

RESPONSE OF DELAWARE COUNTY CONSULTANTS CGL COMPANIES AND ALTA MANAGEMENT TO PUBLIC COMMENT SUBMISSION FROM GEO GROUP DATED APRIL 1, 2021

Below are responses from Delaware County Consultants CGL Companies and Alta Management to questions and comments The Geo Group submitted in connection with the April 1, 2021 public meeting of the Delaware County Jail Oversight Board ("JOB") to review the work done by CGL as the County considers de-privatizing the George W Hill Correctional facility ("GWH").

Prior to responding to each specific point GEO has raised, it is important to note that the GEO comments are based on two flawed premises: first, that if de-privatization moves forward the County will operate GWH in essentially the same way as it has been managed by GEO and second, that the sole goal of potential de-privatization is to save money.

In fact, the JOB has stated publicly that the primary and paramount goal of consideration of de-privatization is to change how Delaware County handles and assists those who have been incarcerated. With this goal in mind, the CGL analysis projects that changing how GWH is operated can save taxpayers significant sums both in the short and long term.

GEO's incorrect premises, mixed with false or misleading assertions about the work the JOB and County have done and the decisions under consideration, provides a distorted view of the issues before the JOB as it considers de-privatization of the George W. Hill Correctional Facility.

Responses to the GEO comments are set forth below in italics.

The GEO Group has provided the following comment submitted by David Byrne at 500 Cheyney Rd. Thornton, PA 19373.

As a professional management company for the George W. Hill Correctional Facility for almost 20 years, GEO has serious concerns about the recent cost-analysis study and recommendations that will, if acted upon, jeopardize the safety of inmates and staff - while significantly impacting the residents of Delaware County.

Overall, the study reveals that the county taking over the operation of the Jail:

- **Won't save money**
- **Won't make the facility safer**
- **Won't improve the lives of inmates**

RESPONSE: All of these conclusory statements are demonstrably false. As noted above, the goal of potential de-privatization is not to "save money", but rather to change how Delaware County handles and helps those who are incarcerated. Because the individuals incarcerated at the GWH facility serve sentences less than two years, they will quickly return to the community, and the County has an interest in helping them use their incarceration to re-set their lives and emerge with the tools they need to become productive, law abiding neighbors. By simply having fewer people return to jail -- the current recidivism rate is over 60% -- the County will save money.

Furthermore, the CGL report confirms that the County can reduce costs even if the GWH census remains similar to what it is today -- the removal of GEO's profit by

definition will lower operating costs. But the JOB also wants to consider investments in GWH and the future of the inmates housed at the facility. Part of that investment includes reprogramming GEO profit to benefit both employees and inmates – for example paying those who work at GWH a higher wage to lessen costly employee turnover, increasing inmate substance abuse treatment programs -- a large percentage of inmates suffer from addiction -- and teaching life skills.

The work that CGL has done confirms that there are ways to improve current operations and, with important changes to how the County operates GWH, to generate even greater operational efficiencies.

The information we received through a briefing with the Jail Oversight Board indicates the study uses high-level figures to estimate how staffing cuts can reduce costs, but the devil is in the details:

Not Apples-to-Apples Comparison:

The study fails to provide a complete picture of the actual costs the county will incur if it assumes operation of the Jail. Instead, it produces assumptions to generate savings that fail to consider the true costs the county will incur if it takes over the Jail operations.

RESPONSE: This statement is false. The study performed by CGL, one of the most experienced and respected consulting firms in the correctional industry, concluded that de-privatization is financially feasible and has the potential to save the County significant resources while both enhancing facility safety and improving inmate programs.

The consultants performing the evaluation collectively have decades of senior level experience managing jails and prisons. The study is based on actual staffing data taken from similar correctional facilities.

- The \$9 million in transition costs (equipment and additional administrative staff) are presented as one-time costs, instead of recognizing that many of these costs are recurring costs, such as management oversight, equipment replacement, etc.

RESPONSE: This statement is false. The largest element of these transition costs is for equipment (\$8 million) for the initial takeover of the facility, which is a one-time cost. All of the scenarios also include an ongoing annual budget for recurring equipment replacement. The transition costs of \$1.09M are a one-time cost and have a return on investment period of less than one year. There are substantive legal and management costs associated with negotiation and management of GEO's contract on an ongoing basis that can be reallocated towards County direct operation of the GWH.

- The analysis used staff counts that fail to reflect actual staffing needs for the facility, which are positions and services GEO provides to support the facility but are not located at the facility, including compliance, oversight and subject matter experts.

RESPONSE: This statement is false. The CGL analysis accounts for ongoing management costs, both on GWH grounds and within other County government administrative agencies. It is misleading for GEO to imply that it somehow does not bill

the County for work done by staff not located at the GWH facility. Payment for those services is built into the GEO contract.

CGL has nationally recognized expertise in analysis of correctional facility operations. They have compared GEO's staffing plans with best practices at similar sized facilities. County jails throughout the United States provide effective jail support without reliance on the extensive bureaucracy GEO advocates. State inspections and professional accreditation systems (ACA and NCCHC) are in place to provide monitoring services. The County also has ability to request that the Pennsylvania Department of Corrections and the National Institute of Corrections provide technical assistance as needed. Even if the County needed to conduct periodic performance reviews, it could do so at a fraction of the cost of the administrative overhead GEO has built into the contract.

- It was mentioned that the K9 Unit should be eliminated to achieve cost savings. If the county wanted to eliminate this unit, the county could modify GEO's contract to achieve this cost saving. It's not an actual savings to the county since the canine unit expense is included in the costs of GEO's contract but not included in the county's proposed operating budget.

RESPONSE: This statement is false. The cost of the K-9 unit is included in Scenario #1 of the CGL Report. Accordingly, elimination of this unit represents real savings to the County. K-9 units are not utilized at most similar correctional facilities nationally. It is an example of an unnecessary and expensive allocation of staffing resources in the GEO management plan.

- The analysis is supposed to be a feasibility study, but it doesn't thoroughly examine all transition costs as well as recurring expenses that will be incurred by the county.

RESPONSE: This statement is false. The CGL Report includes a section that specifically discusses transition costs and recurring expenses that should be considered in a de-privatization of the facility.

Costs Are Not the Only Factor:

Operational performance, inmate and staff safety and accountability among other concerns should also be considered when conducting this feasibility study.

RESPONSE: From the outset, the JOB has taken the position that costs are not the only factor in considering de-privatization. But with a recidivism rate over 60% in recent years, it is apparent that the status quo is not working for inmates or the taxpayers of Delaware County and that change must be considered.

The scope of the CGL study was to examine only the cost feasibility of de-privatization, and the financial assessment supports the JOB moving forward with consideration of de-privatization.

These important elements would have shown that comparison data between Delaware County and statewide data for all 67 county jails demonstrates the GW Hill facility is safer than government-operated facilities, including fewer inmate deaths, use of force, and assaults on inmates. Additional studies have shown that inmates at the government-

operated county prisons were nearly twice as likely to be subjected to use of force, and three times more likely to experience a physical use of force from corrections staff than inmates in Delaware County. All information is publicly available through www.delcoprisonfacts.com

***RESPONSE:** www.delcoprisonfacts.com is a propaganda website set up by GEO in support of expensive public relations campaign designed to protect the GEO management contract at GWH. Statements and “findings” on this untrustworthy website are not independently validated nor acceptable analysis. Specifically, the Pennsylvania Department of Corrections -- on which GEO relies heavily for erroneous claims -- expressly disclaims the validity of its data: “DOC (Department of Corrections) is NOT responsible for over or under reported figures by the counties. DOC posts the information that is provided without validation.”*

Importantly, the numbers references on the GEO website do not include data for overdoses, which is a significant problem at GWH. GEO’s more current numbers for total extraordinary occurrences is much higher than the 95.97 average for the five year 2013-2017 period. The average for the five year 2015-2019 year period is 187 extraordinary occurrences.

Job Cuts:

The current contract with the county stipulates the staffing level required to safely manage the facility. The study suggests two scenarios that eliminate anywhere from 50 to more than 100 positions, jeopardizing the level of safety and care needed at the facility. Under these scenarios, the county would be willing to put public safety at risk to try and save a few dollars.

***RESPONSE:** This statement is false. The JOB is committed to the safety of the workforce and inmates at GWH as well as the public at large. The CGL Report proposes staffing levels consistent with best practices in correctional facility management across the United States. Staffing reductions are heavily weighted to reducing a large number of GEO administrative staff and unnecessary or redundant positions that do not provide value to the operation of the facility such as the K-9 unit. Additionally, if a housing unit is closed due to a lower inmate population, there will be no need for the unit to be staffed resulting in further reduction in FTE’s.*

Along with reducing staff, the study does not include additional necessary costs associated with equipment, support staff and capital improvements.

***RESPONSE:** This issue is addressed above. The CGL Report provides estimates of transition costs. Needed resources for capital improvements are not a factor in de-privatization in that these costs will be incurred regardless of whether the facility is managed by GEO or the County.*

- Every month the county raises the issue there aren’t enough staff at the facility but yet how does it expect to manage the facility with potentially 25% less staff?

***RESPONSE:** This is misleading, as the important issue is not total facility head count, but efficient and effective staff deployment and whether they are reporting to work. There are three key related issues:*

- *Efficient and appropriate use of staff – the K9 unit is an example of unnecessary*

use of correctional officers.

- *GEO consistently shows recurring absences of 40 to 50 staff. GEO management has noted 30% of new hires quit within the first 6 months of being hired. In the words of GEO's own senior staff: "The low wages paid by GEO makes it very difficult to retain staff."*
- *Heavy turnover of staff is costly and poses a security risk, as newly hired staff are inexperienced.*
- *The CGL Report contemplates strategies to attract and retain staff at appropriate levels and with wages and benefits that are competitive with the surrounding correctional facilities. Less turnover means less risk.*

- Has the county presented the staff cuts to the unions and what is their response to these significant job losses?

RESPONSE: CGL is of the view that the correctional officer union will be receptive to any plan that increases wages and benefits for the staff at the GHW Correctional Facility. The union, perhaps as much as any other voice in this discussion, recognizes that low wages and minimal benefits are a major reason for high turnover. While the number of GWH positions may be reduced to those supporting best practice operations, increasing compensation and improving benefits for all employees will improve both operations and the GWH bottom line. Such a policy is intended both to reduce turnover of staff and to improve the quality of staff, as high turnover impacts overall quality of the work force.

- Why didn't the study include a detailed staffing review now rather than wait until sometime in the future to engage in another study?

RESPONSE: The first stage in a CGL review of correctional facility staffing is an assessment of functional staffing assignments and organizational structure, followed by a comparison of how these staffing patterns compare with best practices in correctional facility staffing. This comparative review is informed by CGL's experience in conducting analyses of operational staffing in literally hundreds of correctional facilities throughout the United States. This review identified a number of areas of staffing inefficiency at GWH, including high levels of administrative staffing and significant numbers of correctional officers assigned to functions of questionable value such as the K-9 unit.

Equipment Costs Not Factored:

The annual operating costs do not include the transition costs. This is a major cost component the county will need to consider, including security equipment, vehicles and IT equipment. At a minimum, this will cost the county an additional \$8 million that was not factored into the overall cost scenarios.

RESPONSE: As noted above, this assertion is false. Transition costs, including one-time expenses, are included in the CGL analysis.

- How can the county determine actual cost savings if it doesn't factor in the costs of replacement equipment?

RESPONSE: See above.

County Lacks Necessary Support Staff:

The county does not have the necessary staff to provide additional support at the jail, which are estimated to be more than \$1 million.

- If the county cannot support these functions now, how does it plan to create a sustainable workforce to provide the necessary support that is currently provided by the management company?

RESPONSE: This statement is false. The issue of providing administrative support for jail functions is one that every County in the nation addresses. Every other county in Pennsylvania manages its own jail – Delaware County is the sole outlier, and it certainly has the ability to develop the infrastructure needed. The County has a government organization that manages for the needs of over 566,000 citizens. It will need extra staff in certain departments and those have been identified and addressed. The County currently employs staff, both legal and managerial, who are responsible for overseeing and managing GEO. Should GWH be de-privatized, these staff will be reassigned to direct operational positions.

Capital Improvements Absent from Total Costs:

There is at least \$14 million in needed capital facility repairs that GEO contemplated when entering into the current contract with Delaware County. In the terms of the contract, GEO provided a no-interest loan to the county to cover these necessary repairs.

- The county was offered a no-interest loan to make all necessary capital improvements as part of the current management contract. How does it plan to pay for the necessary repair costs and what additional interest payments will be passed on to Delco's taxpayers?

RESPONSE: The County does not need to take a loan from GEO to make any capital repairs, as County borrowing costs are much lower than GEO's borrowing costs.

Questionable Outsourcing to Multiple Private Companies:

Some Delco leaders and advocates have pushed to de-privatize the jail because they felt no one should profit from its operation. However, the county now wants to outsource critical services to multiple private for-profit companies, including inmate health care, food service, commissary, maintenance, etc, instead of just utilizing one professional management firm. This multi-privatization effort will require significant administrative oversight.

- How can the county justify the costs for multiple contracts with private for-profit entities without having any bids yet? The county is purely speculating as to what the costs would be.

RESPONSE: GEO currently manages GWH under an outsourcing contract. So it is disingenuous for GEO and its supporters to argue that outsourcing food, health care, and maintenance services somehow exposes hypocrisy and should be unacceptable.

Let us be clear: the entity making decisions about what food to serve inmates has no impact on the operations of the facility and the health care provider has no operational authority over the facility. The primary and paramount goal of the proposed de-privatization of GWH is to improve outcomes – to provide programming and support services that improve successful re-entry and reduces recidivism.

The issue of providing support for jail functions is one that every County in the nation addresses – Delaware County has the ability to develop the infrastructure needed. The County has a government organization that manages for the needs of over 566,000 citizens. It will need extra staff in certain departments and those have been addressed in the analysis by CGL.

- Who will oversee the functions at the facility when the subject matter experts are removed, e.g. specialized programs, administrative support, management services, etc?

RESPONSE: As part of any de-privatization process, the County will recruit a high quality team of experienced correctional administrators to manage all aspects of services provided at the facility.

Inmate Health Care:

Most, if not nearly all, private inmate health care providers today do not fully indemnify their government clients against the full cost of inmate health care. Most work on a "cost-plus" arrangement, where the actual inmate health care costs are passed through to the client, with the company charging an add-on percentage for overheads & profit. Under the county's current contract with GEO, all inmate health care costs are covered by GEO, without limit or contribution from the county. Without meaningful cost indemnification, the county would be exposed to enormous unexpected medical costs for inmates who require serious medical intervention.

- How would the county deal with any unexpected and unbudgeted inmate health care costs that are either passed on directly to the county, or for which the county would be responsible above an agreed cap?

RESPONSE: The County would handle any costs the same way virtually every county in the nation does: it will either purchase insurance (the costs of which is included in the CGL analysis) or self-insure to cover these risks. The exact level and type of coverage differs from county to county but is a common feature of county management of jail functions.

- Why didn't the county include the fact that no private inmate health care contractor will agree to such an arrangement, that most work on a cost-plus basis, where all inmate health care costs are passed on to the county, with an additional percentage charged for Contractor overheads and profits, or on a per inmate cap, where any costs incurred above the cap are to be paid entirely by the county?

RESPONSE: *The County will be developing an RFP that balances financial incentives and risk management, following the same models as used successfully by other Pennsylvania counties.*

Liability Costs Ignored:

Currently, GEO fully indemnifies and holds the county and all county officials harmless from any and all liability, claims or lawsuits related to or arising from the operation of the Jail. If the county assumes operation of the Jail, it will be responsible for any and all litigation costs and possible judgments that could be in the tens of millions of dollars.

RESPONSE: *It is incorrect that GEO pays the costs of litigation – or that any for-profit company would. Those costs are included in the GEO management fees.*

- Did the county consider the unlimited legal exposure it will be taking on when it is solely responsible for the costs of defending and paying for judgments rendered against the county arising from inmate claims and litigation?

RESPONSE: *If the jail is de-privatized, the County will deal with potential litigation the same way as literally every other Pennsylvania county which operates a jail does -- it will buy insurance and mitigate risk through among other things improved use of current technology. Insurance costs are included in the CGL analysis and there are substantial improvements proposed to GWH operations that are expected to reduce legal exposure.*

By improving operations through, among other things, increased staff retention, installation of cameras, and improvements to the facilities, the County should expect to reduce the chance that harm comes to the staff or inmates.

A program that couples self-insurance of low-level claims with comprehensive coverage of catastrophic claims will address liability issues, as has been shown by the experience of the vast majority of counties that manage their own jails. The County has skilled risk management professionals amongst its senior leaders and will have good counsel as it procures sufficient risk management coverages.

Reducing Recidivism at GW Hill:

GEO staff at GW Hill are subject matter experts in their fields and provide high quality programming to support inmates through 25 specialized programs that are not provided at this level anywhere else in Pennsylvania, including drug and alcohol abuse counseling, psychological healthcare, education (GED), life skills training, parenting, anger management, health and wellness, job training, and many others.

RESPONSE: *The current recidivism rate at the GWH Correctional Facility is above 60%. There are areas for significant improvement in programming for the GWH population and the JOB has already received considerable information on evidence-based programming that far exceeds the programming GEO currently provides.*

- How will the county maintain the same level of programs that serve almost 50,000 participants annually with a reduced workforce, no subject matter experts, and without

industry leading curriculums and guidance?

RESPONSE: This is an inaccurate characterization of de-privatization. Specialized program providers with experience in behavioral and education programming typically provide these services in jails. These providers include local social service agencies, non-for-profits, and universities.

- How does the county expect to reduce recidivism without being able to provide the same level of programming that currently exists - along with helping those fight opioid addictions, providing GEDs and job training skills? Have the costs associated with increased recidivism been considered in the county's cost-savings analysis?

RESPONSE: As part of the new effort to reduce recidivism, the CGL analysis calls for an investment of \$1.6 million in evidence-based programs on an annual basis. These programs have been proven to have a positive impact on recidivism and a positive cost-benefit.

Reducing Jail Population:

The county wants to implement prison reduction policies through the judicial branch that have no connection to whether the facility is privately or publicly-managed.

- Has the county studied other jurisdictions that pursued similar policies to reduce the prison population and the impact of these policies?

RESPONSE: The most effective way to reduce the census at GWH is to reduce recidivism. Additionally, GWH is an integral part of the criminal justice system of Delaware County. The County can better support criminal justice reforms if County officials are directly and actively involved in management of each of those criminal justice agencies and institutions under County government control.

While GEO was not permitted to participate in today's presentation, it looks forward to presenting critical information not included in this study at the next JOB meeting on April 13, 2021.

The findings of the CGL study were presented to the GEO leadership on March 31, 2021, before being shared with the public on April 1, 2021. GEO is free to forward any information to the JOB that GEO deems relevant.