a 14 day review process for the release of the funds. DOA and JCF have previously approved the department's plan for funding child abuse prevention contracts totaling \$1,489,600 GPR in CY98.

Analysis

In CY98 DHFS allocated the prevention funds to the same organizations that had received funding from Milwaukee County prior to the state assuming responsibility for child welfare services in the county on January 1, 1998. For CY99 the department submitted a plan, which was approved by the Secretary of DOA and forwarded to JCF, to issue a Request for Proposal to solicit a private, nonprofit lead agency to administer the prevention funding. Due to an objection from a committee member, this request is now before the committee under s. 13.10.

Members, Joint Committee on Finance
November 30, 1998
Page 2

Under the department's plan, the lead agency will subcontract with direct service providers in Milwaukee County, serve as the fiscal manager of the funds and conduct an annual evaluation of the child abuse prevention program. The evaluation will measure the overall project effectiveness based on outcome measures, such as a decrease in the incidence of substantiated child abuse and neglect in families served by this prevention program.

Recommendation

Approve the department's request.

Prepared by: Gretchen A. Fossum
266-2288

STATE OF WISCONSIN

SENATE CHAIR
TIMOTHY WEEDEN

Room 203, 1 East Main Street
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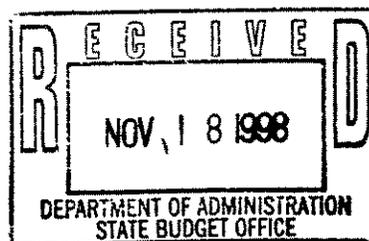
ASSEMBLY CHAIR
JOHN GARD

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JOINT COMMITTEE ON FINANCE

November 18, 1998

Mr. Mark Bugher, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53703



Dear Secretary Bugher:

We have reviewed your request, dated October 27, 1998, relating to the Department of Health and Family Services' plan to fund programs for the prevention of child abuse and neglect in Milwaukee County.

An objection has been raised and the request will be taken up for consideration at a meeting in the future. Therefore, the plan is not approved at this time.

Sincerely,

TIMOTHY WEEDEN
Senate Chair

JOHN GARD
Assembly Chair

TW/JG/dr

cc: Members, Joint Committee on Finance
Secretary Joe Leean, Department of Health and Family Services
Vicky LaBelle, Department of Administration