

U.S. Department of Justice National Institute of Corrections

**Private Sector  
Involvement in Prison  
Services and Operations**

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Prison Services and Operations

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## NATURE OF THE WORK

### Background Perspective

Corrections organizations have been affected by the trend of the last three decades toward larger, more complex organizations with more specialized occupational roles. In the past, prison administrators tended to be generalists, directly providing all services and programs. With enormous increases in population and with court mandates for specific changes and improved conditions, many correctional agencies find it more difficult to provide the necessary variety and quality of services on their own. The scarcity of public resources and the expanding needs of correctional agencies have led to an increasing interest in the use of the private sector as a service provider.

Prisons are becoming less isolated and less like self-sufficient communities. At the same time, the technological advances and highly trained specialists of the private sector are becoming available to the prison. Some of the more successful techniques and strategies employed by private sector industry have been borrowed and applied by corrections. In other cases, private sector firms contract directly with correctional agencies to provide food services, medical services, educational, vocational, recreation, maintenance, and security services, as well as industry programs.

The use of contractual agreements in prisons is not altogether new. In the past, some prisons were supported totally by the fees derived from contract prison labor. In some instances, commercial concerns contracted to provide all "services" for the inmates in exchange for their labor. This long and varied relationship has evolved to the point where prison industries such as those developed in the Free Venture programs emulate conditions and practices outside the prison. In a related effort, the Control Data Corporation has established an operation inside the Minnesota State Prison at Stillwater, training and employing inmates as if they were working for the company outside the prison. Contractual situations such as these have been developing in a variety of different directions.

Contracted services that are, for the most part, autonomous of the governing authority have been ongoing in some specific areas, namely halfway houses for the transitioning of inmates into the community and treatment programs for providing specialized resources (e.g. drug programs). There is also a lengthy, progressive tradition of private charitable organizations managing and directing facilities for juveniles. More recently, there has been a move toward private management of large residential facilities, e.g. metropolitan facilities for homeless men and women, many of whom have correctional histories. Currently, private companies are exploring and soliciting funds for taking on the entire management of correctional institutions..

## Purpose of the Study

The private sector has exerted increasing influence on the field of corrections by providing services and programs, employing inmates, applying techniques and technology, and managing portions of prison operations as well as corrections-related facilities. This has occurred with little formal attention to its effectiveness and value from those who study correctional trends. There has been keen interest recently from correctional professionals, especially the American Correctional Association and the National Institute of Corrections, in the feasibility and advisability of private sector involvement in corrections. The National Institute of Corrections has emphasized its interest in private sector involvement in corrections in its funding program and in providing the resources for this study.

The extent, value, and potential of private sector roles in corrections have been explored in this study in order to understand how and where private sector roles might be modified, combined, or expanded to produce the most advantageous forms of prison management. In short, the feasibility of private sector involvement in corrections has been assessed.

## Scope of the Study

The research included investigation and analysis of existing reports and evaluations of private sector involvement in corrections and a review and analysis of the opinions of correctional administrators, researchers, scholars, and private sector providers.

The intention was to provide the corrections community with a national overview of private sector involvement, including different types, costs, relative value, and problems. An assessment of successes and failures was also needed so that benefits and liabilities could be taken into account when private sector involvement is considered by administrators. Finally, a set of recommendations (planning strategies) for optimal and least liable use of the private sector's services was formulated along with a list of resource persons and organizations that could be of assistance in such ventures.

## APPROACH

After an announcement was made to the corrections community advising of the nature, purpose, and scope of the study, a pre-formulated work plan was implemented.

To assess the feasibility of private sector involvement in prison management, the Criminal Justice Institute surveyed state correctional agencies, the District of Columbia, and the Federal Prison System to ascertain the extent, cost-effectiveness, benefits, liabilities, and recommendations for its use and expansion. The data-gathering instrument was a mailed questionnaire. The instrument is included in this report as Appendix A.



After the responses were received, preliminary analysis produced a subsample of agencies to be telephoned for further, more detailed information concerning their questionnaire responses and to gain information on present plans for future involvement with the private sector. Using a structured format (Appendix B), these interviews were conducted and responses were added to the accumulated data. The same type of interviews were conducted with a variety of providers with another interview format (Appendix C).

A review of literature was conducted by studying resources in the Yale University Social Science Library, the NIC Information Center, the National Criminal Justice Research Center, computer information sources, unpublished research, corrections journals, and unpublished reports and evaluations from state and local agencies. An annotated bibliography of the more pertinent sources was constructed.

Data was analyzed. Descriptive data was tabulated and outstanding pieces of information were extrapolated. Patterns and trends were identified as well as outstanding issues meriting discussion. Subjective data was organized. Results were put in logical sequence for presentation. Conclusions were drawn and recommendations were formulated for presentation. Model types for feasible private sector management of an entire facility were identified.

## FINDINGS

### National Overview -- The Extent of Involvement

A bird's-eye view of the private sector in corrections gives answers to the questions, Where? How many? What kinds? Who? When? and How much cost? A nutshell description: There are 37 adult and 29 juvenile agencies in 39 state jurisdictions and the District of Columbia that use 32 types of services and/or programs from the private sector. The services are found most frequently in juvenile rather than adult agencies, but the size of the agency does not seem to be a factor, nor does the region of the country. The most frequent uses are health services, education/vocational training, halfway house/aftercare programs, and staff training. Generally speaking, private sector services are more cost-effective than the same agency-provided ones. The most common problem is monitoring the performance of providers, followed closely by poor quality of service. Administrators are most fond of medical service contracts because the provider can give better professional service and get better staff.

Such a description is revealing but lacks the specificity that comes from questions and answers.

### How many jurisdictions use private sector services?

Fifty-two of the 54 agencies that responded to the questionnaire have at least one contract with the private sector. Twenty-one adult agencies, 15 juvenile agencies, and 12 agencies responsible for both adult and juvenile services reported 3,215 contracts with the private sector. Most of the contracting is done by juvenile correctional agencies (45.2%), while adult agencies account for 29.5 percent and agencies combining both adult and juvenile services account for the remaining 25.3 percent. Traditionally, juvenile agencies have done more contracting with the private sector. This is still the case, according to the survey.

### In what areas of the country are these jurisdictions?

They are not located in any particular area of the country. However, it should be noted that the five agencies with the most contracts are all in perimeter states. These five states -- California (22.4%), South Carolina (9.0%), Virginia (8.0%), Arizona (6.4%) and Connecticut (6.0%) -- account for 51.8 percent of the total number of current contracts reported. Interestingly, the juvenile agency with the most (California) and the adult agency with the most (Connecticut) are located in two states that Jonathan Naisbitt cites as representative indicators of future nationwide trends in his new book, Megatrends.

### Is contracting more prevalent with adult or juvenile agencies?

Juvenile agencies have traditionally done more contracting with the private sector and still do. Juvenile agencies account for 45.2 percent of the contracts, as opposed to 29.5 percent for adult agencies and 25.3 percent for agencies combining adult and juvenile services. Of the five agencies with the largest number of contracts, only one is an adult agency (Connecticut). The two agencies that contracted most are solely juvenile agencies (California and South Carolina), and the third and fourth most contracted agencies combine adult and juvenile units (Virginia and Arizona). Table 1 compares the agencies and number of contracts.

Adult. A few agencies account for a large portion of the contracting. For example, four adult correctional agencies (Connecticut, Georgia, Louisiana, and Missouri) account for 61.3 percent of the contracts in adult agencies. Each of 10 agencies reported 10 or fewer contracts, accounting for only 5.6 percent of adult contracts. As can be seen from both the relatively large amount of contracting done in four systems, and, at the other extreme, the relatively small number of contracts in 10 systems, the extent to which contracting for services is used varies widely. The adult agency with the most contracts is Connecticut with 187; Texas has the least with none.

Juvenile. Three juvenile agencies account for more than three-fourths of all of the contracts (California, South Carolina and Texas). California's 700 contracts account for nearly half (49.6%) of all reported juvenile contracts. On the low end, six agencies with seven or fewer contracts each account for just 2

percent. One juvenile agency (Mississippi) reported no contracts.

Agencies that combine adult and juvenile services. Three agencies that combine adult and juvenile services (Arizona, Minnesota, and Virginia) account for 73.6 percent of the contracts in this category. Virginia alone has 250 contracts, or 31.6 percent of the total. At the other end, three agencies (New Jersey, North Dakota, and South Dakota) have seven or fewer contracts and account for less than 2 percent (1.9%) of the contracts in this category.

In each of the three types of agencies, the number of current contracts varies widely. While the average number of contracts per agency is 63, and the average number of the three types of agencies is 42 (adult), 88 (juvenile), and 66 (combined), the dispersion around the mean is far more significant. As measured by the number of current contracts, contracting with the private sector is not patterned but varies according to individual practices and philosophies in each jurisdiction.

TABLE 1

Frequencies of adult, juvenile, and combined agency contracts

Adult		Juvenile		Adult & Juvenile	
Alabama	1	Arkansas	6	Arizona	200
Arkansas	10	California	700	Maine	43
Colorado	15	Colorado	80	Minnesota	132
Connecticut	187	D.C.	30	Nebraska	35
D.C.	9	Florida	7	New Jersey	3
Florida	50	Iowa	26	North Dakota	7
Georgia	114	Kansas	7	South Dakota	5
Idaho	8	Michigan	4	Tennessee	38
Kansas	1	Mississippi	0	Virginia	250
Kentucky	5	Missouri	35	West Virginia	16
Louisiana	134	New Hampshire	5	Wisconsin	42
Michigan	26	Rhode Island	15	Wyoming	20
Mississippi	9	South Carolina	280	Total	791
Missouri	131	Texas	100	Average	66
New Hampshire	5	Vermont	34		
New York	13	Washington	82		
Ohio	94	Total	1,411		
Oregon	18	Average	88		
South Carolina	4				
Texas	0				
Utah	17				
Vermont	55				
Total	923				
Average	42				

How many kinds of services are used and what are they?

Thirty-two types of services were noted. They cover literally every aspect of institutional operations. A complete listing of the service areas is presented in Appendix D.

Which services are contracted most frequently?

The 10 most frequently contracted services (in descending order of frequency) are physicians' services, health services, mental health services, community treatment centers, construction, education, drug treatment, college programs, staff training, vocational training, and counseling. Each of these services is listed along with the frequency with which it was reported and the percent of agencies contracting for it.

TABLE 2  
Frequencies of Service

<u>Service</u>	<u>Frequency</u>	<u>Percent of Agencies Contracting</u>
Physicians	39	76%
Health	36	71%
Mental Health	34	67%
Community Treatment Centers	30	59%
Construction	29	57%
Educational	28	55%
Drug Treatment	25	49%
College Programs	22	43%
Staff Training	22	43%
Vocational	20	39%
Counseling	20	39%

As can be noted from Table 2, 76 percent of the agencies currently contract for physicians. Other health care areas are also contracted, including general health services (71%) and mental health (67%). Thus, the health care area encompasses the three most frequently contracted types of services. The frequency with which service contracts are found in these three service areas represent 22.6 percent of the total contracts.

Referring to the table listing all 32 services (Appendix D), note that the least used services were commissary (1), inmate businesses (2), hobbycraft sales (2), recreation therapy (4), personnel (4), and security (5). Other contracted areas of interest were food service (11), industry (8), staff training (22), and laundry (11).

At what frequencies are agencies using these 32 services? Adult or juvenile? What is the breadth of contracting?

The services provided per agency vary in number from 23 in Washington (adult) to a low of zero in Mississippi (juvenile). The average number of service areas under contract is nine. Looking at adult correctional agencies alone, the five agencies using contracts most are Washington (23), Utah (22), Connecticut (19), Montana (16), and Missouri (14), for an average of 18.8. For juvenile agencies alone, the five agencies with the largest number of privately contracted service areas are Michigan (16),

Washington (15), California (10), Iowa (10), and Rhode Island (10), for an average of 12.2. For those agencies that combine adult and juvenile services, the agencies with the largest number of service areas under contract are Minnesota (18), Arizona (15), Tennessee (11), Wisconsin (11), and Wyoming (11), for an average of 13.2.

Analysis suggests a greater variety of service areas are contracted for by adult systems than by juvenile systems. The juvenile systems allocate more funds for intensive service delivery in targeted areas.

Tables are presented (Appendix E) to show the relationship between agencies and service areas under contract.

#### Which are the most innovative or unusual services?

Three programs represent particularly unique applications of private sector contracting:

- Colorado (juvenile diversion) uses two privately operated restitution centers by contract.

- Connecticut (adult) uses a private institute to perform the ombudsman function.

- New Hampshire (adult) uses a telephone operated cardiogram and x-ray service.

#### How many adult institutions are privately operated?

No secure facilities are privately operated. Wisconsin reports, however, that one of its community correctional facilities operated by the private sector more closely resembles a minimum security facility than a halfway house, even though the 26 prisoners confined there participate in work and study release activities.

#### How many agencies have juvenile institutions that are privately operated?

Florida, Massachusetts, Michigan, Pennsylvania, Rhode Island, and Washington reported having juvenile institutions under private contract. Some agencies contract with private residential care agencies (e.g. Florence Crittendon, Catholic Charities) for the care of their wards, but not under the circumstance of total support by the correctional agency.

#### How much does private sector service cost?

Currently, approximately \$200 million is spent annually on these services. Most of this figure is in the juvenile area (\$130 million) while adult agencies report slightly more than \$40 million and agencies combining both reported slightly over \$20 million. Just over two-thirds of the total amount is spent totally in the juvenile agencies with just over one-fifth being

used solely by adult agencies. The average amount per contract for agencies in each of these categories is as follows: adult, \$44,000; juvenile, \$92,000; combined adult and juvenile, \$26,000. The average for all agencies is \$61,000.

Which agencies spend the most dollars on private sector contracts?

The agencies with the largest expenditures in each of the three categories are California (juvenile, \$88 million); Alabama (adult, \$7 million), and Arizona (combined, \$3.8 million). It should be noted that while California was spending \$80 million on 700 contracts and Arizona \$3.8 million on 200 contracts, Alabama had only one contract on which it spent the \$7 million (medical service contract).

Which agencies use the greatest percentage of their total operating budget on private sector contracts?

First, note that the agencies that spend the most dollars (California, Alabama, and Arizona) are not necessarily the ones that use the greatest portions of their operating budgets on private sector contracts. Of its operating budget, Alabama spends 10.4 percent on private sector contracting while California spends 34.1 and Arizona 4.0. As noted in Table 3, those agencies spending the highest percentage of their budget on private sector contracting in each category are Arkansas (adult), 11.2; California (juvenile), 34.1; and Maine (combined), 10.0.

TABLE 3

Agency Budgeted Amount for  
Private Sector Contracting

Adult	Budget (M)	Percent of Operating	Juvenile	Budget (M)	Percent of Operating
Alabama	7.0	10.4	Arkansas	0.1	1.2
Arkansas	3.0	11.2	California	80.0	34.1
Colorado	2.1	4.5	Colorado	4.8	-
Connecticut	3.2	5.0	D.C.	3.9	-
D.C.	1.3	1.4	Florida	17.0	14.1
Idaho	1.3	-	Iowa	0.2	4.4
Kansas	0.0	0.0	Kansas	1.2	10.0
Kentucky	1.0	2.0	Michigan	4.6	17.2
Louisiana	1.3	1.4	Mississippi	0.0	0.0
Michigan	2.7	1.2	Missouri	0.2	1.8
Mississippi	0.8	2.2	New Hampshire	0.1	1.5
Missouri	3.6	5.6	Rhode Island	6.0	-
Montana	1.5	8.8	South Carolina	0.7	3.2
New Hampshire	0.1	0.6	Texas	4.3	10.9
New York	0.9	0.2	Vermont	3.4	28.6
Ohio	4.8	3.5	Washington	3.9	12.5
Oregon	0.7	1.1			
South Carolina	0.1	0.2			
Utah	1.1	6.7			
Vermont	0.5	3.4			

<u>Combined</u>	<u>Budget (M)</u>	<u>Percent of Operating</u>
Arizona	3.8	4.0
Maine	1.1	10.0
Minnesota	2.0	5.5
Nebraska	1.2	5.3
New Jersey	0.8	0.5
North Dakota	0.4	4.1
South Dakota	0.1	3.3
Tennessee	3.5	4.0
Virginia	3.2	1.9
West Virginia	0.3	3.1
Wisconsin	3.0	3.1
Wyoming	0.8	2.9

In general, juvenile correctional agencies spend an average of 11.6 percent of their operating budgets while adult agencies devote 4.1 percent and combined agencies 4.0 percent (total average - 6.1%). Clearly, juvenile agencies tend to spend the most as measured against their total budgets, as shown in Table 3.

#### The Benefits and Liabilities of Private Sector Involvement

The Good News - More benefits than liabilities. Correctional administrators cited nine major benefits of private sector contracting. By priority, in descending order, they are:

Staff savings	37
Better quality of service	31
More efficient operation	29
Less cost	27
Reduced training requirements	23
Decreased agency liability	16
Better accountability	16
Unique service provided	12
Better use of space	10

Upon analysis, these benefits fall into three general categories of function: The most frequent reason cited was improvements in systems and operations (38.8%), followed by cost savings (31.8%), and, lastly, improved services and conditions (29.4%).

• Improvements in administrative operations. Correctional administrators most frequently noted improvements in the efficiency of their operation through contracting with the private sector (58%). Large percentages of administrators also noted reduced need for additional staff training (46%), better accountability (32%), and more economical use of space (20%).

• Cost savings. Seventy-four percent of the agencies said they had realized staff savings through contracting. This was the most frequently mentioned of all the benefits cited. The second factor, monetary savings, was mentioned by 54 percent of the agencies.

Specifically, an aggregate net savings of \$8.7 million was realized by the reporting agencies with their largest contracts, excluding architectural services and construction. This represents an average savings, per agency's largest contract, of more than \$250,000.

Twenty-two agencies reported savings on these largest contracts of \$9.5 million, or 26 percent less than it would have cost for those same services if the agency had provided them. Four other agencies reported per diem cost savings of \$5, \$9, \$22, and \$35.

While most agencies (76%) reported savings by using contracts, it should be noted that not every agency realized cost savings. Of the reporting agencies, 17.6 percent indicated that private sector contracting costs exceeded normal agency costs. Six agencies reported that their largest contract cost them a total of \$800,000 more by using the private sector than if the agencies had provided the services. This additional cost amounted to an average increase of 17 percent for these services. Two other agencies reported that the private sector costs were identical to the agency's own.

Note also that when cost savings were not realized, the agencies concluded that the operational benefits more than outweighed the cost factor. Thus while cost savings are an important factor to most agencies, it is not the sole factor in measuring benefits.

• Improved services and conditions. Three types of benefits are included in this category. The most frequently mentioned benefit was the delivery of a better quality of service (62% of agencies cited). Provision of a unique service not offered by the agency itself was a plus for 24 percent of the agencies. Thirty-two percent of the agencies cited a decrease in liability by using contracts that improve conditions.

The types of contracts with the private sector that were cited as most beneficial in priority were:

Residential community programs	43
Health service	42
Educational & Vocational	9
Counseling	9
Transitional services	8
Transportation	5
Facility	4
Religious	4
Trash removal	3
Exterminator	3
Legal services	3

While improvements in the programs, services, and conditions are important and are seen as benefits derived through the private sector, the most important gains, as viewed by administrators, are in the areas of cost savings and more efficient and e-



conomical use of resources. Thus, the operational benefits are viewed as twice as important a gain as any substantive improvement in the quality of services and programs.

Services mentioned twice as being the most beneficial were computer services, construction, industry, rental/lease, survival skills training, screening and evaluation of clients, and management and supervision of clients. Mentioned just once as the best type of program were staff training, guard services, food services, visitor service centers, accounting, ombudsman, public education, employment of inmates, videotape production, maintenance of security perimeter equipment, and research and planning.

• Reasons for preference. Reasons for preferring particular contracts over agency-provided services can be summarized as follows:

Community residential program contracts were preferred because (in their own words):

- "Care and treatment at a lower cost"
- "Good program at a lower cost"
- "Well staffed and organized"
- "Transition housing inexpensively provided"
- "Low cost, high service, attraction of volunteers"
- "Provides programs for female inmates"
- "Creates noninstitutional environment."

Health services contracts placed a close second in preference because:

- "Complete service at a lower cost"
- "Wide range of expertise"
- "Provides 24-hour coverage"
- "Availability of staff"
- "Professional service"
- "Flexibility in staffing."

Educational and vocational services were favored because they are less costly and provide more flexibility in programming, more efficient operations, and "excellent quality." Counseling received praise because of enhanced credibility with inmates and lower costs with higher commitment on the part of the vendor who has "specialized skills."

The advantages cited included, in descending order of the frequency mentioned:

Quality of program/service	55
Less costly	24
Cost-effective	24
Staff availability	12
Uniqueness of service	10
Consistency/continuity	7
Saves staff	3
Greater community support	3
Enhances credibility w/inmates	2
Accessibility	1
Confidence of court	1

Half of the comments related to the substantive quality of the program. Forty-five percent of the responses related to savings or cost-effectiveness, and the remaining 4 percent related to good relations with inmates, the community, and the court.

• News on expansion. Correctional administrators are considering expansion of present private sector contracting practices. They say they would consider entering into contracts, or expanding present contracts, for:

Food service	18
Canteen or commissary	12
Vocational training	11
Prison industries	11
Work release programs	11
Staff training	11
Drug treatment	10
Health services	10
Recreation therapy	10

These areas represent 42 percent of the total considerations. Considered contract areas mentioned less than 10 times are included in Appendix F.

Interestingly, comparative analysis of those areas currently under contract with those that would be considered reveals that contracting for canteen and commissary services has the greatest room for expansion into the private sector. Currently only one agency is contracting for such services, while 12 indicate that they would consider doing so. Three other areas also show room for private sector involvement: recreational therapy (4 current, 10 would-be), food service (11 current, 15 would-be), and prison industries (8 current, 11 would-be).

#### The Bad News - Liabilities are real.

• Loss of money. Recall from above that six agencies indicated that their largest contracts cost nearly \$800,000 more than if they directly had provided the same services themselves, or an increase of 17 percent over agency cost. Be reminded, however, that this overage is not necessarily a liability, or at least not as great a liability as would exist if the agency provided inferior service, especially where conditions of confinement have become a legal issue. For example, Georgia paid \$200,000 more for medical services at its Reidsville state prison in response to a court order that mandated improvement of medical services that had been found inadequate. Other states, like Alabama, have opted for contracted health services to upgrade health care, or at the least, to prevent court ordered requirement. Other states have found such services to be more cost-effective unit for unit in some institutions and have opted for them (Illinois is a good example in both the medical and food service areas).

• There are definitely some problems involved with private sector contracting. Listed below in descending order are 161 complaints in 12 categories:

Difficult to supervise others' employees	23
Poor quality of service	21
Did not provide promised service	19
Difficulty with bidding process	16
Service not provided on time	15
Difficulty in regulating service quality	13
Having to take low bid and poor quality	13
Unsatisfactory payment arrangement	11
Legal/red tape problems	10
Not cost-effective	8
Conflict with labor union	7
Conflict between agency and contract labor	5

When, through analysis, these problems are categorized in terms of poor service, poor contract relationships, difficulty with the contracting process, and lack of cost-effectiveness, one finds the following percentages per category: The type of problem most frequently mentioned was in the process category (39%), followed by poor service (34%), poor contracting relationships (22%), and lack of cost-effectiveness (5%). Nearly two-thirds of the problems mentioned occurred in areas other than quality of service. The actual process of contracting and monitoring were cited as most important to the successful delivery of the service.

• Some private sector service contracts have failed. Most often these contracts were terminated because the contractor did not provide the promised service or the quality of the service did not meet the agency's standards. In a few instances, the contractor was unable to deliver on time, or the correctional agency found it difficult to supervise the contractor's employees. Even less frequently, agencies reported difficulties in monitoring the quality of the contractor's performance, labor union conflicts were occurring, or assessed the private sector contracting was not as cost-effective.

It should be noted that while the agencies reported a great many problems, only a small number of those problems resulted in the contract being terminated. However, more often than not, if the contractor did not provide the promised service, the contract was terminated. Similarly, in slightly less than half the instances that poor quality of service was mentioned as a problem, the contract was terminated. In other cases, however, termination occurred very infrequently when measured against the number of times the particular problem was cited. In sum, the two factors that will lead corrections administrators to terminate contracts are: not doing what has been said will be done, or doing what has been said will be done but doing it poorly. Other types of problems appear to be surmountable.

Legal Concerns. Two major areas of concern are the legal ramifications of contracting and dealing with a nonpolitical entity in the political context within which corrections operates. These areas overlap, but are separated here for purposes of discussion. Of the two, the legal concerns seem to be the more straightforward.

- The biggest legal issue is clearly defining where the jurisdiction's legal authority and responsibility ends and where the private contractor's begins. Fixing legal responsibility is important in determining who is liable in the event of a lawsuit against the agency, the contractor, or both. Where the agency has statutory limits placed on its ability to delegate the responsibility for service, its ability to contract may be severely curtailed. An agency is not likely to expose a provider to such risks. Agencies want to delegate both the authority and the responsibility. Having the legal authority alone is usually not sufficient basis upon which to contract for that service. Even when statutes provide authority to contract, other existing legislation may dictate ultimate agency responsibility for the prisoners legally in its custody, or the responsibility may not be one that can be delegated.

- The second legal issue involves enabling or authorizing legislation to contract with a third party to provide services. The lack of such legislation may be interpreted as license since it is not prohibited, but more often it is interpreted as prohibition since it is not specifically authorized. Interpretations may vary, but no prison administrator told us that he or she would not prefer to have such enabling legislation before contracting for such services.

- Ideally, then, agencies prefer to have the legal authority to contract as well as their attorney's ruling that the responsibility for delivering services can be delegated through a third party contract. More support for contracting out services would undoubtedly be forthcoming if a court ruled that the contractor was legally liable for delivering that service.

Political Concerns. The political issues represent a set of concerns involving control, or the loss of control, over the operations of the agency. The maintenance of order and control is of prime importance to administrators because the power of regulation indicates the degree of their strength and influence. Anything that detracts from that sphere of influence is avoided, and the sharing of responsibility with an outsider (provider) does represent cause for concern.

- The loss of state jobs is the political concern most frequently mentioned by administrators. When a private contractor brings its own employees, agency positions might be reduced. While a cutback in state employees may cause agency labor management problems, it also curtails the sphere of influence of the administrator. Loss of turf may be more of an inhibitor to expanding the role of the private sector than the actual loss of employment for state workers.

• Of equal importance to prison officials is the lack of accountability that contracting raises. This point is political because it involves the issue of control. Most prison officials want all institutional employees to be accountable to them to ensure correct service delivery and thereby maintain control.

• Some concern was also expressed about the motives of private sector firms. Administrators sometimes felt that the motives expressed were not real. They also had some doubts that private sector firms could actually deliver the service at the costs they quoted, and worried that they would be faced with embarrassment later when private sector firms failed to live up to their quotes, forcing the administrator to go back to the governing body for more money.

### Advice from Administrative Experience

General results. The most frequently given piece of advice was for the correctional agency to clearly define what it expects from the contractor, particularly as it relates to roles, goals, obligations, and terminology. This point was made by 19 of the 32, or 59 percent of the reporting agencies. The second most frequently mentioned advice was for agencies to do a thorough background check of the private vendor's competence (15 responses, or 47%). Third, was the advice that administrators establish a contract monitoring and evaluation system (41%). Another frequent warning was that administrators should do a cost-benefit analysis prior to contracting (31%). Twelve other types of advice were given with less frequency (one to six times) and, on average, each was given 2.5 times. Further analysis of the types of advice given lead us to conclude that they fall into three categories: precontracting, contracting, and postcontracting. The majority of the advice was in the contracting phase (52%), followed by precontracting (40%), and lastly, postcontracting (8%). We can conclude from this that administrators believe that starting the private sector contract off appropriately and successfully is most important, and that precontracting issues are worth the time spent in planning.

Precontract issues. The most frequent advice (42% of the responses) was to do a background check on the potential vendor. Next often in this category was the advice to conduct a thorough cost-benefit analysis of the venture (31%). Less frequent was advice to obtain political, public, and agency support for the venture, to start slowly by initially contracting for small units of service, and to investigate issues of liability thoroughly.

Contracting phase. The two most frequent pieces of advice were to (1) thoroughly define the roles of the parties by specifying the obligations and terms of the arrangement (41% of the responses), and (2) establish a contract monitoring system (28%). Five other types of advice were cited a total of 14 times and included having the contract reviewed by legal counsel, insisting on competitive bidding, ensuring that the contractor understands the complexities of government, and ensuring that the correctional agency remains in full control.

Postcontract. Four types of advice were given including: maintaining lines of communication with the contractor, ensuring quality of service, ensuring that appropriate security is maintained, and being alert to problems between agency staff and the contractor's staff.

### The Provider's Perspective

Nine providers representing a variety of services were approached by telephone for information about their experiences in contracting with correctional agencies. Five granted interviews. The remaining four did not give information; either they did not return repeated telephone calls or passed the responsibility for answering from one employee to another. While the vendors were interested in the study and its findings, they expressed little interest, and even reluctance, to participate in the survey.

- Generally, providers view the corrections world as a market they have just begun to tap, a place where money can be made if they can survive the bureaucratic redtape, and a field where the private sector can provide some services more cost-effectively. Providers see themselves as better trained managers and deliverers of services, and feel that government should contract with them to deliver services in the areas of their expertise. The head of a major Fortune 500 corporation stated "Prisons should contract with corporations," allowing that prison managers have not had the opportunity to acquire the business skills necessary to run training and work programs. Vendors also believe that they are better able to manage corrections' tight budgets.

Profitmaking vendors seem to be more dollar-oriented, while nonprofit firms tend to place a higher value on the quality of service.

- Problems cited included difficulty in getting good managers to direct programs, political entanglements, trouble with labor unions, and in-house organizational growing pains associated with new correctional work.

- All vendors looked toward expansion and more business from correctional agencies. Marketing is active in all parts of the country.

### Speculation About the Future

#### Expansion of private sector contracting will occur.

Both correctional administrators and private sector contractors agree that existing relationships will probably expand. As previously noted, administrators are desirous of continuing current private sector ventures and moving into new areas. Commercial contractors want to continue because of profit outlook, and nonprofit firms because it will sustain and broaden their businesses.

A logical extension of contracting for specific services within a prison is contracting for the management of an entire institution.

Historically, private sector firms, mainly nonprofit ones, have run juvenile facilities, and nonprofit organizations have run the majority of adult community treatment programs. However, only a handful of juvenile agencies reported that they are contracting for the operation of an entire facility, and no adult agencies are currently doing this. In the juvenile area, facilities are run by the private sector in Pennsylvania, Rhode Island, Massachusetts, Michigan, Pennsylvania, and Washington, and in Florida under the auspices of the Eckert Foundation.

How likely, then, is it that adult systems will embark on this venture and that juvenile systems will expand? From our survey, it seems too early to make plausible predictions. Only 22 percent of the correctional agencies indicated that they would consider contracting the management of an entire facility, while 74 percent said they would not. Four percent were not sure.

Five juvenile agencies (California, Colorado, Florida, Michigan, and Rhode Island) indicated they would consider contracting an entire facility; three adult systems (Florida, Utah, and Washington) responded similarly; New Jersey, Wisconsin, and Virginia indicated they would consider doing the same in their agencies that care for both age groups.

Given the fact that 11 states indicated they would consider such a contractual arrangement, it is interesting to note that a panel of researchers/ consultants felt that there was an even chance that an entire prison would be contracted within the next five years. Looking further into the future, this same panel thought that, by 1990, about a dozen state or federal prisons would be operated wholly by contracts.

During the course of the study we found no adult prison run by the private sector, but did discover one effort in Wisconsin that comes close to resembling the contracted management of an entire prison. For the past five years, the Division of Corrections has contracted with Wisconsin Correctional Services, a nonprofit corporation, to run a minimum security work-and-study-release facility in Milwaukee. This community correctional center, which has a capacity of 26 inmates, is totally managed and operated by this company. Even though the Division estimates that it could provide the same service at a lower cost, it is extremely pleased with the quality of the service provided and plans to continue with the arrangement. Wisconsin officials believe that the key to such contracts is selecting the right type of vendor -- one who is aware of the agency's rules and regulations. One concern with which the agency and the contractor have had to deal is the state's legal responsibility for meting out inmate discipline. This is the only function that the Division retains. In a recent legal action, the state Attorney General represented the nonprofit agency, indicating a shift in state policy that was felt appropriate since the contractor was carrying out the agency's responsibilities.

The only large, wholly contracted juvenile institution, the Florida School for Boys at Okeechobee, was studied in some detail. This operation is in its second year. The significant factors in terms of feasibility were its aims that: (1) the contract give more flexibility; (2) decisions be made more quickly, especially hiring capability; (3) juveniles' attitudes improve, especially in dealing with staff; (4) the work be done at the same or lower cost; (5) the institution be more successful at recruiting staff, and (6) it have a superior educational program.

This institution is operated by the Eckert Foundation of St. Petersburg, Florida. The aim of the foundation in this program is to provide a safe and secure environment in which to apply its educational and counseling program. With a staff of approximately 200, the facility has about 400 boys in residence. The operation began when the foundation assumed control of an existing Florida juvenile facility and incorporated the existing staff into its own management system. It will be noted that under a grant from the National Institute of Corrections, the American Correctional Association has undertaken a study of this venture and will soon be producing a thorough evaluation that will be beneficial in establishing feasibility for similar possibilities in other jurisdictions.

A new effort worth mentioning because of its potential use in corrections is the Correction Corporation of America's current initiative to operate a detention facility for the U.S. Immigration and Naturalization Service (INS) in Houston, Texas. Existing buildings were modified by the corporation for this specific purpose, and it is now operated by them.

Behavioral Systems Southwest, another private, profitmaking firm, is contracting with INS for a facility in Colorado, two in California, and two soon-to-be-opened detention centers in Phoenix and San Francisco.

Researchers and consultants who responded to the study identified the pluses of private sector operation to be less costly, more efficient management, and better-handled personnel matters. Of lesser importance are improvement of programs and services, prison industries, and public relations. Conversely, the panel felt that the care and treatment of individual inmates would suffer under private management and that contractual problems would arise particularly if the contractor tried to save dollars by cutting corners. Thus, it would seem that the potential gains in a more streamlined management and operational system must be weighed against a cutback in meeting the needs of individual inmates.

The experts also stated that the most preferable type of facility for private sector management would be a small, less than 200 bed, minimum security institution with single rooms and without perimeter barriers, located in either a rural or suburban area. They felt that the inmates in such a venture could be either men or women, preferably under the age of 40, with little



or no prior criminal record, serving sentences of five years or less, and with less than three years left to serve for property offenses (medium or minimum security status).

Profitmaking firms are more likely to provide specific services within the framework of the prison, while nonprofit firms are more likely to expand into the management of entire facilities.

This hypothesis is based on the fact that nonprofits place more emphasis on substantive issues, while profitmaking enterprises place more emphasis on making money. Profitmaking firms are more specialized in terms of services, while nonprofit firms tend to be generalists. Also, corrections administrators are more likely to identify with the goals and objectives of the nonprofit firms than with those of the profitmaking firms for operating an entire prison. Administrators are, on the other hand, more likely to turn to profitmaking firms for specialized services since those firms have more expertise and have concentrated on the cost management aspects of a specific service.

Corrections/private sector contracts will become very standard, structured, tight, regulating documents that will cover the majority of today's pioneering concerns about liability, role confusion, fragmented management, etc.

The American Correctional Association will strongly support private sector involvement in corrections.

Drafts of policy in this area are currently being considered by the Association's Policy Committee, which reportedly is very supportive of such involvement at this time. The major concerns of the Committee are that all such contracts ensure compliance with ACA standards through professional contract drafting and effective monitoring. The Committee is also supportive of voluntary private sector involvement.

The most growth in specialized area private sector contracts will be in those areas demanding the most specialized training of people to provide the service.

Contracting will spread more rapidly as tasks become more specialized and public demand for efficiency increases.

Correctional agency administrators will become more like coordinators and overseers of a variety of contractors than the heads of in-house pyramids that exist today.

High-technology programs will regulate an increasing number of administrative functions, including the monitoring of multi-contract facilities.

## CONCLUSIONS

• Contracting with the private sector has proven to be cost-effective most of the time.

• Cost is a major, but not primary, consideration in contracting. Quality of service is the most important consideration.

• How the service is delivered is just as important as the quality of service. That is not to say that quality of service should be overlooked, because failure to deliver was the most frequently cited reason for contract termination.

• Administrators are open to expanded use of the private sector, but desire to proceed slowly and place a high value on thorough planning and justification.

• Contracting is already widespread. More than 95 percent of the agencies that responded to the survey are engaging in contracts with the private sector, and these agencies represent all regions and states in the United States.

• Contract money represents a small but significant percent (6.3) of the average agency's operating budget.

• Where a correctional service represents an entire profession in the community, that service is most likely to be a good candidate for private sector contracting since the service has become well-developed in terms of expertise and cost management in the community.

• The private sector can fulfill two distinct roles in corrections: (1) it can be the direct provider of a service and (2) it can be of assistance to the agency in learning how to deliver a service or perform a function. Both roles are important. While this study has focused primarily on the former role, the latter should not be overlooked since situations exist where the service is best provided directly by the agency if the expertise can be developed with assistance.

• Doing one's homework before the fact of contracting is just as important as proper contracting procedure for ensuring successful private sector involvement in corrections.

• Most of the problems cited in contracting are not insurmountable. They are potentially avoidable by the administrator's use of appropriate planning strategies.

#### GUIDELINES FOR CONSIDERING PRIVATE SECTOR INVOLVEMENT IN CORRECTIONS

##### When Correctional Administrators Should Consider Contracting With the Private Sector

Responding to pressure. When critical problems arise, solving the problem from without the agency should be explored, particularly if the problem is:

- High cost of service.
- Poor quality of service.
- Unavailability of qualified staff, facilities, equipment, etc. to deliver the service.
- Any combination of the above.

General review of systems, services operations, etc. During the course of audits and reviews, administrators should remember that improvements can always be made in programs, services, and operations, and the private sector should be considered as a means of improvement. An ongoing scan should be made of both the public and private sector environments to become aware of current practices and advanced technologies in service/operations areas. Scanning should include such activities as:

- Looking at how sister agencies and similar agencies in other jurisdictions are providing similar services, in quality, quantity, and cost.

- Examining how private sector organizations such as industries, corporations, and service companies (such as airlines, insurance, etc.) are providing services similar to the ones provided in corrections.

- Keeping abreast of the latest technological developments associated with pertinent services/operations and examining how they could be adapted for use in corrections.

- Keeping abreast of the current private sector providers who are offering technological and other advances related to those services/operations in corrections.

- Paying close attention to possible lower costs, better service, and more service alternatives to present practices.

#### Planning new services/programs for the agency.

The private sector provider can sometimes make a new program/service attainable that would otherwise be impossible to launch:

- The provider can preclude startup costs that the agency would normally have to assume.

- Since many new programs are experimental, contracting allows the agency to try something new without buying into it forever.

- Providers make staff expertise available for new programs.

- Providers have access to funds (government, foundation, or other) that can enable the new program to proceed when agency funds are not available.

- New agency programs may be unacceptable to the community if done by the agency, but acceptable if done by a private provider.

#### Warning Signals.

Even when the above situations are present, care should be taken to avoid contracting if:

- There are legal restrictions to contracting the service.
- There is no way to measure performance objectively.
- The provider will not agree to the provisions needed by the agency down to the last detail.
- The provider does not appear to be capable of appreciating the contingencies and intricacies of government, and specifically correctional agencies and their rules and regulations.
- There is any question of the provider's absolute capability to deliver what is required.
- The private provider's service is less expensive, but the quality is also less.
- There is substantial resistance from groups or political officials on whom the agency depends for support.

#### The Optimal Climate for Contracting

Although contracting can be arranged under the worst of logistical circumstances with some mental and negotiating gymnastics, certain conditions favor contracting as an option. In other words, under these circumstances, if the decision is made to contract, all the mechanisms are present to facilitate it. They include:

- A good bidding mechanism with thorough procedures and flexibility so that the agency has good control.
- Good legal support (access to all needed legal advice, legwork, and talent in negotiation).
- Legislative enablement to contract and key legislative figures' support.
- Supportive in-house personnel.
- Good labor relations.
- Perceived need for contracting by all involved.
- An innovative environment where progress and experimentation is encouraged.

## Planning Strategies for Private Sector Contracting

From the study, three critical periods appear from the time the administrator perceives the need or desirability of private sector providers through the actual end of the relationship with the private sector provider. We have identified planning strategies for these periods that should ensure the most advantageous outcome for the agency.

### Precontract activities.

- List favorable and unfavorable reasons for contracting.
- Establish need.
- Rule out present means of service.
- Establish cost variables and analyze cost-effectiveness.
- Know the effects of market fluctuations on the contracted area.
- Consult a lawyer regarding procedure, legislative enablement, liability, etc.
- Explore all avenues of potential impact (e.g. displacement, informal practices may stop, more accountability).
- Move slowly and in small units before bid.
- Investigate labor consequences.
- Consolidate internal backing by consulting with staff, public, press, as appropriate.
- Touch political base -- get full backing prior to contracting.
- Obtain competitive bidding, background checks, competency assessment.
- If not bidding, look at more than one vendor.
- Compare notes with other corrections administrators.
- Make sure the contractor not only has a good reputation, but that it can provide all the services promised and can expand in the future if necessary.
- Choose quality, not just low cost.

### Contracting activities.

- Cover all legal matters -- disclaimers, indemnification.
- Consult with internal actors.

- Establish delivery system.
- Resolve authority vs. responsibility issues (two separate staffs).
- Clarify contingencies.
- Include timetables and schedules.
- Specify roles, responsibilities, relationships, term, goals, obligations.
- Write in security measures.
- Clearly define chain-of-command.
- Establish monitoring and reporting system, measurable standards of performance, evaluative measures.
- Attend to smallest details.
- Include renewal contingencies.
- Agree on termination clause.
- Go over contract carefully with vendor.
- Perform legal review for loopholes and problems, especially liability.

#### Post-contracting activities.

- Educate private sector contractor about government.
- Compare notes with other agencies having similar contracts.
- Develop implementation schedule.
- Coordinate with other functions.
- Maintain frequent communication.
- Conduct problem-solving conferences.
- Do good public relations work.
- Closely monitor for first six months.
- Make timely reviews.

#### Possible Models for Contracting the Operation of an Entire Correctional Facility

Speculation regarding contracting for an entire operation has been offered by administrators, experts, and the researchers

for this study. Seven models have been formulated in capsule form (without elaboration within the scope of this work).

Expansion model. A private sector provider would expand its specific service to the total management of the facility.

Initial contract model. Arrangement is made with a private firm to operate a correctional facility when it is first opened.

Unit management model. In keeping with the often voiced advice to move into contracting arrangements slowly and in small increments, this model allows for beginning with a contract for a private firm to operate a semiautonomous unit, e.g. one living unit, including responsibility for all of its services and functions.

Management contractor subcontracts. Under this arrangement, a professional management provider assumes the role of the facility's administrator and subcontracts with other providers having expertise in specialized functions.

Private industry model. This situation creates a total work-like environment. The industry runs the prison and engenders in its workers positive work values/ethics.

Hospital model. A treatment/service provider operates the correctional facility much like a hospital. Special needs inmates are classified to the facility where the specialized treatment is the theme (e.g. geriatric facility, drug treatment, emotionally disturbed).

Superimposed contracted management. The existing facility, with its staff and mission intact, is taken over by a provider of operational structure and management.

Each of these models could be developed by either profit-making or nonprofit firms. It will be noted, however, that nonprofit firms tend to be corrections generalists, while the majority of profitmaking firms tend to focus on specialized services. In terms of correctional philosophy, it would seem that nonprofit firms would be more in tune with the rehabilitation model of prisoner treatment, while profitmaking firms would be more in tune with the incapacitation model of prisoner management. The differences are probably the direct results of the basic orientations of these two types of private sector organizations: Nonprofit ones being seated in humanitarian people-oriented objectives, and profitmaking ones concentrating on getting the job done at a profit. Nonprofit organizations also have more historical exposure to correctional concerns.

## APPENDICES

- Appendix A - Questionnaires
- Appendix B - Structured Subsample Format for Interviews  
Correctional Agencies
- Appendix C - Structured Telephone Interview with Vendors
- Appendix D - Service Areas Under Contract
- Appendix E - Services Currently Being Contracted
- Appendix F - Contracted Services Considered Least Frequently  
(By Fewer Than 10 Agencies)
- Appendix G - Resource Persons and Organizations
- Appendix H - Annotated Bibliography



## Appendix A

## Questionnaires

Under a grant from the National Institute of Corrections, the Criminal Justice Institute (CJI) is conducting a study to assess the feasibility of private sector involvement in prison management. Specifically, we are interested in the extent of private sector involvement, its cost effectiveness, its benefits and liabilities, and its possible expansion into other areas, including the management of a correctional facility.

Please assist us by completing this questionnaire. Keep in mind that private sector involvement consists of any purchase of services from, or contract with, any person(s) or organization(s) that are not government-affiliated. Accurate estimates are acceptable. Your contracts administrator will probably know the answers to some of the questions immediately, and we suggest that you have him/her answer as many as possible, after which you would review the responses and finish the balance of the questions, especially those concerning policy issues. In any case, please return the questionnaire to CJI no later than June 15, 1983.

Contact Person -- Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Telephone: \_\_\_\_\_

1. Number of current contracts with private sector person(s) and/or organization(s). # \_\_\_\_\_
2. Total amount in current budget for contracted services with private sector. (This figure might be the Professional Services budget minus any inter-governmental contracts.) \$ \_\_\_\_\_

3. What function(s) do the contracts with the private sector serve in your agency? (Check all appropriate answers.)

- a. cost less for service \_\_\_\_\_
- b. staff savings \_\_\_\_\_
- c. more efficient operations \_\_\_\_\_
- d. decreased agency liability \_\_\_\_\_
- e. better quality service than agency can provide \_\_\_\_\_
- f. better accountability \_\_\_\_\_
- g. more economical use of space (e.g., warehousing) \_\_\_\_\_
- h. elimination of need for additional training in specialty area \_\_\_\_\_
- i. other \_\_\_\_\_

4. Estimate the comparative costs for your largest contracted service. (Exclude architectural and construction contracts.)

If the agency provided:

Contracted:

\$ \_\_\_\_\_

\$ \_\_\_\_\_

5. Check the problems you have most often encountered with private sector contracted services, and whether or not they have resulted in a termination of that contract.

	Has Been Problem	Resulted in a Terminated Contract
a. promised service not provided	_____	- _____
b. poor quality of service	_____	- _____
c. service not provided on time	_____	- _____
d. payment arrangements unsatisfactory	_____	- _____
e. too much legal redtape involved	_____	- _____
f. difficulty with bidding process	_____	- _____
g. poor quality low bid	_____	- _____
h. difficult to supervise another organization's employees	_____	- _____
i. difficult to regulate quality of services (no certifying system available)	_____	- _____
j. conflict with labor union	_____	- _____
k. conflict in labor practices and benefits between agency and contractor	_____	- _____
l. not cost-effective	_____	- _____
m. other _____	_____	- _____
n. other _____	_____	- _____

6. Check as appropriate:

If there are stipulations list  
on back of this page by letter.

Currently  
Contracted

Would  
Consider  
Contracting

a. community treatment center	a. _____	-	_____
b. food service	b. _____	-	_____
c. security service	c. _____	-	_____
d. transportation	d. _____	-	_____
e. vocational programs	e. _____	-	_____
f. educational programs	f. _____	-	_____
g. religious programs	g. _____	-	_____
h. video programming	h. _____	-	_____
i. construction	i. _____	-	_____
j. aftercare	j. _____	-	_____
k. drug treatment	k. _____	-	_____
l. mental health services	l. _____	-	_____
m. health services	m. _____	-	_____
n. blood bank programs	n. _____	-	_____
o. private industry using inmate labor	o. _____	-	_____
p. college programs	p. _____	-	_____
q. cultural programs	q. _____	-	_____
r. inmates businesses	r. _____	-	_____
s. employing inmates while incar- cerated -- work release	s. _____	-	_____
t. training programs for staff	t. _____	-	_____
u. therapeutic training for inmates	u. _____	-	_____
v. computer services	v. _____	-	_____
w. drama, dancing, etc.	w. _____	-	_____
x. canteen, commissary, snack bar	x. _____	-	_____
y. physicians, nutritionists	y. _____	-	_____
z. hobbycraft sales	z. _____	-	_____
aa. recreation therapy	aa. _____	-	_____
bb. treatment and casework for sex offenders	bb. _____	-	_____
cc. laundry	cc. _____	-	_____
dd. maintenance	dd. _____	-	_____
ee. personnel	ee. _____	-	_____
ff. counseling	ff. _____	-	_____
gg. others (list)	gg. _____	-	_____

7. Would you consider contracting for private sector management of an entire facility? YES NO

If yes, have you done so? YES NO

If yes, under what conditions? \_\_\_\_\_

If no, for what reasons? \_\_\_\_\_

Legal and political concerns. (Please list.)

Legal \_\_\_\_\_

Political \_\_\_\_\_

8. What advice would you give to an agency that is considering engaging in expanded private-sector involvement?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

9. Please list your five most successful contracts and the single best advantage each offers.

	<u>Type of Service</u>	<u>Vendor Name</u>	<u>Best Advantage</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

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Please enclose any reports or evaluations available on the results of your agency's private sector involvement. Also, if you have any other published or unpublished material on private sector involvement, we would appreciate copies or the loan of the original material to use as background for this project.

Sent to Experts in Corrections

PRIVATE SECTOR INVOLVEMENT IN CORRECTIONS

QUESTIONNAIRE

1. Within the next five years how likely is it that any state or federal jurisdiction will contract with a private agency to run one of its prisons?  
(Circle choice.)

1 - Very Unlikely

2 - Unlikely

3 - Even Chance

4 - Likely

5 - Very Likely
  
2. Which jurisdiction(s) do you think it(they) will do so?

-----

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-----
  
3. Within the next five years how likely is it that the state in which you reside will contract with a private agency to run one of its prisons?  
(Circle choice.)

1 - Very Unlikely

2 - Unlikely

3 - Even Chance

4 - Likely

5 - Very Likely
  
4. By 1990, how many prisons will be operated by the private sector?

-----
  
5. Do you think prisons would be better run by a private sector firm under contract to the public agency, than directly by the public agency?

YES

NO
  
6. What would be better under private sector management?

-----

-----

7. What would be worse under private sector management?

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8. Currently, are there private sector firms capable (and interested) in managing a prison? YES NO

Please list:

---

---

9. What might be done to interest other private sector firms in such a venture?

---

---

10. Would you participate in an effort to promote greater involvement of the private sector in prisons, including the management of an entire prison? YES NO

11. What type of prison would be most suitable for private sector management? (Circle as many as are appropriate.)

Size: -250, 250-499, 500-999, 1000+

Security Level: Open, One Fence, Double Fence

Location: Rural, Suburban, Urban

Facility Age: New, Post-World War II, Pre-World War II

Housing: Dormitories, Single Cells/Rooms, Multiple Cells/Rooms,  
Small Functional Units, Large Cell Blocks

Others: 

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12. What type of prisoner would be most suitable for private sector management? (Circle as many as are appropriate.)

Gender: Male      Female

Age: -21, 21-30, 31-40, 41-50, 51+

Prior Criminal Record: None, Minimal, Extensive

Length of Sentence (Yrs.): -3, 3-5, 6-10, 11+

Current Offense(s): Property Crime(s), Crime(s) against a  
Person

Time Left To Serve (Yrs): -1, 1-3, 4-10, 11+

Custody Level: Low      Medium      High

Physical Handicaps: None      Minor      Major

Others: \_\_\_\_\_  
\_\_\_\_\_

13. What type of private sector agency, nonprofit or profit making, would be best suited for prison management, or does it make a difference? (Circle choice.)

Nonprofit

Profitmaking

No Difference

14. Are there any advantages to having a profitmaking firm rather than a nonprofit one?      YES      NO  
If yes, what are they?

\_\_\_\_\_  
\_\_\_\_\_

15. Even if you do not think that the private sector will manage prisons sometime in the future, do you believe that it is an idea worth pursuing?      YES      NO

16. Any other comments

\_\_\_\_\_  
\_\_\_\_\_

Thank you very much.

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(914) 533-2000

Appendix B

Structured Subsample Format for Interviews  
Correctional Agencies

Agency \_\_\_\_\_ Person \_\_\_\_\_

Date \_\_\_\_\_ Telephone # \_\_\_\_\_

1. Is there a push to increase the amount of contracting done by the Department?

YES NO Why? \_\_\_\_\_

Who is pushing it? \_\_\_\_\_

2. What is the legislature's sentiment? \_\_\_\_\_

3. How extensive will contracting be five years from now? In your agency? In other states?

4. What needs to be done to improve the quality of contracted services?



Appendix C

Structured Telephone Interview  
With Vendors

Company \_\_\_\_\_ Person \_\_\_\_\_ Date \_\_\_\_\_

1. What are your thoughts about providing services for prisons?

Keys

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2. How would you change the situation (assuming you could) to improve your effectiveness?

Keys

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3. Do you plan to continue to work with prisons? (Or expand or discontinue)?

Keys

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4. Which agencies are the most receptive to contracting?

Keys

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5. What problems have you encountered?

Keys

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Operational

Labor

Startup

Mistakes

6. What do you envision the future holds for contracting with prison systems?

Keys

Plans

Next State

Changes you  
would make?

7. How long have you had the contract?

## Appendix D

### Service Areas Under Contract

<u>Service</u>	<u>Frequency</u>
Community Treatment Centers	30
Food Service	11
Security	5
Transportation	11
Vocational	20
Educational	28
Religious	18
Video Programming	6
Construction	29
Aftercare	15
Drug Treatment	25
Mental Health	34
Health	36
Blood Bank	6
Prison Industry Using Inmate Labor	8
College Programs	22
Cultural	11
Inmate Business	2
Work Release	16
Staff Training	22
Therapeutic Training for Inmates	7
Computer Services	10
Drama, Dancing	6
Canteen, Commissary	1
Physicians	39
Hobbycraft Sales	2
Recreation Therapy	4
Treatment for Sex Offenders	13
Laundry	11
Maintenance	11
Personnel	4
Counseling	20

## Appendix E

## Services Currently Being Contracted

	<u>Community</u> <u>Treat.-Ctr.</u>	<u>Food</u> <u>Service</u>	<u>Security</u> <u>Service</u>	<u>Transport.</u>	<u>Vocat.</u> <u>Programs</u>	<u>Educ.</u> <u>Programs</u>	<u>Relig.</u> <u>Programs</u>	<u>Video</u> <u>Programming</u>	<u>Construct.</u>	<u>Aftercare</u>
Alabama - adult (4)										
Arizona - both (15)		X			X	X	X			
Arkansas - adult (5)									X	
Arkansas - juvenile (5)									X	
California - juv. (10)	X		X	X				X	X	X
Colorado - adult (6)	X					X	X			X
Colorado - juv. (8)	X					X				
Connecticut - adult (19)	X	X		X		X	X		X	X
D.C. - adult (8)	X	X							X	
D.C. - juv. (11)	X				X	X			X	
Florida - adult (12)	X			X	X	X	X	X	X	X
Florida - juv. (3)	X				X	X				
Georgia - adult (11)						X	X		X	
Idaho - adult (3)		X								
Iowa - juv. (10)						X	X		X	
Kansas - juv. (8)					X	X				X
Kentucky - adult (4)	X									
Louisiana - adult (11)		X			X	X	X			
Maine - both (4)	X								X	
Michigan - adult (9)	X			X					X	X
Michigan - juv. (16)	X	X	X	X	X	X				X
Minnesota - both (18)	X	X			X	X	X		X	
Mississippi - adult (7)		X	X	X			X			
Mississippi - juv. (0)										
Missouri - adult (14)	X				X	X			X	
Missouri - juv. (7)						X				
Montana - adult (16)	X				X	X		X	X	X
Nebraska - both (10)					X	X	X		X	
New Hampshire - adult (5)								X	X	
New Hampshire - juv. (1)						X				
New Jersey - both (8)	X			X			X		X	
New York - adult (10)									X	
North Carolina - adult (4)									X	
North Dakota - both (8)	X				X	X			X	
Ohio - adult (8)	X								X	X
Oregon - adult (7)						X	X	X		
Rhode Island - juv. (10)	X				X		X		X	
South Car. - adult (2)	X								X	
South Car. - juv. (3)										
Tennessee - both (11)				X					X	
Texas - adult (1)									X	
Texas - juv. (9)	X		X	X	X	X				X
Utah - adult (22)	X	X	X	X	X	X	X			X
Vermont - adult (11)	X	X		X			X		X	
Vermont - juv. (13)	X				X	X				X
Virginia - both	X				X	X				
Washington - adult (23)	X	X			X	X	X	X	X	X
Washington - juv. (15)	X						X		X	X
West Virginia - both (10)	X				X	X			X	
Wisconsin - both (11)	X				X	X				
Wyoming - both (11)	X				X	X	X			X

	<u>Drug Treat.</u>	<u>Men. Health Services</u>	<u>Health Services</u>	<u>Blood Bank Programs</u>	<u>Pr. Indust. Use In. Labor</u>	<u>College Programs</u>	<u>Cultural Programs</u>	<u>Inmate Businesses</u>	<u>Work Release</u>	<u>Trg. Programs For Staff</u>
Alabama - adult		X	X						X	
Arizona - both	X	X	X	X	X	X	X	X		
Arkansas - adult		X	X						X	
Arkansas - juv.		X	X							
California - juv.	X	X	X			X	X			X
Colorado - adult		X	X							
Colorado - juv.		X	X				X			
Connecticut - adult	X	X	X			X			X	X
D.C. - adult	X		X			X				X
D.C. - juv.		X	X				X			X
Florida - adult	X	X	X	X	X	X			X	X
Georgia - adult		X	X							X
Idaho - adult	X									
Iowa - juv.	X	X	X			X				X
Kansas - adult					X					
Kansas - juv.	X	X	X							X
Kentucky - adult	X								X	
Louisiana - adult	X	X	X	X					X	
Maine - both									X	X
Michigan - adult	X	X	X						X	
Michigan - juv.		X	X							
Minnesota - both		X	X		X				X	X
Mississippi - adult					X	X				
Missouri - adult			X	X		X			X	X
Missouri - juv.		X	X							X
Montana - adult	X	X	X			X				X
Nebraska - both		X	X			X				
New Hampshire - adult						X	X			
New Jersey - both	X		X			X			X	
New York - adult	X					X	X			X
North Car. - adult							X			
North Dakota - both			X			X			X	
Ohio - adult	X	X	X			X				
Oregon - adult		X				X				X
Rhode Island - juv.		X	X							
South Car. - juv.			X	X						
South Dakota - both			X						X	
Tennessee - both	X	X	X	X	X				X	X
Texas - juv.	X	X								
Utah - adult	X	X	X			X	X	X		X
Vermont - adult	X	X	X							
Vermont - juv.	X	X								X
Virginia - both	X	X								X
Washington - adult	X	X	X		X	X	X		X	X
Washington - juv.		X	X		X		X		X	X
West Virginia - both	X	X	X			X				
Wisconsin - both	X	X	X			X				X
Wyoming - both	X	X	X			X	X			

	<u>Thera. Trg.</u> <u>For Inmates</u>	<u>Computer</u> <u>Services</u>	<u>Drama,</u> <u>Dancing</u>	<u>Canteen,</u> <u>Commissary</u>	<u>Physicians,</u> <u>Nutrition</u>	<u>Hobbycraft</u> <u>Sales</u>	<u>Recreation</u> <u>Therapy</u>	<u>Treat. for</u> <u>Sex Offenders</u>
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Alabama - adult					X			
Arizona - both					X			X
Arkansas - adult					X			
Arkansas - juv.			X		X			
California - juv.			X		X			
Colorado - juv.					X			
Connecticut - adult			X	X	X	X		
D.C. - adult		X						
D.C. - juv.					X			
Florida - adult	X				X			X
Georgia - adult	X	X			X			
Idaho - adult					X			
Iowa - juv.					X			
Kansas - juv.					X			
Kentucky - adult					X			
Louisiana - adult					X			
Michigan - adult					X			
Michigan - juv.	X						X	X
Minnesota - both	X	X	X		X			X
Mississippi - adult					X			
Missouri - adult		X			X			
Missouri - juv.					X			
Montana - adult		X			X	X		
Nebraska - both		X			X			
New Hampshire - adult		X						
New York - adult	X	X			X			
North Carolina - adult					X			
North Dakota - both					X			
Ohio - adult					X			
Oregon - adult					X			
Rhode Island - juv.					X			X
South Carolina - juv.		X						
South Dakota - both					X			
Tennessee - both					X			X
Texas - juv.					X			
Utah - adult	X				X		X	X
Vermont - adult			X		X			X
Vermont - juv.					X			X
Virginia - both								X
Washington - adult	X		X		X		X	X
Washington - juv.		X			X			X
West Virginia - both					X			
Wisconsin - both	X				X			
Wyoming - both					X			X

	<u>Laundry</u>	<u>Maintenance</u>	<u>Personnel</u>	<u>Counseling</u>
Arizona - both				X
California - juv.		X		
Colorado - juv.				X
Connecticut - adult		X		X
D.C. - juv.				X
Florida - adult	X	X		X
Georgia - adult		X		X
Iowa - juv.	X			
Louisiana - adult				X
Michigan - juv.	X	X	X	X
Minnesota - both	X			X
Missouri - adult	X	X		X
Missouri - juv.		X		X
Montana - adult	X		X	
Nebraska - both		X		
New York - adult				X
North Carolina - adult		X		
Rhode Island - juv.	X			X
Utah - adult	X	X	X	X
Vermont - juv.	X		X	X
Washington - adult		X		X
Washington - juv.	X			X
West Virginia - both				X
Wisconsin - both				X
Wyoming - both	X			X

## Appendix F

### Contracted Services Considered Least Frequently (By Fewer Than 10 Agencies)

<u>Service</u>	<u>Frequency</u>
Community Treatment Center	7
Security	3
Transportation	6
Educational	7
Religious	6
Video Programming	9
Construction	7
Aftercare	7
Mental Health	9
Blood Bank	2
College Programs	6
Cultural	7
Inmate Business	3
Therapeutic Training for Inmates	8
Computer Services	7
Drama, Dancing	5
Physicians	8
Hobbycraft Sales	5
Treatment for Sex Offenders	9
Laundry	9
Maintenance	7
Personnel	1
Counseling	0



## Appendix G

### Resource Persons and Organizations

National Institute of Corrections  
320 First Street, N.W.  
Washington, D.C. 20534

Office of Justice Administration, Research and Statistics  
Program Management Division  
633 Indiana Avenue, N.W.  
Washington, D.C. 20531

American Correctional Association  
4321 Hartwick Road, Suite L-208  
College Park, Maryland 20740

Edna McConnell Clark Foundation  
250 Park Avenue, Suite 900  
New York, New York 10017

Criminal Justice Institute  
Spring Hill West  
South Salem, New York 10590

American Justice Institute  
725 University Avenue  
Sacramento, California 95825

International Halfway House Association  
Attention J. Bryan Riley  
Massachusetts Half-Way House, Inc.  
Box 348 - Back Bay Annex  
Boston, Massachusetts 02117

National Institute of Justice  
Office of Program Evaluation and Corrections Division  
633 Indiana Avenue, N.W.  
Washington, D.C. 20531

## Appendix H

### Annotated Bibliography

Auerbach, Barbara. "New Prison Industries Legislation: The Private Sector Re-enters the Field." The Prison Journal, Vol. LXII, No. 2, Autumn-Winter, 1982.

The impact of federal legislation, past and current, and recent state legislation in Alaska, Florida, Indiana, Kansas, Minnesota, Ohio and Washington prison industries is presented. The establishment of legislation to provide for greater involvement of the private sector represents a significant change in industries. The statutes provide for a new partnership between public and private sectors. The importance of financial incentives for encouraging private sector involvement are noted.

Barbier, L; S. Haller. "Examination of a Shared Public/Private Sector Responsibility for Community Correction Policy and Programs in the State of Connecticut," (from proceedings of the One Hundred and Ninth Annual Congress of Correction), pp. 101-116.

Connecticut's program of public/private sector responsibility for community correctional policy and programs is described and evaluated. Following an overview of Connecticut's correctional system, a brief history is presented of the Public/Private Resource Expansion Project (PREP). PREP's threefold purpose is indicated to be (1) the development of a political constituency in the private sector for the improvement of the criminal justice system, (2) the awakening of public interest in, and concern for, improving service to the criminal justice client, and (3) the establishment of a far-reaching public education campaign aimed at demystifying the criminal justice process. PREP would accomplish these goals by purchasing service contracts with private social service agencies. Specific perspectives are identified within both the community and the Department of Corrections concerning PREP's autonomy, longevity, authority, and replicability. Other issues discussed include community concern regarding the limited funding of individual agencies in the private sector and departmental concern over the type of programs to be given contracts. No references are given. (Abstract)

Bertothy, Ron. "Prison Industries: 7 Pilot Projects Paving the Way for More Private Involvement." Corrections Digest, Washington Crime News Service, May 4, 1983.

A discussion of the role the Congress, the American Bar Association and OJARS have played in implementing the Prison

Industry Program, which seeks to involve private industry in different aspects of correctional industries in seven states. The creation of more realistic work environments, closely resembling that of private industry is a goal of each of the pilot programs.

Bertothy, Ron. "Prison Industries: Taking a Closer Look at the Seven State Pilot Projects." Corrections Digest, Washington Crime News Service, May 18, 1983.

A continuation of the discussion in the preceding article, including a brief description of the programs in Arizona, Kansas, Utah, Minnesota and Nevada. The degree to which these programs are profitable is noted, as is the role of the federal government through OJARS.

Chi, Keon S. "Private Contractor Work Release Centers: The Illinois Experience," Innovations, August, 1982.

Since 1968, Illinois has experimented with community correctional centers (CCCs) using work release programs - not only for parolees or probationers, but for those who are felons in custody status. In the course of implementing community-based correctional services, the Illinois Department of Corrections (IDOC), assuming that private centers would be more economical, entered into contractual agreements with private vendors in 1975. Through such agreements, the IDOC could get additional bedspace quickly; and private centers would allow community involvement by sharing the burden of correctional services. Currently eight of Illinois' 20 CCCs are operated privately by not-for-profit organizations.

The author emphasizes that these work release programs should be adopted by other states only when state policymakers are convinced that community correctional programs are more effective than incarceration in prison and that private contractual centers are a viable alternative to state-run CCCs by virtue of better operating costs, employment, and behavioral adjustment. (Abstract)

"Considerations in Deciding Whether or Not to Contract."  
Community Services Purchase of Service Office, A1006  
Government Center, Minneapolis, Minnesota, 55487.

Advantages and disadvantages are listed.

Fedo, Michael. "Free Enterprise Goes to Prison." Corrections Magazine, Vol. VII, No. 2, April, 1981.

In Kansas and Minnesota, private firms are hiring inmates at free-world wages and teaching them valuable skills. Stillwater Data Processing Systems, Inc. in Minnesota and Zephyr Products, Inc. in Kansas have arrangements with prison authorities to provide models and management for work opportunities for prisoners. Advantages cited are real-world work for inmates with its assets and liabilities, a means for inmates to share in their own upkeep, and a constructive use of time.

Greenwood, Peter. "Private-Enterprise Prisons? Why Not? The Job Would be Done Better at Less Cost." Unpublished paper supplied by the Rand Corporation, May, 1981.

The author presents an idealistic scenario of private sector prison operations that would be far superior in quality and capability to that which governmental agencies can provide.

"Health Delivery System Models for the Care of Inmates Confined in Jails." Unpublished report by the American Medical Association, U.S. Department of Justice, Law Enforcement Assistance Administration, Washington, D.C., 1978.

Seven model health care delivery systems in jails surveyed by the American Medical Association are described, and the approach to the provision of jail health services is noted.

"Juvenile Offenders Get a 'Last Chance' in a Florida Swamp." Wall Street Journal, August 23, 1983.

An innovative program in Florida, called the Florida Environmental Institute, is described, praised, and evaluated.

Kassabaum, Gene, et al. Summary: Contracting for Correctional Services in the Community, Vol. 1., National Institute of Law Enforcement and Criminal Justice, LSAA, U.S. Department of Justice, May, 1978.

This study provides some data on the role of private organizations in providing client services for community corrections.

One aspect of this phenomenon is that supervision and/or provision of services takes place in the open community instead of within closed institutional settings. The services include: pretrial diversion of "in lieu" referrals

to community programs; probation supervision; prerelease programs for persons committed to the Department of Corrections; and parole. The study attempts to increase the understanding of the private sector in providing services to justice and corrections agencies. Questions such as how and by whom person are referred to the privately operated program in lieu of trial or further agency dispositions, what kinds of cases are referred and accepted, and what is accomplished in such arrangements which might not otherwise result if the private organization did not operate are addressed. The report examines the historical, legal, and administrative context for contracting, characterizes referral and services, discusses costs and sources of support, and presents issues in planning and research. (Abstract)

McCarthy, John J. "Contract Medical Care: Prescription for Change." Corrections Magazine, Vol. VIII, No. 2, April, 1982.

Instances of medical services contracts in state agencies are investigated. Several leading health services vendors' observations and opinions about the business are discussed, as well as agency officials recounted experiences. The article gives good perspective on the development of private sector medical involvement.

Novick, L.F. "Contractual Model for Prison Health Care." Medical Care, Vol. 14, No. 8, August, 1976, pp. 694-699.

The experience of a 2-year-old contractual arrangement between New York City and Montefiore Hospital in meeting health delivery requirements within a prison system is described; the advantages and disadvantages associated with this mechanism are outlined. A series of recommendations are made for successful implementation of the contractual model, including provisions for clearly defined standards of care and a series of cost control devices.

"Savings Available by Contracting for Medical Supplies and Laboratory Services." Unpublished report by GAO staff, U.S. Comptroller General, Washington, D.C., 1978.

Results and recommendations are reported from a General Accounting Office (GAO) investigation of state purchases of Medicaid supplies and laboratory services. GAO compared prices paid for eyeglasses, oxygen and wheelchairs by various state and federal agencies and found that competitive buying produced significant savings.

Scott, Thomas M. and Marlys McPherson. "The Development of the Private Sector of the Criminal Justice System." Law & Society Review, Vol. 6, No. 2, November, 1971.

A discussion of private sector involvement in law enforcement and police activities in the United States. Its growth and roles are described, and the legal basis upon which its presence is based, its organizational structure and its relationships to public police agencies are analyzed.

Steinberg, Sheldon S., Michael J. Keating and James J. Dahl. "Potential for Contracted Management in Local Correctional Facilities." Unpublished report submitted to the National Institute of Corrections, March, 1981.

A national survey of local correctional institutions to determine if a private organization can run a jail in a humane, cost-effective, and more legally and professionally acceptable way than is currently being done. The study's objectives were to analyze the issues related to the contract management concept, determine the validity of the concept, assess the potential for successfully implementing the concept in a local correctional facility, and present the steps necessary for developing models to implement the concept.

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