GOVERNOR'S STATE CONTRACTING REFORM TASK FORCE
INDEX OF WRITTEN TESTIMONY GIVEN AT PUBLIC HEARING

August 2, 2004

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Chip Ross Council 4 AFSCME
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RICHARD BLUMENTHAL
ATTORNEY GENERAL

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Office of The Attorney General
State of Connecticut

TESTIMONY OF ATTORNEY GENERAL RICHARD BLUMENTHAL BEFORE THE GOVERNOR'S TASK FORCE ON STATE CONTRACTING REFORMS AUGUST 2, 2004

I appreciate the invitation to address this task force on state contracting abuses and personally present the 19-point program I have proposed as an initial blueprint for reform. Connecticut's reputation has been besmirched by unethical practices of more than a few governmental officials and state contractors. We can begin to restore integrity and credibility by enacting stringent ethical rules and regulations for state contracting and enforcing them vigorously and imposing tough penalties as deterrents. These measures are a vital vaccine against the virus of corruption.

For the past 18 months, my office has been conducting investigations into state contracting corruption and related issues. These investigations are ongoing and active in cooperation with state and federal criminal law enforcement agencies. My office has three objectives: uncover any and all wrongdoing, recover misspent taxpayer funds, and reform the system so the abuses stop. Our investigations have revealed powerful, persuasive evidence of pervasive, significant abuses in the current contracting system, which have led directly to waste and criminal wrongdoing.

One significant lesson is undeniable: while individual misconduct may have violated state ethical, civil and criminal laws, the contracting system is fundamentally flawed by inadequate legal safeguards against corrupt behavior, weak investigatory authority and ineffective penalties. The system's faults created fertile ground for corruption to grow and flourish. Systemic problems have helped enable wrongdoing. The problems are deep-seated, recurrent and repugnant.

In a report issued more than six months ago in January, 2004, I made recommendations for reform based on the investigative results to date. A number of these recommendations were adopted by the legislature in the last session. I commend legislative leaders and, in particular, Senator DeFronzo and Representative O'Rourke, for making substantial progress toward reform during the 2004 General Assembly session. Much more needs to be done. I urge adoption of the recommendations made in January, 2004, and others suggested in my letter to the task force of July 26, 2004. My recommendations in this testimony compile all proposals contained in both documents.

Corrupt contracting has not been conquered. Indeed, the culture of misconduct continues, seemingly unabated. Highlighting the persistent problems, just this past week, I issued a letter to the Connecticut State University System advising them to terminate a contract

that was directed to one company without the benefit of the statutorily-required competitive bidding process. I concluded that the purported agreement is null and void, and that there must be a proper, transparent and accountable process in awarding the $40 million contract.

According to findings made by my office's investigation, state employees have received personal services from private companies that do business with their state agency. In some instances, those services were furnished free or at reduced cost.

Gifts among contractors and state employees continue to raise the specter of corruption in state contracting. Public reports indicate that one contractor actually complained to a state employee's supervisor that the employee was not giving the contractor a break as expected when the gift was provided to such employee.

These instances are an illustrative sample -- not an exhaustive, complete list -- of the problems that must be decisively and promptly addressed.

I urge the committee to adopt the following recommendations - sweeping changes that strengthen integrity standards, enforcement, oversight and disclosure:

PROHIBITIONS AND DETERRENTS

- Ban all gifts to all state employees by all state contractors. A total ban on gifts between any state contractor and any state employee will send a clear and unequivocal message. No more gifts. No footnotes. No fine print. No finagling exceptions.

- Prohibit any state employee from privately doing business with anyone contracting with his state agency. A state employee who has the authority to decide who receives state agency business, or has supervisory authority over a contract, should not receive goods or services from that contractor. The appearance of impropriety alone is problematic and justifies this prohibition.

- Authorize revocation of state pension benefits for any employee who engages in criminal wrongdoing or serious violations of the State Ethics Code in connection with official duties. Any person whose corrupt practices cause harm to the state's taxpayers or cost the state money should be liable to losing his pension, in whole or in part. A corrupt state official or employee should not be entitled to an automatic pension. A court should have the authority to decide in a separate proceeding whether to suspend or revoke a state employee's pension -- with safeguards for individual rights. Under this proposal, a criminal or ethical violation must be serious, and must be linked to official duties. The court would weigh factors such as the amount of damage or cost resulting from the wrongdoing, or the impact on any spouse of the employee, when determining whether to suspend or revoke a pension, for how long and what amount. The potential loss of a state pension would be a powerful deterrent to corrupt practices. This provision is simply an extension of the Victims Recovery Act of

2001, which authorizes a court to compensate crime victims for harm or damages from proceeds of a criminally convicted defendant's federal, state or municipal pension. State taxpayers are truly the victims of state official contracting corruption.

- Authorize suspension of contractors engaged in wrongdoing related to existing state contracts. While some state contracts provide general authority to the state to suspend or revoke the contract, state law should require a specific provision in all state contracts that provides authority for the state agency to suspend or revoke such contract if the state agency determines that the contractor has violated state ethics, contracting or fraud laws.

- Establish a comprehensive binding and enforceable code of ethics for anyone conducting business with the state. During the 2004 session, the General Assembly required the State Ethics Commission to publish a summary of the state ethics in contracting laws for state contractors. However, the State Ethics Commission should have specific authority to enforce the provisions of these laws.

- Provide the Chief State's Attorney with investigatory subpoena authority. Some instances of corruption in state contracting can and should be more effectively pursued and punished through criminal prosecution. The Chief State's Attorney should have authority to effectively gather evidence concerning illegal activity in state contracting. Such authority should include safeguards to ensure protection of an individual's civil rights.

ENFORCEMENT

- Enact a False Claims Act providing for civil recovery of damages and penalties against contractors who defraud the state. The federal false claims act has been enforced successfully against contracting fraud by the federal government since the end of the Civil War. Some 20 states have adopted it, and used it effectively to recover civil remedies of penalties and monetary damages. The act should provide key civil investigatory authority to obtain treble damages and civil penalties for willfully defrauding the state. The act should also provide financial awards for people who come forward with key information about the fraud.

- Strengthen the whistleblower law to include large public works contracts. The whistleblower law applies to fraud against the state and fraud in state contracts of more than $5 million but makes an exception for public works construction contracts. Serious and significant instances of corruption have occurred in those rich and lucrative contracts. The Attorney General's investigatory authority should also be clarified to ensure that the office may subpoena all information related to a whistleblower's complaint.

- Expand protections for whistleblowers against retaliation. Many potential whistleblowers decline to volunteer or disclose information because they fear civil lawsuits or subtle forms of employment retaliation. Whistleblowers should be immune, for example, from civil liability for good faith disclosure of information -- the same protection provided to anyone who discloses in good faith incidents of child abuse or neglect.

- Authorize actions to recover damages against any contractor or state employee who improperly and intentionally reveals non-public information to bidders or others who might benefit financially. The disclosure of non-public information by state employees can lead to costly re-bidding by a state agency -- or, even worse, to an illegal undisclosed favored status for one bidder. Among the remedies, the law should impose civil liability for the costs of rebidding on any state employee who intentionally discloses such information. Potential civil remedies will serve as a strong deterrent for such illegal activity.

- Clarify that the State Ethics Commission has authority to enforce violations of the affidavit law. Public Act 04-245 requires certifications and affidavits regarding gifts to state employees. However, the new law provides neither specific remedies nor state agency enforcement authority for violations of the act. The State Ethics Commission should have primary investigatory and enforcement authority over these violations, and remedies should be made explicit.

OVERSIGHT

- Establish a permanent oversight and review board for all major state contracts. Major state contracts can involve many millions of state taxpayer dollars. A permanent oversight and review board should scrutinize and check all contracts, protecting against unilateral, improper contracting decisions by state agencies and ensuring generally that the contract terms are in the best interests of the state.

- Strengthen the State Properties Review Board to ensure appropriate oversight of all state leases and purchases. Many state leases and changes of land ownership are not submitted to the State Properties Review Board. Statutory language should be tightened to stop present exceptions from swallowing the rule.

DISCLOSURE

- Require state contractors to disclose in their affidavits all campaign contributions to candidates for state offices. Following the campaign money trail can be confusing and daunting because contributions are made by individuals and employees along with related political action committees, but recorded by the candidate, not by contributor. Contractors should disclose all campaign contributions to candidates for state offices that are made by key personnel and by

related political action committees. The information already is publicly reported. This provision would simply save agencies costly searches.

- Adopt clear and consistent procedures and standards for evaluation of bids and contractor performance. Each agency should clearly disclose how its process will evaluate bids and its expectations for contractor performance. The more documentation that is provided on contractor performance, the clearer the selection process will be.

- Require agencies to maintain complete, clear and open records concerning contractor selection, including written justification for decisions. The state legislature required formal evaluation of construction contractors on standard forms and required documentation of the selection process decision-making for design-build contracts. Such evaluation and documentation should be made uniform throughout the entire contracting process.

- Require all contractors, regardless of how large their contract, to obey laws concerning disclosure of gifts to state employees. The current threshold of $500,000 for affidavits allows too many contracts to individuals who provide gifts to state employees in the contracting agencies. The limit should be significantly lowered or eliminated altogether -- especially after July 1, 2006, when such gifts will prevent the awarding of a contract to the gift-giver.

- Extend the affidavit requirement to (1) contracts involving state receipt of payments, not just purchases of goods or services -- as when the state receives lease payments or money from the sale of state property and (2) grant contracts from state agencies and quasi-public authorities to private entities, including economic development grants. The current gift ban applies only to contracts involving state spending on goods and services. Corrupt practices may also involve the provision of state funds for economic development projects, and for the selection of individuals or entities who pay the state to lease or buy state properties. The gift affidavit and gift ban laws should be extended to include these contracts when the state receives money, or makes grants.

- Enact campaign finance reform. Corrupt state contracting practices often involve campaign contributors to state offices, in particular the governor's office. Campaign finance reform reduces the impact of money on campaigning for elective office and will diminish the financial incentive for corruption.

I commend the task force members on your dedicating their time and effort to this critical cause of restoring credibility and integrity to state contracting. I look forward to assisting the task force.

RICHARD BLUMENTHAL
ATTORNEY GENERAL

55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

August 2, 2004

Honorable M. Jodi Rell
Governor
State of Connecticut
The Capitol
Hartford, CT 06106

Dear Governor Rell:

I understand that your Office has recently established uniform guidelines for state agencies to use in the leasing of state owned residential property to state employees and others. The Department of Administrative Services was charged with overseeing this program, and is in the process of drafting a uniform lease form for use by all agencies.

Prior to your initiative, my office drafted a model lease form that complies with legal requirements for state agencies to use in the leasing and management of residential properties owned by the State. I have instructed my staff to provide Deputy DAS Commissioner Al Mazzola, who was assigned to oversee this initiative, with the lease form and any other assistance he may need to ensure that all legal requirements are met.

Please do not hesitate to contact me if you wish to discuss this further.

Sincerely,

RICHARD BLUMENTHAL

Cc: Commissioner Barbara Waters
Deputy Commissioner Al Mazzola

DWELLING LEASE

THIS LEASE, made this day of , 2004 by and between the STATE OF CONNECTICUT, acting herein by ARTHUR J. ROCQUE, JR. COMMISSIONER OF ENVIRONMENTAL PROTECTION, duly authorized under the provisions of Conn. Gen. Stat. 26-3b, hereinafter called the STATE, and _____of the Town of _____, County of _____, and State of Connecticut, hereinafter called the LESSEE.

WITNESSETH:

That for and in consideration of the rents and covenants herein reserved and contained on the part of the Lessee to be paid, performed, and observed, the State does demise and lease unto the Lessee the following described premises:

Department Of Environmental Protection Building No.:
Address:

Yard:

TO HAVE AND TO HOLD, unto the Lessee, the same premises, for a term of one year, commencing on the day of 2004 and ending on the day of 2004. To satisfy its rental obligations, the Lessee shall pay the State as follows:

_____ 2004 thru _____ 2005 $ _____Dollars per month

Notwithstanding the forgoing:

(a) Lessee shall have the right to terminate this Lease as of the first day of any month upon ninety (90) days prior written notice to the State and the State shall have the right to terminate this Lease as of the first day of any month upon ninety (90) days written notice to the Lessee for any reason.

(b) Said Lease shall also terminate under the circumstances provided for by paragraph 10 hereof or under any other provisions of this lease providing for its termination.

THE LESSEE COVENANTS AS FOLLOWS:

1. To pay the State the monthly rental as hereinbefore specified to the State of Connecticut Department of Environmental Protection ("DEP") Division of Financial Management on or before the first day of each month between 8:30 a.m. and 4:30 p.m. at 79 Elm Street, Hartford, CT 06106.

2. To perform the repairs and/or maintenance tasks, and pay such charges as hereinafter specified on Schedule D, and which is incorporated as part of this Lease.

3. To not, during said term, assign or sublet, or grant any concession or license, or assign the lease for the benefit of creditors, to use said premises or any portion thereof.

4. (a) To occupy and use the premises exclusively as a private single family residence, and neither the premises nor any part thereof shall be used at any time during the term of this Lease by the Lessee for the purpose of carrying on any non-DEP related commercial business, profession, or trade of any kind, or for any purpose other than a private single family residence.

   (b) To occupy the premises by no more than ___ persons without the prior written consent of the State.

5. (a) To do no waste.

   (b) To promptly notify the State in the event of any damage, defect or destruction to those items that are the obligation of the State to repair or replace pursuant to Paragraph 11.

   (c) To examine the premises, including the grounds and all buildings and improvements and to confirm that they are, at the time of this Lease, in good order, good repair, and in a safe, clean and tenantable condition.

   (d) To not allow any liens or encumbrances to be attached to the premises during the term of this Lease, or assign this lease for the benefit of creditor's.

6. To be responsible, pursuant to CGS 47a-7(c), for all minor maintenance/repairs (less than two hundred dollars for each single item of repair or replacement and which do not affect habitability) to the premises, as set forth in Schedule D of this lease.

7. With respect to the Lessee's conduct in relation to the Lessee's occupation of the premises, the Lessee agrees to comply with and conform to all the laws of the State of Connecticut and the bylaws, rules, ordinances and regulations of the town in which the residence is located, relating to health, nuisance, fire and highways so far as the premises herein leased are or may be concerned, and to save the State harmless from all fines, penalties and costs for violations of, or noncompliance with the same, as may be incurred as a consequence of the Lessee's acts or omissions.

8. To quit and surrender at the expiration of the term of this Lease or other termination of this Lease, the premises hereby leased, in as good a state and condition as reasonable use and wear thereof will permit, damages by the elements excepted, and subject to the provisions of Paragraph 5.

9. The State may enter the premises without the Lessee's consent in case of emergency. The State shall give the Lessee reasonable written or oral notice of its intent to enter and will enter only at reasonable times, except in case of emergency. The Lessee shall not unreasonably withhold consent to the State to enter the premises in order to inspect the premises, make necessary or agreed to repairs, alterations or improvements, supply necessary or agreed to repairs, alterations or improvements, supply necessary or agreed to services or exhibit the premises to prospective or actual purchasers, mortgages, tenants, workmen or contractors.

10. If the Lessee, or his representatives, shall neglect or fail to perform or observe any of the covenants on the part of the Lessee herein contained and such default shall continue for a period of fifteen (15) days after notice of such default to the Lessee, or if the rent shall be unpaid for a period of nine (9) days after the same shall have become due and payable as provided herein, or if the Lessee shall leave DEP employment, this lease shall immediately terminate.

THE STATE COVENANTS AS FOLLOWS:

11. Subject to the provisions of paragraph six (6) above, the Landlord covenants and agrees to be responsible for repairs required to maintain the habitability of the premises, except where the premises are intentionally rendered unfit or uninhabitable by the Lessee, a member of his family or other person on the premises with his consent, in which case such duty shall be the responsibility of the Lessee; and to maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, and ventilating systems that may exist on the premises.

THE PARTIES MUTUALLY COVENANT AND AGREE AS FOLLOWS:

12. To have good right and lawful authority to enter into this Lease, and that the Lessee, properly discharging the obligations herein set forth to be discharged, shall have and enjoy the quiet and undisturbed possession of the premises during the term of this Lease subject to the conditions set forth in this Lease.

13. That if the Lessee shall be adjudged bankrupt or insolvent according to law, the State may, at its option, terminate this Lease. The Lease shall not be assigned or be treated as an asset of Lessee, should the Lessee be adjudged bankrupt.

14. That the failure of the State to insist upon strict performance of any of the covenants or conditions of this Lease or to exercise any option herein conferred, in any one or more instances shall not be construed as a waiver or relinquishment for the future of any such covenants, conditions or options, but the same shall be and remain in full force and effect with regard to any violations thereof that had theretofore occurred.

15. The terms of Schedule E ("Dwelling Lease Modification") appended hereto are incorporated by reference herein and made a part hereof. To the extent that any provision of Schedule E is in conflict with any of the provisions of the paragraphs mentioned on pages 1, 2, and 3 of this Dwelling lease, the provisions of Schedule E shall govern. Notwithstanding the foregoing, the terms of Schedule E shall not be applicable to Schedules A, B and C appended to this Dwelling lease.

16. That at the termination of said Lease, the Lessee shall not be entitled to any relocation cost whatsoever from the State.

17. That the Lessee agrees to comply with Connecticut General Statutes Section 4a-60, nondiscrimination and affirmative action and Section 4a-60a, nondiscrimination on the basis of sexual orientation, provisions attached as Schedule A and which is hereby incorporated as part of this Lease.

18. That the Lessee shall make no alterations to the buildings on the premises or construct any building or make any other improvement on the premises without the prior written consent of the State. Any alterations, changes and improvements built, constructed, or placed on the premises by the Lessee, with the exception of fixtures removable without damage to the premises and movable personal property, shall become the property of the State, without any liability, expense or obligation to the State.

19. That the State has disclosed to the Lessee the possible presence of lead-based paint and/or lead-based paint hazards in the dwelling and that the Lessee has received the Protect Your Home Pamphlet and that both parties have completed the Disclosure Statement, attached hereto as Schedule B, and which is incorporated as part of this Lease.

20. That a copy of the Rental Inspection, the original of which is maintained by the State and a copy provided to Lessee, attached as Schedule C and which is incorporated as part of this Lease, reflects the condition of the premises at the commencement of Lessee's occupancy.

21. That should the Lessee remain in possession of the premises with the consent of the State after the expiration of the term of this Lease, a tenancy from month to month shall be created which shall be subject to all the terms and conditions of this Lease.

IN WITNESS WHEREOF, the parties have hereunto set their hands.

Signed, and Delivered
In the Presence of:

STATE OF CONNECTICUT

_____
Witness:

By: _____
Arthur J. Rocque, Jr. Commissioner
Department of Environmental Protection,
Duly Authorized

_____
Witness:

STATE OF CONNECTICUT)
) ss: Hartford
COUNTY OF HARTFORD)

The foregoing instrument was acknowledged before me this____day of_____,2004 by Arthur J. Rocque, Jr., Commissioner of The Department of Environmental Protection, State of Connecticut, on behalf of the State.

_____
Commissioner of the Superior Court
Notary Public
My Commission Expires

_____
Witness:

By:_____
Lessee:

_____
Witness:

STATE OF CONNECTICUT)
) ss:
COUNTY OF)

The foregoing instrument was acknowledged before me this____day of_____,2004

by:_____
Lessee

_____

Commissioner of the Superior Court
Notary Public
My Commission Expires

STATUTORY AUTHORITY:
Conn. Gen. Stat. 26-3b

APPROVED AS TO FORM:

_____
William B. Gundling
Associate Attorney General

Date:_____

SCHEDULE E

DWELLING LEASE MODIFICATION

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DRAFT

Examples of Schedule D Activities

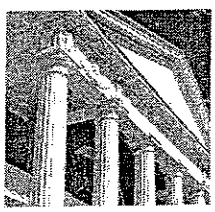
- grass cutting and trimming in lawn areas
- bush and shrub trimming
- cleaning gutters and downspouts in spring and fall
- shoveling and clearing sidewalks and driveway after snowfalls
- applying salt or sand on iced areas in walkways or driveways
- trash removal weekly or more frequently as needed
- replacing outside light bulbs when burned out
- removing potential hazards and obstacles from walkway areas
- repairing leaking faucets, toilets or shower heads
- changing screens and storm windows on timely seasonal basis
- monitoring attic areas for roof leaks or rain infiltration
- annually replacing batteries in smoke detectors
- annually, monitoring for insect and rodent infestation
- biennially, interior painting

In addition to the Schedule D list of required maintenance activities that will be included with every lease, a Schedule E (Listing of duties to be performed in-lieu of rental payments must be developed for all exempt employees who seek to earn the additional rental discount for performing such activities.

Examples of Work in Lieu of Rent Activities (exempt employees)

- snowplowing and sanding of DEP-owned facilities
- opening and closing gated entrance and exit areas
- alarm response, general security sweeps and checks
- on-site supervision and public assistance
- extreme weather monitoring of heated facility for frozen pipes, heating system malfunctions
- routine checks and monitoring of facilities for vandalism

Federal Government Contracting



Presentation to the Governor's Task Force on Contracting Reform

Chief Warrant Officer
Michael S. Mastalski

Contracting Officer
US Army, National Guard Bureau

Introduction

- Federal Employee
- 20 Years of Acquisition Experience
- Warranted to Sign Contracts with an Unlimited Dollar Amount
- Certified by DoD as Level III (Highest) in the Contracting Career Field

Contracting Reform

Key Statutes concerning the Federal Government Acquisition Process

•Ethics in Government Act of 1978: Established the Office of Government Ethics, requires filing of financial disclosure reports.
(5 U.S.C. 101-502)

Legislation

•Competition in Contracting Act of 1984:

Made full and open competition the preferred method of Government Procurement. (10 U.S.C. 2304)

Strict standards and multiple reviews of Sole-Source contracts.

Legislation

- Procurement Integrity Act of 1988:

Government employees who serve as procurement officials as defined in the Act are subject to certain prohibitions when involved in the conduct of a procurement. (41 U.S.C. 423b)

Prohibitions against seeking employment; soliciting or accepting gifts over $20; disclosing proprietary information; working for a contractor up to one year after leaving government service.

Legislation

- Defense Acquisition Workforce Improvement Act of 1990 (10 U.S.C. 87) Establishes standards for the recruitment, education, training and experience of contracting personnel. Created the Defense Acquisition University, and professionalized the Contracting job series.

Improves the quality and professionalism of the workforce. All training courses include a mandatory block of instruction on Ethics.

Contracting Reform

Federal Acquisition Reform Act of 1996: Provides for a system to determine which contractors are in a competitive range; allows excluded contractors to request a debriefing; enacts a Design-Build selection procedure.

Federal Acquisition Regulation

The FAR is the primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds. It became effective on April 1, 1984, and is issued within applicable laws under the joint authorities of the Administrator of General Services, the Secretary of Defense, and the Administrator for the National Aeronautics and Space Administration, under the broad policy guidelines of the Administrator, Office of Federal Procurement Policy, Office of Management and Budget.

Guiding Principles

1.102 -- Statement of Guiding Principles for the Federal Acquisition System.

(a) The vision for the Federal Acquisition System is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. Participants in the acquisition process should work together as a team and should be empowered to make decisions within their area of responsibility.

(b) The Federal Acquisition System will --

(1) Satisfy the customer in terms of cost, quality, and timeliness of the delivered product or service.

(2) Minimize administrative operating costs;

(3) Conduct business with integrity, fairness, and openness; and

(4) Fulfill public policy objectives.

Gifts

5 U.S.C. 7353. Gifts to Federal Employees

No member of congress or officer or employee of the executive, legislative, or judicial branch shall solicit or accept anything of value from a person-

1. Seeking official action from, doing business with, conducting activities regulated by, the individuals employing entity; OR
2. Whose interests may be substantially affected by the performance or nonperformance of the individual's official duty.

Public Trust

- (c) *Conduct business with integrity, fairness, and openness.*
- (1) An essential consideration in every aspect of the System is maintaining the public's trust. Not only must the System have integrity, but the actions of each member of the Team must reflect integrity, fairness, and openness. The foundation of integrity within the System is a competent, experienced, and well-trained, professional workforce. Accordingly, each member of the Team is responsible and accountable for the wise use of public resources as well as acting in a manner which maintains the public's trust. Fairness and openness require open communication among team members, internal and external customers, and the public.
- (2) To achieve efficient operations, the System must shift its focus from "risk avoidance" to one of "risk management." The cost to the taxpayer of attempting to eliminate all risk is prohibitive. The Executive Branch will accept and manage the risk associated with empowering local procurement officials to take independent action based on their professional judgment.
- (3) The Government shall exercise discretion, use sound business judgment, and comply with applicable laws and regulations in dealing with contractors and prospective contractors. All contractors and prospective contractors shall be treated fairly and impartially but need not be treated the same

Legislation

- 3.802 – Prohibitions.
- (a) Section 1352 of title 31, United States Code, among other things, prohibits a recipient of a Federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; or, the modification of any Federal contract, grant, loan, or cooperative agreement.
- (b) The Act also requires offerors to furnish a declaration consisting of both a certification and a disclosure. These requirements are contained in the provision at 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, and the clause at 52.203-12, Limitation on Payments to Influence Certain Federal Transactions.

Summary Principle

The foundation of integrity within the Contracting System is a competent, experienced, and well-trained, professional workforce

Federal Contracting

Questions?

Phone: 860-524-4872
FAX: 860-524-4874
Email: Michael.Mastalski@us.army.mil

New Britain City Treasurer Jason Jakubowski
Remarks before the Governor's Task Force on Contracting Reform
August 2, 2004

Thank you, Mr. Chairman, and good morning. My name is Jason Jakubowski and I am here this morning as both the Treasurer of the City of New Britain, and as state employee who manages contracts for Charter Oak State College.

First, I'd like to commend Governor Rell for putting this task force together. During this difficult time for our state, I think it's important we all remember that some of our best ethics laws have come as the result of some of our worst governmental crises. The fact that you all have dedicated your time toward helping us move in the right direction is testimony to the true character of the great state of Connecticut.

After months of watching numerous ethical lapses unfold in both the newspaper and on television, one thing is clear: The state of Connecticut absolutely must reform the way in which contracts are bid, negotiated and awarded. The work that this task force is doing is a tremendous first step toward restoring faith, once again, in the legitimacy of our contracting system.

While many speakers here today are prepared to comment on a number of different points, I would like to speak toward the issue of training. I strongly believe that whatever recommendations this Task Force submits to the

Governor and the Legislature should include some form of training program for those who deal closely with contracts.

Like any policy adopted at any level of government, the effective implementation of your proposed contract reforms will not be complete without a proper training mechanism.

In most cases, the employees who directly manage contracts are well trained and well-versed as to the dos and don'ts of developing a contract – mostly because they deal directly with the Attorney General's Office and have a relevant educational background. But, in just about every case, the employees who manage the contracts are not the employees who negotiate and award the contracts.

In my experience, the high ranking administrators that bid-out projects and negotiate contracts are not always aware of, or understanding of, the strict guidelines that govern contracting. An example of this came in January of this year, when Attorney General Blumenthal stated that his office would not approve any contract over $100,000 without gift disclosure affidavits from both the contractor and principals at the state agency. Most contract managers saw this as an appropriate, and much needed response to what was quickly becoming a statewide crisis. But many who negotiated contracts saw this as a nuisance – just more red tape to annoy our contractors. With some sort of training mechanism, though, central administrators would have had a better understanding of the new process, and a greater appreciation as to why such a change was necessary.

change assisted
+ sometimes not
adhered to

An effective contract training session could probably be completed in about half a day. Topics could include:

- Bidding – what needs to be bid, what doesn't, what procedures need to be followed, what forms need to be used.
- Negotiating – what techniques do you use to get the best deal for the state? What can and cannot be negotiated?
- Awarding – How should bids be awarded? And under what circumstances can you justify non-bid contracts?
- And Evaluating – How do I make sure this contract is suiting our agency's needs? And how do I legally cancel it if its not?

Contract training should be mandatory for all state employees who manage contracts, for all agency heads and for all central administrators at every state agency – including higher education. And because of the increasing number of high-profile contracts being awarded at the local level, I also believe that some form of contract training should be mandatory for the chief elected and/or appointed official of every Connecticut municipality.

At the very least, contract training should also be open to and available for state board and commission members, and even local elected officials. I know that when I was a member of New Britain's City Council, I was asked to vote

on hundreds of contracts and bid awards – and in the beginning, a little bit of training really would have helped.

All too often, agencies make things up as they go along – and that's where we can get into trouble. With some sort of contract training mechanism, the state can do its part toward ensuring that everyone is on the same page.

Before I conclude my remarks, I do want to put a quick plug in for one other issue that is indirectly linked to this Task Force's charge - and that's municipal ethics. Having been a local elected official for almost five years, I am aware of the vast chaos that can occur when towns have weak ethics codes, or even no ethics codes at all. We have 169 towns in Connecticut, and 169 ways to deal with ethics. That has to change. What Connecticut needs is a uniform municipal ethics code. From defining unethical behavior, to ensuring that each municipality has an apolitical ethics commission with real enforcement power, this is one instance in which the state needs to step up to the plate.

Once again, I'd like to thank the members of this task force for hearing my testimony this morning, and for your service to our state. I am confident that your findings will go a long way towards setting Connecticut down the right path for many years to come. Thank you.

TESTIMONY OF RAYMOND P. PECH
INTERIM EXECUTIVE DIRECTOR – CHRO
before the
GOVERNOR'S TASK FORCE ON CONTRACTING REFORM

Good morning. I want to thank Senator Defronzo, Commissioner Fleming and the entire Task Force for the opportunity to speak to you briefly today.

Task Force's charge:

- Reviewing and recommending improvements in the procedures used by the state to purchase goods and services.
- Review the entire scope of state purchasing, including contracts for construction and the purchase of goods and services.
- The state has obligations, related to providing equal opportunity in its construction contracts and its purchase of goods and services.
- We urge the Task Force, as part of this process, to reinforce this commitment by assuring that equal opportunity in Connecticut's contracting and purchase agreements is a more integral part of the process.

Last year, the legislature passed statutes related to the "pre-qualification" of prospective bidders on state construction contracts. Part of the pre-qualification of such contractors in the future will be a summary from the CHRO regarding complaints that may have been filed with the Commission against the prospective bidder. Currently, once a contractor is selected, our laws require that the contractor file an affirmative action plan for approval by the Commission.

- We ask the Task Force to consider recommending the submission of an affirmative action plan, for Commission approval, prior to the awarding of the contract, rather than as an afterthought, after the contract has been awarded.
- We would also ask that this task force recommend removing that exemption for those contracts which, while entered into by municipalities, are actually funded, in whole or in the majority, by the state.

The Commission is also responsible for monitoring the state's compliance with small business enterprise and minority and women owned business statutes (CGS § 4a-60g).

- We ask that the Task Force consider adopting the recommendations made to the legislature in the Commission's most recent annual report on these laws.
- The Commission stands ready to assist the work of the Task Force as necessary.

In the end, a company's employment practices are just as much of an ethical concern as is the openness of its business practices.

ANNUAL REPORT to the CONNECTICUT LEGISLATURE

Fiscal Year 2002 / 2003

CONTRACT COMPLIANCE

SMALL & MINORITY/WOMEN BUSINESS UTILIZATION

Regarding:

Small Businesses
Women-owned Businesses
Minority-owned Businesses

Presented by the Connecticut
Commission on Human Rights and Opportunities

May 2004

EXECUTIVE SUMMARY

The Connecticut Commission on Human Rights and Opportunities is responsible for reviewing, monitoring, and enforcing the state's equal opportunity and contract compliance laws. These laws apply to all state agencies and political subdivisions of the state, other than municipalities, and to all contractors, including subcontractors and suppliers to contractors, who do business with the State of Connecticut. The Commission on Human Rights and Opportunities also has the responsibility, pursuant to CGS §46a-56(a)(6), to report to the legislature on an annual basis about the level of the participation of minority and women-owned businesses that has occurred on state contracts as a result of the state's affirmative procurement requirements.

State agencies and political subdivisions of the state other than municipalities are responsible for implementing state laws that require utilization of affirmative procurement programs. These are the Contract Compliance Law and the Set-Aside Program for Small Contractors, Minority Business Enterprises, Individuals with a Disability, and Nonprofit Corporations Law.

These laws were enacted by the legislature to provide economic development and business growth opportunities *for state based small contractors and for minority and women owned businesses* through the use of state contracts. These business growth opportunities will only occur when each state agency and political subdivision of the state effectively implements these laws.

A review of the information submitted by each state agency to comply with the above laws revealed the following purchasing and contracting results for small contractors and minority and women-owned businesses for fiscal year 2002/2003.

Fiscal Year 2002/2003 Contracting Results

A) Total Reported State Purchasing Results

1. Total state agency purchasing and contracting for the year was $1,696,587,051. Dollars recorded for Minority (MBE) and Women (WBE) business enterprises from that total were $51,257,675 or 3.0%. The percentage of dollars recorded for MBE and WBE for this year was found to be 53% lower than the percentage reported for fiscal year 2000/2001.
2. The Departments of Public Works and Transportation, as well as UConn, account for the majority of state funded expenditures for construction. These agencies reported construction expenditures totaling $116,596,955. This represents 7% of total state spending. MBE and WBE participation within that total was $16,319,177 (14%). Of that amount, $3,986,087 (3.4%) was with MBE contractors and $12,333,090 (10.6%) was with WBE contractors.
3. State agency purchasing and contracting for supplies and services was $1,579,990,096. This represents 93% of total state spending. MBE and WBE participation within that total was $34,938,498 (2.2%). Of that amount, $9,868,405 (0.6%) was with MBE contractors and $25,070,093 (1.6%) was with WBE contractors.
4. While construction expenditures accounted for only 7% of state spending, 32% of all dollars recorded for MBE and WBE were in this category.

B) Small Contractor and Minority Business Enterprise Set-Aside Program Purchasing Results

5. As of December 2003, 2,231 companies were certified by the state as eligible "set-aside" contractors. This total represents an increase of 665 (or 42%) from the total number reported for 1998.
6. The collective goal for small business enterprise (SBE) spending was $184,210,608. State agencies achieved 53% of that goal by spending only $97,339,124 with SBE.
7. Included within the SBE goal was $46,302,846 for M/WBE. State agencies achieved only 85% of that goal by spending only $39,582,112 with M/WBE.
8. Twenty-five state (25) agencies reported achieving both their SBE and M/WBE spending goals. Twenty-three (23) state agencies were not able to achieve either goal.

RECOMMENDATIONS

Recognizing the economic development and small business growth potential of state contracting, the Commission on Human Rights and Opportunities submits the following recommendations to the state legislature for its considered review to further support the growth and development of state based small businesses and minority business enterprises within the State of Connecticut.

(I) The Commission recommends that a significant public outreach campaign be implemented to market the potential for business growth and development that may be realized through the Small Business Set-Aside Program and Contract Compliance Program laws as a means to increase the number of state certified contractors.

State agencies on average spend $2.0 billion dollars each year. Pending state commitments to improve educational institutions at all levels, support rejuvenation of state urban centers, and promote private sector business development through state bonding, loans and grants will continue to inject significant dollars into the Connecticut

economy during the next several years. Effectively implemented, the state laws requiring the Small Business Set-Aside Program and the Contract Compliance Program can provide significant economic development potential for state based small contractors and minority/women owned businesses.

The current listing of state certified set-aside companies totals only 2,231. DAS reports that a limited number of certified companies now receive the great majority of state "set-aside' spending. Prior reports by the Commission have indicated that 28% of certified companies report prior year gross revenues of less than $250,000. Of particular concern is that 45% of all companies identified as being owned by racial and/or ethnic minority persons and 36% of all companies owned by women are in this category of prior year gross sales of less than $250,000. These findings are of significant concern for three (3) reasons.

1) The total number of certified companies is not in all likelihood representative of the available and otherwise eligible companies within the state.
2) The large number of certified companies with prior year gross revenues of less than $250,000 indicates that these companies will be limited in the number of state contracts for which they can successfully compete.

3) Unless the number of state certified contractors is increased, there does not appear to be a sufficient number of companies to fully take advantage of the upcoming state contracting and development opportunities subject to the Small Contractors "set aside" Program Law.

(II) The Commission recommends that DAS initiate a major effort with all state agencies to direct non competitive purchasing opportunities to the 28% of certified companies reporting prior year gross revenues of less than $250,000.

DAS reports that a limited number of certified companies now receive the great majority of state "set-aside" spending. When initially passed, the Small Business Set-

Aside Program was limited to companies with prior year gross earnings of $1.5 million. The gross earning level for companies to participate is now $10 million. The CORE CT financial system now provides a means for DAS to further analyze state procurement to identify which "set-aside" contractors by S/MBE type and company size (as determined by prior year gross revenues shown at time of certification) now receive the benefits of the program. Support to the 28% of very small certified contractors through state purchasing dollars can be instrumental in their business growth and survival.

(III) The Commission recommends that state agencies increase their efforts to include businesses owned by minority persons and women in supply and service contracting opportunities.

A disproportionate amount of the total dollars received by minority and women business owners are in the construction category. While construction expenditures account for only 5.5% of total state spending, 31% of all contract dollars reported for minority and women business owners are in this category.

DAS has established a "Buy Smart" program to provide contract opportunities for SBE and MBE contractors in the state's major buying categories that will support this effort.

(IV) The Commission recommends that the Administrative Regulations authorized by CGS § 4a-60h, to carry out the Small Business Set-Aside Program Law be completed as a priority task by the Department of Administrative Services.

The Small Contractors Program Law was originally passed in 1976. The written administrative regulations to provide guidance to staff and business owners have now been drafted, but not finalized. The final adoption of the administrative regulations will provide the means to ensure that:

1) the benefits of the Small Business Set-Aside Program Law are directed to certified small contractors and minority business enterprises as intended by the legislature;

2) the integrity of the program is maintained by assuring that only qualified companies participate on state contracts as "set-aside" contractors;

3) information about procedures related to bonding alternatives on contracts awarded as "set-aside" contracts is made available;

4) the participation of small contractors and minority business enterprises on state contracts is real and meaningful; and,

5) the program is effectively monitored and enforced.

(V) ***The Commission recommends that a formal opinion from the Office of the Attorney General be obtained to clarify what agencies are included within the definition of "political subdivisions of the state other than municipalities" for purpose of the Contract Compliance law and the Small Business Set-Aside program law.***

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Connecticut Nonprofit Human Services Cabinet

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Connecticut AIDS Residence Coalition

Connecticut Association for Community Action

Connecticut Association for Human Services

Connecticut Association For United Spanish Action

Connecticut Association of Nonprofits

Connecticut Coalition Against Domestic Violence

Connecticut Community Providers Association

Connecticut Consortium of Legal Services

Connecticut Council of Family Services Agencies

Connecticut Institute For the Blind

Connecticut Primary Care Association

Connecticut Sexual Assault Crisis Services

Easter Seals Connecticut

End Hunger Connecticut!

Human Services Council

Planned Parenthood of Connecticut

The Connection, Inc.

United Way of Connecticut

Wheeler Clinic

YWCA of the Hartford Region

Testimony to the Governor's Task Force on Contracting Reform
Re: State Contracting and Procurement Reforms
Submitted by Lisa Holden, Connecticut Coalition Against Domestic Violence
on behalf of the Connecticut Nonprofit Human Services Cabinet
August 2, 2004

Good morning, Senator DeFronzo and Commissioner Fleming and members of the Governor's Task Force on Contracting Reform. My name is Lisa Holden, and I am the Executive Director of the Connecticut Coalition Against Domestic Violence. Today I am testifying as a member of the Connecticut Nonprofit Human Services Cabinet, a statewide coalition of 22 nonprofit human service associations representing diverse providers and clients across the state. The Nonprofit Cabinet seeks to strengthen and unify the human services network and to protect the integrity of the human services delivery system.

The Nonprofit Cabinet commends Governor Rell for addressing integrity in the state contracting process by establishing this Task Force. The Nonprofit Cabinet fully supports the charge of this Task Force, which is to ensure that the state contracting process is held up to the highest standards of ethics and integrity. The values identified by the Task Force – level playing field, transparency, best practices, checks and balances, and service – are values the nonprofit sector believes in and adheres to in its contracting relationship with the state of Connecticut.

The Nonprofit Cabinet believes in the overarching themes of this Task Force: clean bidding, selection and performance evaluation process; binding and enforceable code of ethics; oversight of major state contracts; adherence to disclosure of gifts; and vehicles to penalize wrong doing. The nonprofit community has always held itself to high ethical standards, and will welcome clear and consistent contracting requirements to ensure all entities contracting with the state are held accountable. Logical and meaningful reforms to the state contracting process will level the playing field and lead to better quality projects, programs, and services. We ask that you keep in mind the limited resources of the human services community. An increase in documentation, compliance, and reporting takes time and money, and we request that this be taken in consideration as the Task Force works through this process.

Testimony to the Human Services Committee
Submitted by The Governor's Task Force on Contracting Reform

The Nonprofit Cabinet has worked for many years with the Office of Policy & Management to improve the contracting process between human service providers and the state. Some improvements have been achieved, though much work remains to be done. The Nonprofit Cabinet is participating with OPM and state agencies to address contracting issues that will benefit both the providers and the state. The key issues are timely payments; prospective pricing, multi-year contracts, more uniformity and streamlining in contracts, agency policy compliance, and uniform cost accounting standards. For the record, I am submitting a description of these key issues that were presented to the Operation ACE Task Force, all of which were incorporated into the Operation ACE report. OPM Secretary Marc Ryan has also indicated he supports these issues and plans to address them in the work that lies ahead between providers, OPM, and state agencies.

The Nonprofit Cabinet hopes that the work of the Task Force is productive and leads to meaningful reform. We wish you well in your ambitious endeavor.

To: Operation ACE
From: Nonprofit Human Services Cabinet
Date: November 19, 2003
Re: Purchase of Service

Purchase of Service: Priority Issues

Timely Payments

Timely contract and timely payments create a stable and predictable revenue stream for state-funded providers, and thereby, promote efficiencies and quality assurance within the nonprofit organization. While timely payments have improved in recent years, there is still room for improvement, particularly with the Department of Social Services and Court Support Services Division (which is not a POS agency).

Delayed Payments – Lines of Credit

Delays in contract payments, as a result of a delayed state budget vote, has forced nonprofits to seek lines of credit to pay basic operating expenses, i.e. payroll, rent, utilities, supplies, etc. Moreover, the state does not reimburse the nonprofit for interest accrued from the loan. The delayed budget votes in the past few years have put several nonprofits' viability in jeopardy. A state no-interest revolving loan fund would be one way to rectify this situation.

Prospective Pricing

Prospective Pricing offers government a simple, efficient way to purchase services from nonprofit providers while retaining accountability for results and control over price. Under this model, a nonprofit provider bids for a contract, and the State issues the contract at a set price. The provider is under contract to deliver the agree-upon service at the set price. If the provider meets contract performance benchmarks and spends less than the contracted price, the provider keeps the rest of the contract amount. Conversely, if the provider spends more than the contracted price in order to meet performance benchmarks, the provider absorbs the extra cost. This model reduces the need for state agencies to constantly monitor costs, budget changes, and contract amendments. In turn, state agencies have more time to engage in quality assurance and outcome evaluation activities.

Multi-Year Contracts

The current practice of issuing single-year contracts is expensive, time-consuming, duplicative, and inefficient. Most contracts have a one-year duration even though they are for services within the same agency that span for several years. One-year contracts necessitate excess state agency and nonprofit staff to process paperwork, review contracts, etc. This staff time would be far better spent reviewing performance measures, evaluating outcomes, and conducting quality assurance activities. Multi-year contracts promote stability and consistency in program delivery and allow the nonprofit provider to build and sustain a high-quality service program.

Streamlined Contracts
No two agencies use the same contract form, language, criteria, indirect cost structure, etc. Many nonprofit providers contract with two or more state agencies, and in some cases, one single service program may be funded by several agencies. The lack of uniformity in contracts creates inefficiencies and inconsistency in managing state contracts and implementing program services. Increased uniformity in contracts with state-funded providers would benefit everyone: the state agency, nonprofit provider, and client.

Agency Policy Compliance – Specificity Within Contracts
State agencies require nonprofit providers to comply with agency policies as part of the contract agreement. Often, contracts generally refer to agency policies, but do not indicate specific policies that must be adhered to. Including specific language within the contract would clarify contract requirements and eliminate confusion or misunderstandings.

Uniform Cost Accounting Standards
P.A. 125 directs the Office of Policy & Management to establish uniform cost accounting standards agency-wide. To date, OPM has not undertaken this project. Uniform cost accounting standards would result in consistency and efficiency in state-funded provider contracts, and eliminate confusion and contradictions in situation where nonprofit provider contract with more than one state agency.

Connecticut Nonprofit Human Services Cabinet

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Easter Seals Connecticut

End Hunger Connecticut!

Human Services Council

Planned Parenthood of Connecticut

The Connection, Inc.

United Way of Connecticut

Wheeler Clinic

ᵓWCA of the Hartford Region

Testimony to Operation ACE (Accountability, Creativity, and Efficiency)
Re: Purchase of Services Contracts Between State Agencies & Human Service Providers
Submitted by Maggie Adair, Project Director
Connecticut Nonprofit Human Services Cabinet
October 15, 2003

My name is Maggie Adair and I am Project Director of the Connecticut Nonprofit Human Services Cabinet. The Nonprofit Cabinet is a statewide coalition of 21 nonprofit human services associations representing a broad spectrum of human service providers. Established in 1989, the Nonprofit Cabinet serves as a bridge between nonprofit providers and state leaders to ensure that critically needed human services are delivered to our citizens.

I am here today to testify on Connecticut's purchase of service system in which state agencies contract for services with nonprofit human service providers. The Purchase of Service system was designed to provide quality care and services through a community-based model. Nonprofit human service providers provide services to thousands of individuals, both youth and adults, in a community-based setting, who otherwise would have been institutionalized or incarcerated without these community services.

Unfortunately, Connecticut's system for purchasing human services is in need of an overhaul. The current purchase of service system results in duplication of effort, overuse of scarce staffing resources, and inefficient operations. Human services in Connecticut are provided by agencies, each with its own funding sources, service methodologies, contract processes, and provider relationships. Due to the lack of standardization among state agency contracts, policies, and procedures, nonprofit human service providers spend immense amounts of time, staff and resources complying with a variety of purchase of service systems in place. One single provider may receive funds from four state agencies, and therefore, comply with four different sets of requirements, forms, accounting procedures, reporting mechanisms, and deadlines. Program implementation and operations are often made difficult by conflicting contract requirements between different state agencies funding the same human service provider. All of these issues take a toll on state agency contract personnel, who are burdened with processing the numerous forms, agreements, and reports for each contracted provider.

Testimony to Operation ACE
Submitted by the Connecticut Nonprofit Human Services Cabinet

Amidst the ongoing state budget crisis, state agencies and nonprofit human service providers need to allocate as many resources as possible to program service delivery, outcome measurement, and program evaluation. Connecticut is making progress on integrating care for clients by coordinating services provided to one client through several agencies. A more coordinated and standardized purchase of service system would fit well with the goals of an integrated care model. The bottom line is providing quality care to our citizens. The reforms to the purchase of service system that we are advocating will benefit clients, state agencies and their partners, human service providers. We urge Operation ACE to include in its final recommendations the need to examine and change the way the State contracts with nonprofit providers.

As you are aware, the purchase of service issue has a long history. A Purchase of Service Task Force was one component of the work of the Hull-Harper Commission. Ron Cretaro, Executive Director of the CT Association of Nonprofits and an Executive Committee member of the Nonprofit Cabinet, served on the Hull-Harper Commission and the Purchase of Service Task Force. Since that time, he and several other Nonprofit Cabinet members have worked diligently on the POS Project, and while some steps forward have been taken, progress in large part has been slow, creating frustration on the part of human service providers.

The Office of Policy & Management, the lead agency overseeing the POS Project, is the critical piece to making meaningful and cost-efficient changes to the state contracting process. A variety of factors have impeded movement: OPM did not designate the POS Project as a high priority; state agencies often were unwilling to consider changing their purchase of service policies and procedures; and OPM did not have the authority to require state agency compliance.

Recognizing these barriers, the Nonprofit Cabinet submitted legislation in 2001 and 2003 regarding purchase of service. The first piece of legislation made it to the House Calendar, but died upon referral to Appropriations. The most recent legislation, House Bill 6656, "An Act Concerning Contracts Between State Agencies and Nonprofit Human Service Providers," sought to create a framework around which nonprofit providers and state agencies could work together to streamline and increase efficiencies in the purchase of service and reporting process. Once again, the bill made it to the House Calendar, but died upon referral to Appropriations.

Testimony to Operation ACE
Submitted by the Connecticut Nonprofit Human Services Cabinet

The Nonprofit Cabinet urges Operation ACE to take a hard look at Connecticut's purchase of service system and the need to make logical changes that will save money and time, and thereby redirect resources to program quality, measurement, evaluation, and accountability. Is Connecticut getting a fair return on its investment in purchase of services? Are we using our resources in the best way to ensure client needs are met? We are glad to provide you with additional information and serve as a resource for you on this issue.

As part of this testimony, I have submitted a fact sheet about the Nonprofit Cabinet; a background paper on the Cabinet's purchase of service efforts; the Nonprofit Cabinet's summary position on purchase of service; House Bill 6656; and testimony to the GAE Committee. I have also included a recently published report from the Massachusetts Taypayers Foundation and the Massachusetts Council of Human Service Providers. This report is entitled "Reforming the Commonwealth's $2 Billion Purchase of Human Services: Meeting the Promise for Clients and Taxpayers." Though the Nonprofit Cabinet does not necessarily support the entirety of recommendations in the Massachusetts report and recognizes that Connecticut's situation and issues may be different, it underscores the need for Connecticut to undertake a comprehensive examination of the purchase of service system in place, develop policy recommendations, and implement changes that make practical sense for the state, the human service provider community, and the clients it serves.

Thank you for allowing me to speak before you today. We are hopeful that Operation ACE will be successful in its efforts to bring accountability, creativity and efficiency in state government operations to a level of discussion that will lead to meaningful and productive reform.

Purchase of Service With Nonprofit Human Service Providers
Background Information

Provided by Maggie Adair, Project Director
Connecticut Nonprofit Human Services Cabinet

Intent of Purchase of Service Legislation
In the 2003 Legislative Session, The Connecticut Nonprofit Human Services Cabinet submitted legislation to the GAE Committee concerning purchase of service contracts between state agencies and nonprofit providers. Raised Bill 6656, "An Act Concerning Contracts Between State Agencies and Nonprofit Human Service Providers," was voted unanimously out of the GAE Committee, but never made it to the House Floor. The legislation sought to improve the purchase of services from nonprofit human service providers by Connecticut state agencies by:

a) reducing the cost of the purchasing process for both the nonprofit human service provider and state agencies;
b) streamlining the purchase of service and reporting process, thus saving time and money for both the nonprofit human service provider and state agencies;
c) strengthening the financial stability of nonprofit human service providers by creating a more consistent, predictable and timely purchase of service system;
d) increasing the accountability of nonprofit human service providers to state agencies for producing measurable and positive outcome.

Due to the lack of standardization among state agency contracts, policies, and procedures, nonprofit human service providers spend immense amounts of time, staff and resources complying with the variety of purchase of service systems currently in place. One single provider may receive funds from four state agencies, and therefore, comply with four different sets of requirements, forms, accounting policies, reporting mechanisms, and deadlines. Program implementation and operations are often made difficult by conflicting contract requirements between different state agencies funding the same nonprofit human service provider.

The current purchase of service system results in duplication of effort, the use of scarce staffing resources, and inefficient operations. Amidst the current state budget crisis and program cuts, nonprofit human service providers need to allocate as many resources as possible to program service delivery, outcome measurement, and program evaluation.

Service Provider Network Task Force
The genesis of efforts to improve the purchase of service system in Connecticut came out of Public Act 91-3 that required the Commission to Effect Government Reorganization to determine whether cost-savings and reduced work hours could be achieved by nonprofit human service providers and the State in purchase of service activities. The Commission established the Service Provider Network Task Force to conduct this study.

The Task Force issued its findings and recommendations on February 18, 1992. The Task Force outlined four goals to guide the State's purchase of service system, which reads as follows:

- increase efficiency in the state's overall system (as opposed to an individual agency's system) for purchasing human services;
- increase efficiency in the operation of private service provider agencies;
- develop the state's capacity to analyze conditions in the purchase of service market and formulate policies accordingly, and
- shift emphasis of the state's administrative efforts from a detailed analysis of providers' operating costs to evaluating the relationship between costs and the quality of services delivered.

The Task Force approved nine recommendations. These recommendations, taken in whole, call for the Secretary of OPM to:

- indicate in statute that the State will standardize procedures for obtaining, maintaining and evaluating contracts with nonprofit human service providers;
- develop policies and standardize procedures across state agencies;
- monitor and enforce compliance across state agencies;
- establish a function within OPM to oversee purchase of service;
- develop standards to allow state agencies to enter into multi-year contracts with nonprofit human service providers;
- study the condition of the State's purchase of service system and issue a report every two years.

The Task Force intended the recommendations to apply to: the Connecticut Alcohol and Drug Abuse Commission; the Judicial Department; Department of Aging; Children and Youth Services; Correction; Health Services; Housing; Human Resources; Income Maintenance; Mental Health; and Mental Retardation. In 2003, agencies under POS are: Department of Mental Health & Addiction Services; Department of Children & Families; Department of Public Health; Department of Social Services; Department of Mental Retardation; and Department of Corrections. The Judicial Branch currently is not a POS agency.

Public Act No. 92-123

Following the report, Public Act No. 92-123, "An Act Implementing the Recommendations of the Commissioner to Effect Government Reorganization Concerning Service Providers," was passed in 1992. This legislation required that the recommendations of the Task Force be implemented.

Initial Steps and Progress

Following passage of P.A. 92-123, efforts were launched to establish a working relationship between human service providers and OPM to work on the "Purchase of Service (POS) Project." The Nonprofit Cabinet, a statewide coalition comprised of nonprofit human service associations, took the lead on the Purchase of Service Project. The Cabinet POS Team has been meeting with OPM since 1993.

While some steps forward have been taken, progress in large part has been slow, creating frustration on the part of human service providers. In April 1996, the POS Project created a statewide standardized contract Part I, which covered all human service contracts.

Since 1996, little progress has been made with OPM on the POS Project, despite countless hours of meetings, presentations, discussions and debates. The standardization

of Part I is acknowledged as a significant first step. Far more, however, needs to be done to address significant problems in the state's purchase of service system, which results in unnecessary inefficiencies and costs to nonprofit human service providers and state agencies.

2001 Purchase of Service Legislation – H.B. 6849

In its effort to revive the POS Project, the Nonprofit Cabinet in 2001 submitted legislation pertaining to improvement of the Purchase of Service Project. The legislation made it to the House Calendar, but ultimately died in Appropriations. That legislation, though different from the current proposed bill, was based on the same premise that Connecticut's purchase of service system wastes unneeded dollars and resources.

Since the 2001 legislation, the Cabinet continued efforts to work with OPM to move forward on the POS Project. Progress, however, has been minimal. A variety of factors impeded movement forward: OPM did not designate the POS Project as a high priority; state agencies often were unwilling to consider changing their purchase of service policies and procedures; and OPM did not have the authority to require state agency compliance.

Progress in addressing purchase of service issues within the Judicial Branch and the CSSD of the Judicial Branch has been even more minimal. The Judicial Branch and the CSSD of the Judicial Branch are not categorized as a POS agency, despite the recommendations of the 1992 Task Force to include the Judicial Department. Because Judicial does not consider itself a POS agency, efforts by human service providers to negotiate reasonable changes to the contract process have been very difficult. A significant number of nonprofit human service providers are impacted - the Judicial Branch of CSSD has 154 individual contracts with nonprofit providers, amounting to $30.6 million in adult services and $18.9 million in juvenile services.

Movement Forward with OPM

In early 2002, OPM Undersecretary John Mengacci indicated interest in re-opening discussions around purchase of service issues. The Nonprofit Cabinet responded with a framework of discussion. OPM did not respond; it is unclear if the lack of response was intended or due to other competing issues, such as state budget negotiations.

In the Fall of 2002, the Nonprofit Cabinet contacted Undersecretary Mengacci again, who was open to meet and revive purchase of service discussions. Since then, the Nonprofit Cabinet has met numerous times with OPM staff to create a framework on purchase of service issues. Immediate issues identified are: further standardization of Part I; uniform statewide cost accounting procedures; and standardization of policies and procedures regarding HIPAA (Health Insurance Portability and Accountability Act).

OPM and the Cabinet worked productively in the winter of 2003 on addressing the HIPAA issues, including joint meetings between OPM, the Cabinet, the AG's Office, and state agency HIPAA coordinators. This progress may be, in part, due to the pressing April 14, 2003 privacy deadline required under the federal HIPAA legislation.

Apart from HIPAA, however, significant barriers have been identified to making improvements in efficiency and reducing costs to the state purchase of service system:

- Lack of authority on the part of OPM to establish statewide uniform policies and procedures.
- Lack of authority on the part of OPM to enforce compliance of statewide uniform policies and procedures among state agencies.
- Lack of support and resources for OPM to coordinate and follow through on the POS Project.

The efforts and time spent by Undersecretary Mengacci on HIPAA demonstrated OPM's openness to improve the State's purchase of service system. Since that time, the POS Project has been transferred out of Undersecretary Mengacci's purview to Undersecretary Brian Mattiello. The Nonprofit Cabinet met in the summer of 2003 with Undersecretary Mattiello to discuss purchase of service issues. No progress was made. Undersecretary Mattiello has since been moved to the Governor's Office.

Operation ACE

In the fall of 2003, the Nonprofit Cabinet met with staff working on the Operation ACE Task Force project and presented its key priorities for purchase of service reform. The Nonprofit Cabinet testified before Operation ACE on October 15, 2003. All of the priorities identified by the Nonprofit Cabinet were incorporated into the final Operation ACE report. These issues are: timely payments; prospective pricing; multi-year contracts; streamlined contracts; reduction in time-consuming reporting requirements; and uniform cost accounting. The ACE report also recommended a no-interest revolving fund account to alleviate pressures in the event of delayed state payments. The Nonprofit Cabinet supports this concept.

Secretary Ryan's POS Initiative

The Nonprofit Cabinet met with OPM Secretary Marc Ryan in the spring of 2004 to discuss the possibility of launching POS reform. Secretary Ryan said he supports the key priorities identified in the Operation ACE report and intends to launch an initiative with the Cabinet POS Workgroup, OPM, and state agencies. State agencies have already met twice to discuss POS priorities, and identified surplus retention (prospective pricing), multi-year contracts, and uniform cost accounting as the first issues to address.

To date, no further progress has been made. OPM Undersecretary Philip Smith, who is spearheading this initiative, indicated progress would begin sometime in August 2004. The Nonprofit Cabinet looks forward to working with OPM and the state agencies to make meaningful changes to the contracting process that benefits both human service providers and the state.

Purchase of Service With Nonprofit Human Service Providers
Summary Position

- The Connecticut Nonprofit Human Services Cabinet seeks passage of legislation to improve the purchase of human services by state agencies of the State of Connecticut by:
  a) reducing the cost of the purchasing process for both nonprofit human service providers and the state agencies;
  b) streamlining the purchase of service and reporting process, thus saving time and money for both providers and state agencies;
  c) strengthening the financial stability of state-funded human service providers by creating a more consistent and predictable purchase of service system;
  d) increasing the accountability of nonprofit human service providers to state agencies for producing measurable and positive outcomes.

- Due to lack of standardization among state agency contracts, policies, and procedures, nonprofit human services providers spend immense amounts of time, staff, and resources to comply with the variety of purchase of service systems currently in place. Amidst the current budget crisis and program cuts, nonprofit human service providers need to allocate as many resources as possible to program service delivery, outcome measurement, and program evaluation.

- In 1992, the Service Provider Network Task Force issued recommendations that called for OPM to develop agency-wide standardized policies and procedures for state-funded contractors, and to enforce compliance of such policies and procedures.

- Progress on this effort has been slow, in part, because OPM has not been given appropriate resources and authority to ensure that the Task Force recommendations were implemented and enforced.

- The lack of uniformity among state agency contracts does not make good management nor fiscal sense. Unifying, streamlining and simplifying the state contracting process would save scarce dollars and staff time for the State and its nonprofit providers.

- State agencies that would be affected by this legislation are: DSS, DCF, DPH, DMR, DHMAS, and DOC. The legislation seeks to include the Judicial Branch as part of this legislation, because the Court Support Services Division of the Judicial Branch holds many contracts with providers.

- The proposed legislation calls for OPM and the Nonprofit Cabinet to
  a) Establish efficient, fair and equitable terms and conditions of contracts for human services between state agencies and nonprofit human service providers
  b) Establish efficient, fair, and equitable financial measures and financial reporting systems applicable to such contracts;
  c) Establish efficient, fair and equitable performance guidelines for the State and for nonprofit human service providers to measure performance outcomes of such contracts.
  d) Establish all of the above with as much uniformity as possible given the sources of funds, statutes, regulations, and variations or program models.
  e) Establish an efficient, fair and equitable system for revising such contracts.

- The Nonprofit Human Services urges passage of this legislation, which will result in increased standardization, elimination of unnecessary paperwork, and yield cost-savings that can be better used for direct service within our communities.

General Assembly

January Session, 2003

File No. 516

House Bill No. 6656

House of Representatives, April 23, 2003

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING CONTRACTS BETWEEN STATE AGENCIES AND NONPROFIT HUMAN SERVICE PROVIDERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2003*) As used in sections 1 to 7, inclusive, of this act:
(1) "Human services contract" means an agreement between a state agency and a nonprofit organization under which the nonprofit organization agrees to provide or arrange for the provision of human services;
(2) "Human services" has the same meaning as "human services", as defined in section 4b-31 of the general statutes;
(3) "Nonprofit organization" means an organization that is incorporated under the laws of the state of Connecticut and is exempt from federal income taxation pursuant to Section 501 (c) (3) of the Internal Revenue Code of 1986, or any corresponding internal revenue code of the United States, as from time to time amended;
(4) "Provider" means a nonprofit organization that has an existing human services contract with a state agency;
(5) "State agency" means any department or agency of the state of Connecticut and includes, but is not limited to, the Judicial Branch and the Judicial Branch Court Support Services Division.
Sec. 2. (NEW) (*Effective July 1, 2003*) Not later than ____, the department head of each state agency shall designate a purchase of service officer with respect to human services contracts. The purchase of service officer shall represent the state agency on the Purchase of Service Advisory Group established in section 3 of this act.
Sec. 3. (NEW) (*Effective July 1, 2003*) (a) There is established a Purchase of Service Advisory Group which shall consist of the representatives designated pursuant to section 2 of this act and representatives of various nonprofit organizations that have a human services contract. The representatives of nonprofit organizations shall be

designated by ____. The Purchase of Service Advisory Group shall select two cochairpersons from among its members, one of whom shall be a purchase of service officer and the other who shall be a representative of a nonprofit organization.
(b) The responsibilities of the Purchase of Service Advisory Group shall include, but not be limited to:
(1) Conducting informational forums;
(2) Reviewing laws and policies that affect human services contracts;
(3) Reviewing contracting processes, procedures and timelines;
(4) Reviewing compliance with, and the language of, human services contracts;
(5) Reviewing performance outcome standards and measures related to human services contracts;
(6) Reviewing financial and cost accounting principles related to human services contracts;
(7) Reviewing reporting and data collection requirements related to human services contracts;
(8) Developing recommendations for the modification of purchase of services processes and practices for each state agency; and
(9) Submitting the recommendations developed pursuant to subdivision (8) of this section to the Secretary of the Office of Policy and Management not later than November 30, 2003, and annually thereafter.
(c) At least once every twelve months, the chairpersons shall schedule a meeting and invite the department head from each state agency that has a human services contract in order to review the accomplishments and progress from the preceding year and develop goals and set an agenda for the next year.
Sec. 4. (NEW) (*Effective July 1, 2003*) (a) There is established a Human Services Contract Compliance Unit within the Office of Policy and Management. The Secretary of the Office of Policy and Management shall provide necessary staff and resources to the unit to allow it to carry out its functions.
(b) The unit shall oversee and implement requirements regarding human services contracts with respect to state agencies and shall coordinate the activities of the state agency representatives designated pursuant to section 2 of this act. The unit shall work to resolve issues related to human services contracts and payments due under such contracts.
(c) The unit shall meet at least once every six months with representatives of the Connecticut Nonprofit Human Services Cabinet and with representatives of nonprofit organizations with human services contracts with the state in order to develop workgroups, when appropriate, to address issues related to human services contracts.
(d) The unit shall meet periodically with the cabinet to:
(1) Establish efficient, fair and equitable terms and conditions for human services contracts;
(2) Establish efficient, fair and equitable financial measures and financial reporting systems applicable to human services contracts;
(3) Establish efficient, fair and equitable performance guidelines for the state and providers to measure performance outcomes under human services contracts;
(4) Complete the requirements of subdivisions (1) to (3) , inclusive, of this subsection

with as much uniformity as possible given the sources of funding, the applicable law and the variations in program models; and

(5) Establish an efficient, fair and equitable system for revising such contracts from time to time.

(e) Not later than January 1, 2004, and every two years thereafter, the director of the unit shall submit a report on its activities to the Secretary of the Office of Policy and Management and to the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to government administration in accordance with section 11-4a of the general statutes.

Sec. 5. (NEW) (*Effective July 1, 2003*) (a) After determining to renew a human services contract with a provider, a state agency shall: (1) Notify the provider of its intent to renew not later than ninety days before the expiration of the contract; (2) prepare detailed specifications for the renewal contract, including a description of the services to be purchased, the outcomes to be achieved and the methods used to measure such outcomes; and (3) request from the provider a price quotation for each year of the renewal contract.

(b) If, after completion of the process set forth in subsection (a) of this section, a state agency decides to pursue a contract renewal with a provider, such state agency, not later than sixty days before the expiration of the existing contract, shall (1) meet with representatives of such provider and negotiate in good faith the price and all other terms and conditions of the renewal contract, including, but not limited to, any financial penalties for noncompliance, and (2) cause such renewal contract to be promptly authorized and executed. If, after thirty days after the beginning of this process, the parties cannot agree on the price or the other terms and conditions of such renewal contract, the state agency shall notify the provider, in writing, of its intent to solicit proposals from other providers.

(c) Each state agency shall determine the length of the term of any such renewal contract, provided such term shall be not less than two years nor more than six years in duration.

Sec. 6. (NEW) (*Effective July 1, 2003*) (a) (1) Not later than fifteen days prior to the beginning of any applicable fiscal year, each state agency shall develop, update and implement procedures and timelines to ensure that its human services contracts are executed in a timely manner and that initial payment for services shall be received by the provider not later than thirty days after the beginning of the fiscal year of the contract.

(2) In any year when the General Assembly fails to complete passage of a budget in a timely fashion, or the state agency is unable to execute a contract or resolve the financial terms of the contract by the beginning of the fiscal year, an automatic reauthorization of the human services contract shall occur to permit the state agency to continue contract activity and payments beyond the prior contract term for a length of time not to exceed sixty days at the same level of monthly funding as the prior term to ensure the uninterrupted continuation of services by nonprofit organizations and payment to nonprofit organizations.

(b) The provisions of subsection (a) of this section shall apply to any contract based on the federal fiscal year, except that the applicable dates shall be calculated based on the federal fiscal year.

(c) During the term of any human services contract renewed by a state agency, the state

agency shall monitor the delivery of services pursuant to the terms and conditions of such contract and notify the provider, in writing on a timely basis, of any deficiencies or other contract compliance issues. The state agency shall give the provider a reasonable period of time to correct any deficiencies or otherwise address any contract compliance issues.

(d) Whether or not a state agency intends to renew a human services contract, the state agency shall, not later than forty-five days before the expiration of such contract, (1) provide the provider with written notice of (A) any outstanding contract deficiencies or other compliance issues, and (B) a detailed course of action and timetable to address such deficiencies or compliance issues, (2) provide a detailed statement of the financial consequences, if any, of failing to address such deficiencies or compliance issues, provided such financial consequences are detailed in the written contract between the parties, and (3) complete the prompt payment of the outstanding balance of the negotiated cost of such contract less the amount of any financial penalties imposed pursuant to subdivision (2) of this subsection.

Sec. 7. (NEW) (*Effective July 1, 2003*) Nothing in sections 1 to 6, inclusive, of this act shall be construed to supercede or conflict with any specific federal law, policy or procedure for those human services contracts or portions of such contracts utilizing federal funds. Except where preempted by federal law, the provisions of sections 1 to 6, inclusive, of this act shall apply.

This act shall take effect as follows:	
Section 1	*July 1, 2003*
Sec. 2	*July 1, 2003*
Sec. 3	*July 1, 2003*
Sec. 4	*July 1, 2003*
Sec. 5	*July 1, 2003*
Sec. 6	*July 1, 2003*
Sec. 7	*July 1, 2003*

GAE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 $	FY 05 $
Various	GF - Cost	Significant	Significant
Office of Policy and Management	GF - Cost	$174, 000	$171, 450

Comptroller's Miscellaneous Accounts - Fringe Benefits	GF - Cost	$31, 036	$68, 336

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a Purchase of Service Advisory Group including state agencies that have contracts with nonprofit organizations; establishes a Human Services Contract Compliance Unit within the Office of Policy and Management (OPM) ; and includes various contractual requirements for human services contracts.

Agencies with Human Services Contracts

The various state agencies that have over $1 billion worth of contracts with human service organizations include: the Departments of Children and Families, Mental Retardation, Corrections and Mental Health and Addiction Services; the Judicial Department; the Board of Parole and the Council to Administer the Children's Trust Fund. As a result of the bill, a significant cost may result to the state from the various provisions including: 1) Implementing the uniform contract provisions which may conflict with agency specific criteria and/or target population; 2) Placing certain requirements on agencies upon contract renewal, which may result in an agency's inability to keep negotiated resources within appropriated levels; 3) The requirement to re-bid and/or re-negotiate from the bottom up, as opposed to the current level of contract, which would require significant staff time within each department. Although the impact may vary for each agency, it is anticipated that as a result of the bill the overall cost to the state would be significant.

OPM - Contract Compliance Unit

The bill establishes a Human Services Contract Compliance Unit within the Office of Policy and Management (OPM) to oversee and implement human services contract requirements and coordinate the activities of purchase of service officers. The unit must work to resolve human services contract issues and payment disputes. It is anticipated that OPM would require one unit director and two contract analysts with salary costs of $165, 000 and associated other expenses of $9, 000 in FY 04 and salary costs of $169, 950 and associated other expenses of $1, 500 in FY 05. The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The total fringe benefit reimbursement rate as a percentage of payroll is 40.21%, effective July 1, 2002. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 18.81% in FY 04. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

OLR Bill Analysis

HB 6656

AN ACT CONCERNING CONTRACTS BETWEEN STATE AGENCIES AND NONPROFIT HUMAN SERVICE PROVIDERS

SUMMARY:
This bill establishes a purchase of service advisory group that must review laws, policies, and procedures related to human services contracts and make recommendations for modifying state agency purchase of service processes and practices. "Human services" are services to people with disabilities or special needs or who need supportive services. They include adoption and foster care services; alcohol and drug abuse services; school readiness programs; mental retardation services; income assistance; special transportation services; adult education; and planning, management, and evaluation activities related to these services.

The bill establishes a Human Services Contract Compliance Unit within the Office of Policy and Management (OPM) to oversee human services contracts and coordinate the activities of the purchase of service officers. The OPM secretary must provide the unit with staff and resources necessary for it to carry out it functions.

It establishes a contract renewal process for state agencies that contract with nonprofit organizations for human services and requires the agencies to monitor service delivery, notify the providers of any deficiencies or compliance issues, and give a detailed explanation of any financial consequences of noncompliance or deficiencies.

The bill requires state agencies to ensure that their human services contracts are executed on time and that providers receive initial payments for services not later than 30 days after the beginning of the fiscal year of the contract. The agencies must develop, update, and implement procedures and guidelines for these purposes by the 15th day before the beginning of the contract fiscal year. Fiscal year refers to the state or federal fiscal year, as appropriate.

In any year that the legislature fails to pass a budget on time or a state agency is unable to execute a contract or resolve its financial terms by the beginning of the fiscal year, the bill requires an automatic reauthorization of the human services contract. The reauthorization is valid for up to 60 days at the same level of monthly funding as the prior term.

Lastly, the bill specifies that it does not supersede or conflict with federal law, policy, or procedure regarding human services contracts that involve federal funds.

EFFECTIVE DATE: July 1, 2003

PURCHASE OF SERVICE ADVISORY GROUP

The bill requires that the purchase of service advisory group to consist of purchase of service officers designated by the head of each state agency and representatives of nonprofit organizations with human services contracts. The officers and representatives must be designated by an unspecified date. A "nonprofit organization" is a federally tax-exempt (501(c) (3)) organization incorporated in this state.

The group must select two co-chairmen, one services officer and one nonprofit representative, from among its members. The chairmen must schedule a meeting at least once every 12 months and invite the department head of each state agency with a human services contract to review the accomplishments and progress from the preceding year and develop an agenda for the next year.

The group must, at least:

1. conduct informal forums;

2. review laws and policies that affect human services contracts;

3. review contract processes, procedures, and timelines;

4. review the language of, and compliance with, human services contracts;

5. review human services-related performance outcome standards and measures;

6. review financial and cost accounting principles related to human services contracts;

7. review reporting and data collection requirements related to human services contracts;

8. develop recommendations to modify state agency purchase of service processes and practices; and

9. submit the recommendations to the OPM secretary by November 30, 2003, and annually thereafter.

HUMAN SERVICES CONTRACT COMPLIANCE UNIT

The Human Services Contract Compliance Unit must oversee and implement human services contract requirements and coordinate the activities of purchase of service officers. The unit must work to resolve human services contract issues and payment disputes.

The unit must meet at least once every six months with representatives of (1) the Connecticut Nonprofit Human Services Cabinet and (2) nonprofit organizations with state human services contracts. These parties must, when appropriate, develop workgroups to address human services contract-related issues.

The unit must meet periodically with the cabinet to establish efficient; fair; equitable; and, to the extent possible, uniform:

1. contract terms and conditions,

2. finance measures and financial reporting systems applicable to the contracts, and

3. contract performance guidelines.

They must also establish an efficient, fair, and equitable system for revising these contracts.

By January 1, 2004, and biennially thereafter, the bill requires the unit director to give the OPM secretary and the Government Administration and Elections Committee a report on its activities.

CONTRACT RENEWAL PROCESS

Under the bill, state agencies that decide to renew an agreement with a nonprofit organization to provide or arrange for human services must (1) notify the provider of its intent to renew at least 90 days before the existing contract expires; (2) prepare detailed contract renewal specifications, including a description of the services being purchased, the outcomes to be achieved, and the methods for measuring them; and (3) ask the provider for a price quotation for each contract year.

Agencies that decide to renew a contract with an existing contractor must, at least 60 days before the contract expires, (1) meet with contractor representatives and negotiate in good faith the contract price and all other terms and conditions, including financial penalties for noncompliance and (2) have the contract promptly authorized and executed. If the parties cannot agree on the price or terms and conditions within 30 after negotiations begin, the agency must give the contractor written notice of its intent to solicit other proposals.

The bill codifies existing practice by requiring state agencies to determine the terms of renewal contracts. Unlike existing practice where the length of each contract varies depending upon the parties and the nature of the contract, the bill requires contracts to be at least two, but less than six, years long.

CONTRACT NONCOMPLIANCE OR DEFICIENCIES

The bill requires state agencies to monitor service delivery in all renewed contracts and give providers timely written notice of any deficiencies or compliance issues. They must give providers a reasonable time to correct any deficiencies or become compliant.

At least 45 days before any contract expires, agencies must (1) give providers written notice of any outstanding deficiencies or issues of noncompliance and a detailed course of action and timetable for addressing them, (2) provide a detailed statement of the financial consequences for deficiencies or noncompliance agreed to by the parties, and (3) promptly pay the balance of the negotiated contract price, less any financial penalties.

BACKGROUND

Agencies That Contract for Human Services

The agencies that presently contract for human services are the Board of Parole; Board of Education and Services for the Blind; and the Children and Families, Correction, Education, Mental Health and Addiction Service, Mental Retardation, Public Health, Social Services, and Veterans Affairs departments.

Related Bill

sSB 754, favorably reported by the Labor and Government Administration and Elections committees, requires the Department of Administrative Services to adopt regulations governing contracts between government agencies and private social services providers.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Report

Yea 12 Nay 7

TOP

Connecticut AIDS Residence Coalition

Connecticut Association for Community Action

Connecticut Association for Human Services

Connecticut Association of Nonprofits

Connecticut Association of Private Special Education Facilities

Connecticut Child Day Care Directors' Forum

Connecticut Coalition Against Domestic Violence

Connecticut Community Providers Association

Connecticut Consortium of Legal Services

Connecticut Council of Family Services Agencies

Connecticut Institute for the Blind

Connecticut Primary Care Association

Connecticut Sexual Assault Crisis Services

Easter Seals Connecticut

Human Services Council

Planned Parenthood of Connecticut

The Connection, Inc.

United Way of Connecticut

YMCA of the Hartford Region

Connecticut Nonprofit Human Services Cabinet

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Testimony to the Government, Administration & Elections Committee
Raised Bill Number 6656 - An Act Concerning Contracts Between State Agencies and Nonprofit Human Service Providers
Submitted by Ron Cretaro on behalf of
Connecticut Nonprofit Human Services Cabinet
March 21, 2003

My name is Ron Cretaro and I am Executive Director of the Connecticut Association of Nonprofits. Today, I am testifying on behalf of the Connecticut Nonprofit Human Services Cabinet. The Nonprofit Cabinet is a statewide coalition of 19 nonprofit human services associations representing more than 1,000 nonprofit providers. Established in 1989, the Nonprofit Cabinet serves as a bridge between providers and state leaders to ensure that critically needed human services are delivered to our citizens.

The Nonprofit Cabinet supports **Raised Bill 6656, An Act Concerning Contracts Between State Agencies and Nonprofit Human Service Providers.** This legislation would create a framework around which nonprofit providers and state agencies can work together to streamline and increase efficiencies in the purchase of service and reporting process. Efforts toward this end are particularly relevant in the midst of the state budget crisis as state agencies and nonprofit providers have fewer staff and resources to devote to the purchase of service process. This legislation provides an opportunity to think out of the box and examine which reports, processes and policies make sense and which ones do not serve to enhance and measure quality assurance and performance outcomes. As a result, both time and money will be saved for both state agencies and nonprofit providers.

Raised Bill 6656 would create a Purchase of Service Advisory Group with members comprised of state agency representatives and nonprofit human service providers. The Advisory Group would review components of the state's purchase of service system and make recommendations to the Office of Policy & Management (OPM). A Human Services Compliance Unit within OPM would be responsible for purchase of service oversight, coordination and implementation. An important component in this framework is the engagement of department heads from each state agency in ensuring that the contract process is efficient and emphasizes performance, outcomes, and quality assurance.

The Nonprofit Cabinet has been committed to improving the state's purchase of service system since 1993, when it took the lead on the state "Purchase of Service Project." Since then, the Nonprofit Cabinet has worked with the Office of Policy & Management to address increased standardization of contracts, streamlining, and simplification. Progress, however, has been slow, in part, because OPM has not been given appropriate resources and authority to ensure that the Purchase of Service Project moves forward.

This legislation would give OPM the resources and authority to make progress in improving the state contracting process. The Nonprofit Cabinet looks forward to build upon the partnership with OPM concerning purchase of service issues.

The Nonprofit Cabinet urges you to support Raised Bill 6656. Thank you for your attention on this matter.

Governors Task Force on Contracting Reform

Presentation

Presented by: Mr. Ernest Blais- Assistant Division Administrator
The Federal Highway Administration

Monday August 2, 2004

Governor's Task Force on Contracting Reform

I'd like to thank the members of the Governor's Task Force on Contracting Reform for sponsoring this public hearing and for allowing me to provide some insight into the contracting process used by the State for Federal aid transportation projects.

The goal given to the Task Force on the Governor's website states that it is …
"… To ensure our contracting processes reflect the highest standards of integrity, are clean and consistent and are conducted in the most efficient manner possible to enable state agencies to deliver programs and serve our citizens."
I commend you for what you are working to achieve.

There are Federal laws and regulations that govern Federal-aid contracts. In particular, I'd like to address those laws that govern the use of Federal-aid highway funds. These laws and regulations include 23 USC, 40 USC and CFRs 23, 48 and 49. Connecticut receives about $400 million annually of Federal -aid highway funding and FHWA has been charged by congress to provide assurances that all Federal laws and requirements are satisfied on all Federal-aid highway contracts. This includes the procurement processes used by the State to procure engineering services, rights-of-way and construction contracts on Federal-aid highways.

There are two types of contracts governed by very different laws and regulations.
The first and most common is the competitive bid process used for construction projects. This process is based on one of the most basic tenets of Federal-aid contracting and that is that construction contracts are to be awarded competitively to the contractor who submits the lowest responsive bid.

The second type of contract are those for services; for ConnDOT, it is usually for engineering and design related services. This type of contract must be awarded via a competitive negotiation process. The selection procedures used for these contracts must be qualifications based. Another difference in the competitive negotiation process is that price <u>can not</u> be used as a factor in the analysis and selection phase of this process.

One common requirement for both the competitive bid process and the solicitation for proposals is that they be conducted through a public announcement that assures not only qualified In-State consultants are considered, but that qualified Out-of-State consultants are also given a fair opportunity to be considered for award of contracts. I'd like to point out that it is this fair consideration of Out-of-State consultants that FHWA often must protect when looking at proposed new State legislation governing the contracting processes.

In addition to the general laws and regulations that I've outlined for you today, there are many other requirements that must be met in order to use Federal-aid highway funds. Some of those include Buy America provisions, Disadvantage Business Enterprise provisions and prohibitions against such things as local hiring requirements, state furnished materials and project labor agreements.

As previously mentioned, FHWA is responsible for assuring compliance with all Federal laws and regulations on Federal-aid highway contracts. To that end the Division office has reviewed and approved ConnDOT's contracting processes. In addition, FHWA is directly involved in the review and approval of each phase of ConnDOT's major projects. Another important aspect of FHWA's oversight role is the approval of exceptions to the process. The US laws and regulations do provide for exceptions for such things as public interest findings and emergencies. In these cases FHWA works with ConnDOT to assure that these exceptions are truly warrented to avoid any appearance of conflict or favoritism.

This brings me to my final point – Although this has been a brief overview of the Federal regulations and requirements governing the use of contracts, it is important for the Task Force to understand that some of the Federal requirements are minimum requirements and in those instances where leeway is allowed a State may make the process more restrictive.

In summary, the ConnDOT process used for Federal-aid highway procurements is a very sound process.

Once again thank you for giving me this opportunity to speak before you today.

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State Of Connecticut
GENERAL ASSEMBLY

PERMANENT COMMISSION ON
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Testimony before the Governor's Task Force on Contracting Reform
By Barbara Potopowitz
Public Information Officer
Permanent Commission on the Status of Women
Monday, August 2, 2004

Good morning Senator DeFronzo, Commissioner Fleming and members of the Task Force. My name is Barbara Potopowitz and I am the Public Information Officer of the Permanent Commission on the Status of Women. For the past nine years I have coordinated a project for the Commission through which we convene women business owners, small business advocates, state and federal agency officials, bankers, other lenders and funders. The purpose of the project is to improve the conditions for women entrepreneurs in order to help them start and grow successful businesses.

The PCSW and members of this project also sponsor an annual CT Entrepreneurs' Day, conduct focus groups and gather research on women business owners in the state. We also produced a video entitled *Starting and Growing Your Business* that is now in every library in the state.

Additionally, we have served on committees at the Department of Administrative Services, Public Works and Transportation helping them to define policies that help to further the efforts of Connecticut women businesses owners. In November of 2003, the PCSW conducted 2 public hearings, one in Stamford and the other in Enfield, to hear the concerns of women business owners. We subsequently distributed our findings in a report to the General Assembly. And in May of this year, we conducted a program at the women's prison in Connecticut on business ownership.

Every other year, the PCSW joins with the Connecticut Chapter of the National Association of Women Business Owners to conduct a survey to gather information, ideas and suggestions about policies that would help women entrepreneurs grow, strengthen or maintain their businesses. Many of their concerns focus on state procurement policies and practices, and highlight the ways in which small businesses do not always have a fair shot at doing business with the state. I would like to share some of the things we learned with you this morning:

As it is currently structured, small businesses must have annual revenues of $10 million or less in order to participate in the state's 'set-aside" program for small business. This eligibility threshold is too high because it puts very small businesses - what we call "micro-enterprises" - in the same competitive pool with much larger businesses with revenues as high as $10 million. We respectfully recommend that this definition of "small business" needs immediate study.

In the last survey of women business owners that we conducted with NAWBO, we asked: "Is the definition of small business, having revenues of $10 million or below realistic? And if not, why?" As many as 98% of the 1,236 women business owners felt the definition was unrealistic. Here are some of their comments:

- Not at all realistic—real small businesses ($1-2 million and under) can't compete on an even playing field with companies in the $10 million category.
- No. My business is in the tens of thousands in a good year, yet I have a small business.
- I feel a small business is under $2 million. If we grossed $10 million I sure wouldn't consider myself small.
- My business grossed $400,000 last year. I consider that to be small.
- I am not a manufacturer, so my sales would not likely exceed $10 million. If there were a separate "micro-business" category that offered additional benefits, that might be very useful.
- Category of "small" business should be $3 million or less. Delis, cleaners, variety stores, etc. are dwarfed by the $10 million mark.

Unfortunately, the solution is not as simple as changing the definition of small business from $10 million down to $5 million. In certain industries such as construction, a $9 or $10 million business is still very small and it would be a

shame to not include them in state procurement opportunities under the set-aside program. Many times, when we award a contract to a "larger small business," there is a requirement for them to subcontract with a micro-business. This is not a sufficient solution if sufficient resources are not available to properly monitor this process.

The PCSW feels that a "microenterprise" classification under the set-aside program is a good solution. If 25% of our state's business is set aside for small business and 25% of that is set aside for "DBE's" (disadvantaged business enterprises), then perhaps a portion of that should be reserved for the micro-businesses that cannot compete with the multi-million dollar small businesses that have access to the same contract opportunities.

We have attached some e-mails to this testimony from women business owners offering their comments regarding the issues of state contracting. We also offer our expertise to you in the weeks ahead as you go forward to address the many issues to meet your deadline of September 1st.

Thanks for your time and commitment to this issue.

Potopowitz, Barbara

From: Elisabeth Edwinsson [elisabeth.edwinsson@imprima.com]
Sent: Thursday, July 29, 2004 11:18 AM
To: barbara.potopowitz@po.state.ct.us; Lillie Wright
Subject: Woman Business owners /suggestions for Aug 2 meeting

Elisabeth Edwinsson.vcf

Dear Ms Potopowitz,

I received your email regarding the new task force established to review the way the state government operates regarding state contracts. I will give you my comments and suggestions, which I hope you can include in the session on August 2.

My company, Imprima Management Services Inc. is a woman owned consulting firm specializing in print management. We help organizations and companies manage and control their printing costs. In February this year the State of Connecticut sent out an extensive RFP for outsourcing their printing services. This is exactly the service Imprima provides, and we got very excited about the opportunity to become a vendor to the State.

We are a small company, which most minority firms are. The potential contract was $9 million, a very interesting and attractive opportunity for us. We decided that the potential business was well worth the investment of a substantial amount of time and effort. Altogether we spent over 400 hours,including on site meetings with potential subcontractors putting this very detailed proposal together.
We met the deadline and delivered the RFP on March 11 and were subsequently invited to Hartford to make a presentation and answer questions.
The end result of all this work was a letter from the State saying that they decided not to award the print management to anybody and would continue as before. You can imagine our reaction: Why put us all through this if you were not prepared to change?
We were prepared to take the business risk that other competitors might have a more attractive offering. We were completely unprepared for the possibility that the political decision to proceed with such a radical reorganization had not been made, and that the whole process was merely an exploratory exercise.

My suggestions for the future are:
1. Do not ask small and minority owned businesses to make extensive proposals if you are not prepared to award a contract. Do not use the RFP for internal selling without making it clear that this is the case.
Boilerplate language that the State is not obligated to proceed is not an adequate disclosure that the whole process is really still speculative.

2. Define how you evaluate the various decision criteria including what

effect the fact that you are a minority owed company has in the decision process. Some other states publish how many points are assigned to each element when making vendor evaluations and selections.

3. The timetable set by the RFP was completely unrealistic. Answers to questions were not published until too late to react properly to them. It appeared that the committee had no idea of the amount of work it would take to respond properly to the RFP, and , while deadlines were expected to be met by the vendors, the State exceeded the time it was supposed to take at virtually every step. Then the vendors were expected to make up the lost time.

4. The question and answer process was entirely too rigid. There should be a couple of opportunities for information exchange. In some cases, answers to questions raised more questions, but there was no mechanism for clarification. We understand that the State must be careful not to favor any one potential vendor over another, but that does not prevent more flexibility in the process as long as all potential vendors are kept informed.

I hope these thought are helpful.

Sincerely yours,

Elisabeth Edwinsson
Vice President
Imprima Management Services
2001 West Main Street
Stamford, Ct 06902
Phone: 203 883 2005
Cell 914 645 7009
Fax 203 967 4302
elisabeth.edwinsson@imprima.com

Potopowitz, Barbara

From: Passitonsports@aol.com
Sent: Thursday, July 29, 2004 4:37 PM
To: Barbara.Potopowitz@po.state.ct.us
Subject: Re: No Subject

Hello Barbara,
I am sure the State needs items (hard goods) such as the equipment I have access to. I would like to know how one would access the needs of State Agencies? Is there a website or e-mail of recipients that I could get on a list. Can the State give small businesses the ability to bid or provide goods as well as the intellectual needs that are required?

Shirley Bloethe
PASS-IT-ON-SPORTS & FITNESS
1273 Queen St.
Southington, CT 06489
(860) 747-8833

Potopowitz, Barbara

From: AllStatUti@aol.com
Sent: Thursday, July 29, 2004 10:23 AM
To: barbara.potopowitz@po.state.ct.us
Subject: public hearing

Hi, my name is Monica Cusano owner of All-State Silt Fencing Company, (860-628-9841). I have been installing sedimentation control products for 16 years. I do 80% of my work on State Highway jobs. I have an issue with being hired as a subcontractor for State work under a general contractors contract and then having problems getting paid. We go through the whole procedure of being certified to work on state jobs and perform the work for these state jobs and then get worked over by the general contractor.(not really the words I wanted to use). I have an issue I am going through at this very moment which I am not very happy about.

I have performed work on a very large state job. I did my portion of the contract and then some. I started the job in November of 2003 and finished in April of 2004. I received payment for November but have yet received payment from the contractor for any of the remainder of my work performed. All of my work that I performed has been approved and paid to the contractor by the state. I had to turn the contractor into the bonding company. I also turn the contractor into the state. Which the state tells me there hands are tied because the contract is with the general contractor not with me. They can only do so much (like write letters) give me some advise and send me copies of statutes, of which are supposed to protect the subcontractor. The bonding company will not do anything because the general contractor has written out a couple of checks and are holding them in there trailer and will not send them to me.(there's much more to this story).
So, now I am sitting here with my hands on my #@! Waiting to see how I settle this issue without getting lawyers involved and spending a phenomenal amount of money trying to get collect money with this general contractor. Without the help of the bonding company and without the help from the state.

This to me is a very vicious cycle which needs to be addressed. There really is no protection to the subcontractor, even with the present statues in place. Someone really needs to protect the subcontractor (the little guy) from this abuse and damages we sustain.

Thank you,
Monica

Potopowitz, Barbara

From: Prepress [prepress@extreme-printing.com]
Sent: Wednesday, July 28, 2004 3:05 PM
To: Wright, Lillie
Subject: Re: Women Business Owners

Finally - government agencies concerned about the business in their state. I have two (2) ISSUES to bring to your attention. First is the issue is how state contracts are going to companies in other states. in my opinion this is economic treason. It is the business in Connecticut that pay the taxes to support the government agencies, and the only way to get a return on your investment is to - benefit from a service provided by that agency or get work from that agency to make money for your business. So when state agencies order products form companies out of state because that is the " Low Bid", companies in Connecticut lose work. It should be mandated that any State Contracted Work must be done by companies in the state of Connecticut.

My second issues is with Pre-Certified Contracts without a clause that allows for the addition of other businesses. For example: the contract for ad specialty and promotional products "0007-050" pre-qualified 40 vendors in May 2000. Opened my Business in October 2001. Because there is no clause that allows additional companies to be certified and added to the contract I am eliminated form selling my promotional products to any of the agencies in the state of Connecticut. Obviously this type of contract has a negative impact on my business since I'm not allowed to sell my product to state agencies until April 2005. And if the contract is extended and not sent out for Re-Certification I will never be able to sell my promotional products to any state agency. So what's the point of getting companies "qualified" in your program if they can't do business.
It's my understanding that a certain dollar amount of work has to go to Set Aside Business. Is there a report filed every year that lists that particular information so we can see who got the orders and how much was spent with Set Aside Vendors?

If you have any questions about my ISSUES, please call me at 860-953-5900.
Beth - extreme printing and graphic design

Potopowitz, Barbara

From: Joyce M Boncal [inkwell5@juno.com]
Sent: Tuesday, July 27, 2004 8:45 PM
To: Lillie.Wright@po.state.ct.us
Subject: Re: Women Business Owners

Lillie,

Thanks for the email.
I sent the following email to the task force-

I understand the State's has a program whereby 25% of State funded purchases are set aside for small businesses.

In the year 2003, was this goal met?

Joyce Boncal

If they say yes, I guess I can't complain. If they say no, my guess is that it's because the State has gone to a new system of "bundling" with their contracts which has cut out a lot of small businesses, like mine. At one time, I had one or two State contracts per year. (I had a 3 year contract with Sikorsky Aircraft, so I must be doing something right- then they too went to bundling with IBM).

I haven't gotten any State contracts for a few years now- I sell computer supplies. They seem to be going to large companies. Is it ethical? I guess so. Is it fair? I'll find out when I get a reply to my email from the task force. If the State has been meeting the 25% goal, then it's fair. If they haven't, then it's not fair.

Potopowitz, Barbara

From: atunney [architectunneymaxwelletc@inetmail.att.net]
Sent: Tuesday, December 16, 2003 4:39 PM
To: Barbara.potopowitz@po.state.ct.us
Subject: Women Business Owners

We are certified WBE and while it hasn't had a negative impact on my business it hasn't had a positive one either.

My feeling is that we've probably been interviewed for some State project because we have the WBE but it hasn't helped us get any State projects. We did get one On Call Contract with the DPW (we are architects) but we never got a project.

So I guess it costs me about $1,500 to pursue the non-work. Was that because of the Tomasso Deals? We'll never know.

We'll I'd be willing to work with you on women's issues. I don't see any point in discussing it with the State Legislatures.

Cordially,

Arlene Tunney, AIA

Potopowitz, Barbara

From: GRACE CAFE [grace@ccsupplies.com]
Sent: Saturday, December 06, 2003 4:47 PM
To: barbara.potopowitz@po.state.ct.us
Subject: YOUR LETTER OF NOVEMBER 20TH, 2003

This is in response to your letter asking, what state regulations have a negative impact on your business and explain why this is so.

Some years ago, State of Connecticut, made a major change in purchasing of products in my type of industry, which is paper products, cleaning products and janitorial supplies. The entire business was awarded to two multi million dollar corporations, Eastern Bag and Arrow Paper (now US Foods).
All State Agencies, buildings, must only buy from these contracts. These contracts eliminated most or all business with many women owned, minority and small business.
Our company certified with Small Business Set Aside and Dept. of Transportation as women, minority owned business has made very little impact on the growth of our company.

I would be more then happy to address these issues.

Grace Cafe
President

GRACE CAFE, TEL. (860) 231-0531
FAX (860) 236-3090

Potopowitz, Barbara

From: STELLA [sneves@comcast.net]
Sent: Monday, December 01, 2003 12:17 PM
To: Barbara Potopowitz
Subject: Women Business Opporotunities with state of CT

Good Morning,

Please forgive the delay in responding to your letter of Nov 20th, my father passed away, and I've been only working on a limited schedule.

My company, Freelance Exchange Inc. is registered with CT PTAC, and we are certified by the State of CT DAS and the City of Hartford as a WBE business.

We even went through the process of becoming certified by the CT Dept. of Transportation several years back, but it was not worth the trouble and expense of renewing their certification.

First, I should explain what we do. Freelance Exchange Inc. is a temporary labor company that provides graphic design services to businesses. Our clients include Hasbro, Otis Elevator, Lego, The Hartford Courant, and Mass Mutual Insurance Co. We provide professional services, as subcontractors and vendors, to corporations. They call it 'outsourcing'; we call it 'freelancing'. In a nutshell, we create annual reports, powerpoint presentationos, custom graphics, technical illustrations, maps, charts, brochures, posters, catalogues and interactive design (website and kiosk design).

We've been in business since 1983. We've won lots of awards, and were selected by Diversity 2000 as one of the top 50 minority/women owned businesses in Conn.

We have tried , with no success, to do business with the assorted State of CT departments. We have tried marketing to them, we have registered as a vendor with each and every state and municipal office we could find.

The New Britain office of CT PTAC has been very supportive in helping us develop contacts and leads within the state bureaucracy, but still, no success in getting any business.

One of the problems is our services fall UNDER the $10K budget that requires state agencies to go to open bidding.

Realistically, most of the kinds of services we perform don't come anywhere near that $10K threshold. So the state employee selects whatever vendor they want, with no competitive bidding involved.

Each and every state agency could use our services, but they are already

comfortable with an existing vendor.

The CT PTAC office in New London (we moved to North Stonington last winter and had to switch from the New Britain office of CT PTAC) has sent us Federal information – but again, we're too small to take on those RFP's, which require a lot more than our graphic design component.

So we're stuck between a rock and a hard place.

The state says it wants to work with WBE's, but it doesn't.

It's all very frustrating, and business has been so awful since 9/11, we're about to give up.

I'd be very interested if you can come up with a way for us to crack open the door.

Thanks for listening.

Best Wishes,

Stella Neves

Freelance Exchange,Inc.
phone 860.535.3384
fax 860.535.3386

Potopowitz, Barbara

From: Lopez, Rosemary
Sent: Tuesday, November 25, 2003 3:24 PM
To: Potopowitz, Barbara
Subject: FW: Input regarding Impact on women business owners

FYI

-----Original Message-----
From: Joan Stanley [mailto:jstanley@secter.org]
Sent: Tuesday, November 25, 2003 2:47 PM
To: pcsw@po.state.ct.us
Subject: FW: Input regarding Impact on women business owners

Barbara,
More feedback.
Joan

Joan Stanley
Database Manager
CT Procurement Technical Assistance Program
190 Governor Winthrop Boulevard, Suite 300
New London, CT 06320
Phone: (860)437-4659 Ext. 207
Fax: (860)437-4662
E-mail: jstanley@secter.org

-----Original Message-----
From: Baldwinalverio@aol.com [mailto:Baldwinalverio@aol.com]
Sent: Tuesday, November 25, 2003 2:26 PM
To: jstanley@secter.org
Subject: Re: Input regarding Impact on women business owners

Thank you for your e-mail. Our only bostacle on state contracts has been that they are few and far in between..and often they are "wired". Diane Alverio

Potopowitz, Barbara

From: KHerr860@aol.com

Sent: Saturday, November 22, 2003 7:56 AM

To: Barbara.Potopowitz@po.state.ct.us

Subject: Re: state regulations affecting your business

GOOD MORNING BARBARA;
IN REPLY TO YOUR MESSAGE THERE IS ONE MAJOR NEGATIVE PROBLEM I HAVE ENCOUNTERED SINCE I BECAME OWNER OF YANKEE HONE. ACCORDING TO STATE INCENTIVE PROGRAMS IN CONNECTICUT 10% OF LARGE COMPANY CONTRACTS ARE GIVEN TO MINORITY OWNED SMALL BUSINESS. NOW THIS SOUNDS POSITIVE BUT AND THIS IS A VERY BIG BUT, WOMEN (WHITE) WOMEN ARE NOT CONSIDERED A MINORITY BY THE STATE OF CONNECTICUT AND CAN NOT OBTAIN MINORITY STATUS! IF I WERE ANOTHER COLOR OR A FOREIGNER TO THE USA I WOULD QUALIFY. MY COMPANY PROVIDES A RARELY FOUND PRECISION MACHINING SERVICE TO THE MANUFACTURING COMMUNITY. I AM A VERY SMALL SHOP. NEEDLESS TO SAY I AM IN A MAN'S WORLD. THE DISCRIMINATION IS UNFAIR. IF THE GUIDELINES FOR MINORITY STATUS WERE CHANGED I COULD BID ON JOBS DIRECTLY TO SICORSKY AND HAMILTON STANDARD INSTED OF BEING THE THIRD PARTY THRU THEIR SUB CONTRACTOR.
THANK YOU
KATHLEEN B. HERRICK
YANKEE HONE
114 WORKMAN AVE
TORRINGTON, CT 06790
860-489-4884

State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR EDITH G. PRAGUE
NINETEENTH DISTRICT

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ASSISTANT PRESIDENT PRO TEMPORE

CHAIRMAN
LABOR AND PUBLIC EMPLOYEES COMMITTEE

CHAIRMAN
SELET COMMITTEE ON AGING

MEMBER
APPROPRIATIONS COMMITTEE
EXECUTIVE AND LEGISLATIVE
NOMINATIONS

Testimony of Senator Edith Prague
of the 19th District
Co-Chair, Labor and Public Employees Committee
Connecticut General Assembly
Before the
Governor's State Contracting Reform Task Force
Public Hearing
August 2, 2004

Because of a conflict in scheduling, I cannot be here to testify, but my aide Jacqueline Caron will read my testimony for the panel to consider.

I am very pleased that Governor Rell appointed this panel to look at the way state contracts are awarded. One of the contracts that especially concern me is the Worker's Compensation Insurance Contract concerning the state employees. As the Senate Co-Chair of the Labor and Public Employees Committee, I have received many complaints from state employees about how the current contractor, G.A.B. Robbins conducts business. You will hear from union members about some of the problems.

I would question how G.A .B. Robbins got the contract. What is required in re-bidding of the contract, which I understand is coming up this year? I would ask you to look at their way of doing business, how they serve the state employees they are required to cover and whether or not they are the best qualified company to administer the State's Worker's Compensation Insurance.

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CONNECTICUT STATE PRISON EMPLOYEES
AFSCME LOCAL 391

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Office Fax: 860-745-9400
Website: afscmelocal391.com
Facility: Northern Correctional
Home Phone/Fax: 860-872-7073
Pager: 860-360-0264

Jon T. Pepe
President

9

Corrections Corporation of America

What They Don't Want You To Know

Working alone with no radio to call for help, and a surveillance camera which was supposed to e monitored by security staff covered by a T-shirt, (CCA) prison guard Jerry Reeves (TN) was beaten by Wisconsin inmates on August 5, 1998, to the point that he now has almost no short-term memory, severe headaches, constant pain and little hope of ever working again."

"The suit alleges that the lack of staffing left one guard assigned to the gym, a young unseasoned 19 year old who locked the doors and ran away when the violence began..."

"I would tell anyone – I do know your corporation has lied"
State Senator Jeff Johnson, D-Cleveland

"I wouldn't recommend CCA to any community. I think they've failed miserably at doing the job they claim to do best. The job they do best is make money, period."
Ohio State Senator Robert Hagan

The (CCA) prison has been a total bust. But no one will tell you that. They want you to think 's been a boon for the city. Frankly, I'd rather have a hog farm. What has the prison done for s? I'd say halve the property value in this town. Real estate prices have plummeted." Sayre, OK, city councilman William Dean

Prepared by Corrections USA
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Thayne, WY 83127
Phn: 1-307-883-2872
Web: www.cusa.org

Please See:

- ***Connecticut Section, Pg. 13***
- ***Ohio Section, Pg. 40***

Special thanks to the following for their contributions to this report:

Joseph Calitri – Correctional Officer Massachusetts, retired

Steve Selmeczki – Correctional Officer New Mexico

Ken Kopczynski – Legislative Department, Florida PBA

Gary Harkins – Correctional Officer Oregon
CUSA Privatization Committee Co-Chair

Lance Corcoran – Correctional Officer California
CUSA Privatization Committee Co-Chair

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ntroduction:

Corrections USA is a nonprofit coalition of the nations corrections professionals. This report is one of ıy published by Corrections USA. It is a compendium of media reports covering the activities of Corrections Corporation of America from August 1998 through June 2001. Corrections USA wants the public to get the whole story behind prison privatization and not simply what the corporations would lead you to believe.

As public servants professional Correctional Officers swear an oath to protect the public's safety whereas private guards are hired to protect the corporate bottom line. This is one of the reasons professional law enforcement Officers view prison privatization as the most dangerous threat to the safety of the public in corrections today. Our mission is to protect the public, a private prisons mission is to enrich their shareholders.

Private prison corporations claim that the opposition they face stems from public employee unions trying to protect their members jobs. Corrections USA is not a union and is one of dozens of organizations that have risen up in opposition to the selling of America's public safety to the lowest bidder. The National Black Caucus of State Legislators, Law Enforcement Alliance of America, Presbyterian Church and the American Civil Liberties Union are just a few of the many national organizations which have rallied against this industry.

Privatization proponents make dramatic claims of cost savings, innovation and good jobs. After a sordid seventeen year history there is no proof that supports these contentions.

Cost Savings – for years the industry touted the research of Dr. Charles Thomas as proof that private prisons save money. That was until it was revealed that much of Dr. Thomas's research was funded by the industry itself. When it was disclosed that Thomas owned stock in some of the very companies he was researching, he was removed from his position at a prestigious Florida University and received the largest fine ever levied against an individual by the Florida Ethics Commission.

"...it maybe concluded that there are no data to support the contention that privately operated facilities offer cost savings over publicly managed facilities....it was discovered that, rather than the projected 20-percent t savings," touted by the industry itself, "...the average savings for privatization was only about 1%, and most of that was achieved through lower labor costs," US Department of Justice, Bureau of Justice Assistance: 'Emerging Issues on Privatized Prisons," James Austin, Ph.D., Gary Coventry, Ph.D., February 2001. In addition, studies by the Government Accounting Office, the Council of State Governments and The Abt report, commissioned by the US Attorney General's Office, all point to very little or no cost savings.

Innovation – claims of innovative technology and techniques in efficient management were touted as revolutionizing all of Corrections. Yet after 17 years the industry cannot point to one such innovation or technique that has been adopted in any jurisdiction. In fact the industry leaders have hired directly from the public sector to fill many of their highest-ranking decision making positions. Corrections Corporation of America's President is Michael Quinlan former Director of the Federal Bureau Prisons under President George Bush. Wackenhut Corrections hired another former BOP Director Norm Carlson who served under President Reagan. Civigenics brought in Tom Rapone and Peter Argeropulous the former Secretary of Public Safety and Associate Commissioner from the Massachusetts Department of Corrections. Cornell hired Larry Fields former Director of Corrections in Oklahoma and Frank Pruitt former Commissioner of the Alaska Department of Corrections, and at Management Training Inc., their front man is former Utah Corrections head honcho Lane McCotter. So much for new and innovative ways to look at corrections.

In February 1999 at a Privatization Workshop sponsored by the University of Minnesota School of Law, ames L. Saffle Director of the Oklahoma Department of Corrections was asked what innovations the private prison industry had brought to Oklahoma, one of the most privatized prison systems in the country. Mr. Saffle esponded, "None, it's been the other way around, they've learned from us." According to the report by Ph.D.'s ustin and Coventry, "The assumption that privately operated prisons are safer or better managed than publicly rated facilities is not supported by the results presented in this report."

Good Jobs? – According to the Criminal Justice Institute's 1999 Corrections Yearbook, the turnover rate of security personnel at public prisons is 15.4%, in private prisons it is an amazing 40.9%. In less than 2 years the entire staff of a private prison turns over. Virtually every correctional expert in the country will tell you that the experience level of a prisons security staff is one of the leading factors in controlling the inmate population. The industry will sell a community the idea that 95% of the jobs they create will go to the citizens living there. In reality that means that 95% of the people working behind those walls will have NO correctional experience. Is that the type of "safety" the American public wants? In private prisons the only pros are the cons.

CCA Wages:	Torrence County, New Mexico	$8.00/hr.	Appleton, Minnesota	$9.24/hr.
	Cimarron, Oklahoma	$8.25/hr.	Tulsa County, Oklahoma	$9.52/hr.
	Sheldby County, Iowa	$9.00/hr.		

Would you walk among murderers, rapists, arsonists and child molesters for $8.00 an hour? Would you want your spouse or children to? Is your community safe with $8.00 an hour security staff?

Training: Equally important is the amount and quality of pre-service and on the job training that staff receive. According to the 1999 Corrections Yearbook public Correctional Officers average 240 hours pre-service training. The private prison guards receive 177 hours, ***35% fewer hours.***

ACA Accreditation – the privateers will point to the American Correctional Association accreditation process as the barometer of their professionalism. It is important to note that the ACA is a private corporation, not a government entity. By there own admission the ACA has *never* failed an institution they have audited, *never.* The ACA also routinely accepts money from and advertises for the privateers, a not so holy alliance.

Corporate Veil – the privateers promote the idea that the problems they face are just like any other prison, public or private. Yet when attempting to make comparisons the privateers refuse to open themselves up to the intense scrutiny that public entities are required to by law. The privateers hide behind the corporate veil sighting competitive reasons for non-disclosure. Here is what we do know, image what we don't:

Assaults: according to a survey conducted by Professor James Austin, Ph.D., George Washington University, ***assaults on staff are 49% higher*** in private prisons and ***inmate on inmate assaults are 66% higher***. The hidden costs with such high assault rates include the investigation, prosecution and subsequent incarceration of the assailants, appeals, access to law libraries, assigning public defenders, transportation to and from court, etc. These costs are never figured into the overall price of privatization and are the responsibility of the host community ***not*** the privateers.

Escapes: the prison privatization industry houses approximately 122,871 inmates in what are considered to be secure housing institutions, (institutions where inmates simply cannot walk off the grounds like they can in most halfway houses and many minimum security facilities). The California Department of Correction (CDC) houses approximately 160,606 inmates in such facilities. The California Correctional Peace Officer Association studied escapes from the private prison industry and the CDC over an eight-year period, 1995 – 2002, and found the following.

	# inmates	Escapes 95-02	Escapes per inmates
CDC:	160,606	11	1:14,601
Privateers:	122,871	251	1:489

The privateers are also very active in the inmate transportation business. According to Mother Jones magazine May 2000, a comparison between private and public inmate transport reveals the following:

Inmate Transport Escapes 1994 - 2000

Private Sector:	37
US Marshals:	0 (Note: the US Marshals transported TWICE the number of inmates during this period.)

Inmate releases: According to the Corrections Yearbook *57%* of all inmates housed in private prisons re released into the community where the facility is located and are ***not*** returned to the committing jurisdiction.

We have added headings to the media accounts included in this report to enable our readers to quickly can the 60 plus pages herein and find what is most important to them. In certain instances these headings epresent the allegations being made in the article and are not to be mistaken as a statement or interpretation of act by Corrections USA:

Abuse Alleged: inmate abuse by private staff.
ACA: you will be amazed at the conditions of some the private prisons this association has accredited.
Assaults: on inmates and/or staff.
Contracts: canceled, denied, withdrawn, proposed.
Corruption Alleged: private prison staff and/or management corrupt activities alleged.
Cost Savings: does prison privatization save taxpayers money?
Death: staff murders, inmate murders and suspicious deaths.
Escapes: includes "accidental releases" but not "walk-aways" re: escapes from non-secure facilities.
Finances: reports on the fiscal stability of the industry.
For Profit: where corporate profits and societal needs clash, example: rehabilitation.
Good Jobs: high turnover, low wages, assaults etc.
Law Suits: suits filed against of by the industry.
Liability: the buck stops where?
Legal Issues: questions surrounding the industry.
Legislation: laws passed or pending designed to regulate this industry.
Mismanagement Alleged: corporate failure to adhere to contracts or proven corrections procedures.
Negligence Alleged: management's indifference to safety, staffing, sanitation, medical needs etc.
Politics: how the game is played and who the players are.
Protests: by inmates over prison conditions or by citizen groups in opposition.
Safety: violations or conditions that endanger the public, staff and/or inmates.
Staffing: virtually all private prisons suffer from under staffing, putting everyone at greater risk.
Riots: self-explanatory.

We have attempted to leave out editorial comments and allow the reader to absorb the information rovided by the various news sources we quote. In a few rare instances footnotes are missing. If you need that information, contact us and we'll track it down. Corrections USA provides this compendium as a service to the ublic. We publish a "Prison Privatization Update" in January and August of each year covering the previous x-month activities of private prison companies that appear in the news. In addition compendiums are available n Wackenhut Corrections and Cornell Corrections.

Members of Corrections USA's Privatization Committee welcome the opportunity to speak in your ommunity. For three years we have offered to debate the privateers in any public forum of their choosing, they ave yet to take up the challenge. We frequently do interviews with radios and newspapers to enlighten the ublic about the issues we face in Corrections today. We encourage the reproduction and distribution of this port to any and all interested parties.

For more information or to schedule a guest speaker, contract Brian Dawe, Director of Operations, orrections USA at 1-603-382-9707 and visit our website at: www.cus.org.

Public Safety Should Never Be For Sale

Alaska

- **Negligence Alleged:**"Some Alaska inmates, especially Natives, are being mistreated at the privately owned prison in Arizona where they are confined, according to a report filed by a court monitor...their telephone conversations are being recorded in violation of a court order, and the FBI is investigating alleged use of excessive force against an Alaska inmate at the 2,400 bed Central Arizona Detention Center in Florence, which is owned by ***Correction Corp. of America***." "The Department's response to this problem has been so inadequate that it appears to (the monitor) to present a deliberate unwillingness to resolve an ongoing and serious violation." Monitor John Hagar. {Anchorage Daily News, 4/10/99}

- **Escape:**Two Alaskan inmates, among nearly 850 housed at **CCA's** Central Arizona Detention Center in Florence, charged with escaping from that facility were granted a rare acquittal by an Arizona jury. Both prisoners argued that they feared for their safety and that their transfers were illegal. They were among six Alaskan inmates who cut through fences and escaped in October 1996. (Sheila Toomey, Anchorage Daily News, 3/1/00)

- **Cost Savings:** Some people in Ketchikan are advocating strongly for the opportunity to have **Cornell Companies** build and operate a private prison in that community, even though the Alaska Legislature is seeking to return about 800 prisoners to the state from a private prison operated by **Corrections Corporation of America** in Florence, Arizona. According to reports from the Alaska Public Offices Commission listed on its internet site, prison proponents outspent anti-prison groups $162,120 to $84,937 on the 2001 prison-question election in Kenai, in which despite spending half as much, the "no" side won with 73 percent of the vote. (KDN Staff, 11/28/01)

Arizona

- **Protest:** Inmates demonstrated at a **CCA** prison to protest the lack of recreational and educational programs. (Eric Bates byline,The Nation, 6/7/99)

- **Riot/Staff Assault:** A dispute over rice apparently triggered a disturbance involving Hawaii inmates at the private prison in Florence, operated by **Corrections Corporation of America**. Three guards were injured as inmates smashed windows, computers, television sets and food carts during a 90-minute melee. One guard, Dean Goodwin, was held by prisoners for about 15 minutes before he was released and flown to Maricopa Medical Center in Phoenix for treatment of head injuries and a broken right hand. (Associated Press, 9/15/00)

- **Death/Inmate:**Two deaths at **CCA's** Florence Correctional Center led to a lockdown and search for contraband. A spokesman for **CCA** said the company will make operational changes but declined to describe them. Hawaii inmate Iulai Amani died on April 16 while being taken to a hospital after he began coughing up blood in his cell. The cause of death was yet to be determined, but officials believe he may have died from a drug overdose. Another Hawaii inmate, John Kia, had a history of health problems and died from a bacterial infection. (Associated Press Newswires, Phoenix, 5/4/01)

- **Mismanagement Alleged:** Florence Correctional Center Warden Pablo Sedillo was replaced late last week by Don Stewart, said Ted Sakai, director of Hawaii's state Department of Public Safety. Sedillo was replaced after Hawaii's corrections officials complained that management problems at the **CCA**-run facility

were jeopardizing the safety of Hawaii's inmates serving time there. Troubling incidents at Florence included inmate gangs, serious beatings of several inmates, a riot last September and the death of an inmate April 16 from what prison officials suspect was a drug-induced heart attack. (Kevin Dayton, Advertiser Capitol Bureau Chief, 5/9/01)

Alleged Corruption, Mismanagement, Violence & Understaffing: A team sent in to check on conditions at the Florence prison, run by **Corrections Corporation of America**, which holds more than 560 Hawaii inmates conducted only a limited inspection because of the hostile environment, including the potential for violence. The desert prison, where two Hawaii inmates have died in recent months, was described in the April 30 report as "a facility in turmoil," and other officials described lax security conditions, reports of widespread drug use and domination by members of a prison gang. The reports by the monitoring team highlight problems with an inexperienced prison staff and refer to "widespread" drug smuggling by staff. One prison official admitted that he smuggled marijuana into the prison because he was afraid of gang members incarcerated there. Sgt. Patrick Kawai, a Hawaii gang intelligence officer stated, "I never once while at FCC observed an officer frisk search or strip search an inmate. I never once observed an officer go through any inmate's property, or search anything an inmate was carrying." Public Safety Director Ted Sakai acknowledged that virtually no inmate programs were available for the first 100 inmates who were shipped to Florence over a year ago. One Florence official was quoted in the June report as admitting the prison medical unit is "grossly understaffed." The state contract with **CCA** expired yesterday, and the state is preparing to sign a new contract with the company despite the problems at the Florence prison. (Kevin Dayton, Advertiser Capitol Bureau Chief, 7/1/01)

Mismanagement Allegations?: Gang members mixed booze-laced beverages in a five gallon pail in the prison kitchen at the Florence Correctional Facility, managed by **Corrections Corporation of America**. Inmates wandered the corridors with little supervision and had sex with female immigration detainees. The facility, which houses hundreds of out-of-state sex offenders and other maximum-security inmates, was described as a "prison in turmoil" in an April investigation by auditors from Hawaii, which has about 550 inmates serving time there. The prison had two inmate deaths, six assaults and a riot occur, all within its first year of operation. (www.azstarnet.com/star/today/10807editprisons.html, 8/7/01)

California

Legislation: Assembly women Sheila Kuehl introduced Assembly Bill 1222 that would prohibit private corrections corporations from bringing inmates into the state, or incarcerating them without state approval. ***CCA*** West Coast Region President David L. Myers said he isn't worried about the bill. **"Interstate commerce laws clearly allow for businesses to do business. Inmates are a commodity in this line of business."** {The Bakersfield Californian, 3/8/99} Note: AB 1222 was signed into law by Governor Gray Davis on 10/7/99.

Legal Issues: "Construction on a privately owned prison near Mendota was halted abruptly this week, threatening the city's plan for economic salvation. (***CCA***'s West Coast President David) Myers said a recent legal opinion by state Attorney General Bill Lockyer states that out-of-state prisoners cannot be housed at private prisons in California. As a result, Meyers said, ***CCA*** decided Monday to 'put real focus on California City' and postpone indefinitely further work at Mendota." {The Fresno Bee, 6/17/99 Pg A1}

Safety: The state Board of Corrections reported that California City's private prison, run by **CCA**, will need additional work, including safety improvements, to make it suitable for housing county-level inmates. Inspectors noted that fixtures in housing units could be broken off and used as weapons, plus grab bars in cells which could be broken off or used by an inmate to hang himself. (The Daily News of Los Angeles, 7/4/99)

- **Legislation:** Private prison companies suffered a surprising defeat with the passage of legislation in California which would hamper their ability to contract for city and county prisoners. SCA 10 amends the state Constitution to allow only public correctional officers to staff local jails. (State Net Capitol Journal, 8/23/99)

- **Legislation:** A bill that would prohibit the private prison in California City from importing inmates from other states is on its way to Gov. Gray Davis, who is expected to sign it. The measure is backed heavily by the California Correctional Peace Officers Association, which represents state correctional officers and is opposed to private prisons. The bill is needed because private prisons may not have the same safeguards against escape or the same standards for treatment of inmates as state prisons. (Bakersfield Californian, 9/6/99)

- **Finances:** They were once the hot buy of the stock market, purchased by thousands of investors who had visions of rapid growth and rich profits, but over the past two years, companies specializing in building and running private prisons, including some with operations in Kern County, have taken severe hits in the market. James McDonald, stock analyst for Chicago-based First Analysis Securities, said, "These were once market darlings and now they're outcasts." **CCA, Wackenhut and Cornell Corrections** all have ties to Kern County and have all seen their stock values drop by nearly half in the past year. (David McHenry, Bakersfield Californian staff writer, 12/11/00)

- **Legislation:** Officials in California City have harsh words for pending legislation that would prohibit private prisons from housing federal inmates such as those held at the California City Correctional Center. City Manager Jack Stewart said, "This is a sour-grapes attitude from the state and a waste of taxpayers' money." Both the California Peace Officers Association and Corrections USA are sponsoring the bill, which is supported by several law enforcement agencies. Private prison companies **Corrections Corporation of America**, **Wackenhut Corrections** and **Cornell Cos. Inc.** oppose it. (Debby Badillo, Californian correspondent, 5/3/01)

- **Cost Savings:** Private prison operator **Corrections Corporation of America** spent $106 million to build a giant prison near California City, confident that it would land a contract to house California prisoners. What **CCA** officials didn't anticipate, however, was a sudden stall in the growth of California's prison population and fierce opposition from unionized state prison officers worried about their jobs. The prison remained empty and helped push **CCA**, then struggling with management problems and mounting debt, to the brink of financial disaster. However, the federal Bureau of Prisons needed more beds and signed a contract with **CCA** agreeing to pay above-market prices and big cash bonuses if the company achieved vaguely defined performance targets. ***The BOP also guaranteed CCA a 95 percent occupancy rate, an arrangement almost never included in state contracts.*** (Joseph T. Hallinan, The Wall Street Journal, 11/6/01) Emphasis ours.

- **Assault:** A 42-year-old inmate at the California City Corrections Center, operated by **Corrections Corporation of America**, was in serious condition after suffering a stab wound to his neck. Rafael Arevalos-Barrios, who is serving a six-year term for returning to the U.S. after being deported, was punctured once in the neck while he was in a hallway on the way to a dining area. (The Bakersfield Californian, 2/7/02)

Colorado

- **Law Suit/Inmate Abuse Alleged:** "The ACLU of Colorado filed suit Monday against the nation's largest private prisoner transport company on behalf of a women who claims guards sexually assaulted her during her five day trip from Texas." {Note: It took five days to go from Texas to Colorado?} ***TransCor America***

which is owned by CCA "employed an all-male crew for the March 1998 trip to Colorado despite similar incidents, similar lawsuits and a company policy that required the presence of at least one female guard...". "The suit, filed by Attorney John Webb for the ACLU, joins two similar cases pending against TransCor in .ederal court in Denver." **"When it comes to regulations governing interstate transportation, circus animals and cattle receive more government protection than prisoners"** according to ACLU legal director Mark Silverstein. "One prisoner transported from Ohio to Colorado spent 20 days traveling through states including New York and South Dakota. Prisoners endure these long trips without a change of clothing and often are told to urinate in milk cartons, Silverstein said." {The Denver Post, 3/2/99 pg. B 01}

Escape: An inmate at the private prison in Las Animas, operated by CCA, left his out-of-prison recycling job, stole a prison van and led more than thirty law enforcement officials on a chase before being captured without incident. Serving eighteen years for burglary, the inmate had escaped from custody at least once before. (The Denver Post, 7/20/99)

Liability: According to State Rep. Dan Grossman, D-Denver, a member of the Judiciary Committee, ***the state would be held liable if constitutional standards are breached by private operators***. The growth of private prisons has raised troubling issues with some Coloradans. The state has opened nine corrections facilities or programs since 1987 to serve the booming prison population. (Denver Rocky Mountain News, 7/24/99)

Safety: Nearly 800 inmates at the private prison at Burlington were released from their cells, ending a five-day lockdown, according to CCA president and chief executive officer Mike Quinlan, after rumors spread of a gun hidden by an inmate. (The Denver Post, 7/24/99)

Escape: The Bent County Correctional Facility, operated by CCA, was in a state of semi-lockdown while reviewing security procedures following two prison breaks in as many weeks. One inmate allegedly stowed away on a trash truck while another hot-wired a prison van. (The Denver Post, 8/1/99)

Corruption Alleged: The state is investigating allegations that corrections officers at the Kit Carson Correctional Facility in Burlington engaged in drug trafficking, sexual misconduct and brutality. The warden of the prison, which is run by CCA, has been placed on leave and one guard has been charged with introducing contraband. (Denver Rocky Mountain News, 9/18/99)

Corruption Alleged: Up to 15 female guards and nurses carried on intimate affairs with prisoners at CCA's Carson facility, all during the lockup's first nine months. "Basically, from what I could see, they were letting the inmates run the prison," said ex-guard Jeana Roe, who quit in July. "It's a cannon waiting to explode." Another ex-guard, Shana Turpin, said "I know of 13 female officers having affairs." She added that other women told her, "We were looking for support we weren't getting from the officers. I was alone in charge of 288 male inmates, three pods, just me!"(Denver Rocky Mountain Post, 9/26/99)

Staffing: Inmates and former Kit Carson staff tell a story of a prison plagued by turnover and inept management, plus continued dangerous understaffing. CCA even hired back some employees who were dismissed for blatant violations of company policy, and retaliated against inmates who complained to the DOC or the media about prison conditions. Some officers have been asked to pull double-shifts, and non-security personnel have been enlisted to monitor inmate mealtimes. One shift contained as few as nine officers to supervise 750 inmates. (Denver Westword, 9/30/99)

Staffing/Negligence Alleged: The private prison in Burlington is so short-staffed that guards get $100 bonuses for recruiting friends and relatives for jobs, and another $100 if the new hires stay three months.

"My mandatory posts were not all covered because I didn't have staff," said Israel Reyna, a former lieutenant. He quit his job Monday after CCA fired his brother. "It's very scary to work there," he said. Of the 126 guards originally hired when the prison opened last November, 57 still work there. "I've seen some messed up facilities, but this takes the cake. All CCA cares about is making money," Reyna added. "I give this place another year. And if it doesn't improve, they'll shut this place down." (Denver Rocky Mountain News, 10/22/99)

- **Mismanagement Alleged:** It has only been a year since the first busload of prisoners arrived at the (CCA) Kit Carson Correctional Facility in Burlington, but it's been a strange, volatile year for such a rural place. The prison warden, doctor, kitchen manager and internal investigator have been fired. More than half the staff have quit or been fired, with many having not been replaced. Ex-warden Ron Alford, one of those fired, stated, "You got a 3,000 population town. Where you gonna replace all these people?" Robert Dickey, owner of a gym in downtown Burlington, went to work at the prison as recreational supervisor before quitting in disgust at management practices. Employees began to trust the criminals more than they trusted some co-workers.

  New Assistant Warden Scott Tibbets recently explained that a surveillance camera can be installed for $10,000 to $12,000, where a guard tower post requires 5.1 people, at 5.1 salaries a year to man it. Plus, the camera doesn't fall asleep. However, when Alford was warden, the computer system crashed five times, shutting down the whole electronics system. All doors locked and no one could move until someone with a master key, sometimes an on-call warden off premises, could arrive. When Alford reported the shortcomings, he was fired by CCA for "multiple violations or corporate policy." He is preparing a lawsuit against CCA and the Department of Corrections. Prison Investigator Matt Abdullah made requests to upper management to do pat-downs and place hidden cameras in areas not covered by security cameras, but CCA's corporate headquarters said no. New Warden Dolan Waller reprimanded Abdullah for speaking with DOC investigators about the dangerous environment at the facility, and was subsequently fired. He, too, is working on a lawsuit against CCA and the state. The prison had 199 employees when Waller arrived. During his first three months in charge, 42 staffers resigned and 10 were fired. (The Denver Rocky Mountain News, 11/28/99)

- **Riot/Corruption Alleged:** Private prison companies such as CCA and Correctional Services Corp. have had difficulties in Colorado, as indicated by a riot last March at CSC's Crowley County Correctional Facility where reinforcements from state correctional officers were needed to regain control. Last July, state officials began an investigation into CCA's new private prison in Burlington where nearly half of the 199 employees have quit or been fired since its opening, and guards have been alleged to have had sex with inmates and have introduced contraband to the facility. (Denver Rocky Mountain News Southern Bureau, 1/17/00)

- **Death/Inmate:** Authorities are investigating the death of a prisoner at the privately run Kit Carson Correctional Facility in Burlington. An autopsy determined that the inmate died of a heroin overdose. Prison officials are uncertain how the heroin was obtained and are calling the death suspicious. (Denver Post Northern Colorado Bureau, 1/19/00)

- **Corruption Alleged:** Former investigator at the Kit Carson facility, Matt Abdullah, stated that last November a syringe and a substance believed to be heroin was confiscated at the prison along with cigarettes and marijuana, and added that he suspected prison staff of bringing in these materials. Ten employees were forced to resign. Abdullah was fired last September by warden Dolan Waller who had replaced the prison's first warden, Ron Alford, who also was fired. (Dick Foster, Denver Rocky Mountain News Southern Bureau, 1/20/00)

Mismanagement Alleged: Former prison warden Ronald Alford said that the Colorado Department of Corrections did nothing last year to correct security, construction and safety problems at **CCA's** Kit Carson Correctional Center in Burlington. Instead, **CCA** fired him in retaliation for whistle-blowing about the many dangerous conditions and contract violations. According to Alford's intent-to-sue notice, the private prison was supposed to be run with equal standards to state prisons, but had not beem. (Denver Rocky Mountain News, 4/26/00)

- **Staffing/Mismanagement Alleged:** Capt. Bobby Fowler, a senior officer at the Kit Carson facility, was jailed on felony charges this week after flying into a rage and damaging security equipment. Fowler said his outburst was partly due to stress from overtime after working fifteen days in a row. A fight about staff shortages between Fowler and his supervisors led to the incident. Fowler had tried to fill his required guard posts but at least ten officers, mostly from other shifts, had quit in the past couple of months and workers from his shift were reassigned to fill vacancies. **CCA** spokesperson Susan Hart said Fowler was immediately fired. (Denver Rocky Mountain News, 5/1/00) Fowler, a Captain and Shift Commander was only 24 years old and in charge of the entire prison during his shift.

- **For Profit:** Officials at the for-profit Olney springs prison confirmed that they are looking for replacements for the 400 inmates who are being returned to Washington state. Jim Hunter, vice president of **Dominion Correctional Properties** which owns and manages the Crowley County Correctional Facility, said finding new inmates is a competitive business. The loss of a third of Olney's prisoners isn't as bad as the situation at **CCA's** Kit Carson facility in Burlington where half the beds are empty. (Denver Post, 5/24/00)

- **Corruption/Inmate Abuse Alleged:** A federal judge has told two former supervisors at a private prison in Walsenberg they will serve time behind bars when they are sentenced for beating an inmate. Harry Pollard and Joseph Torrez pleaded guilty to depriving an inmate of his constitutional rights to be free of cruel and unusual punishment. Both admitted beating inmate Daniel Murphy on separate occasions on March 17, 1998, at the Huerfano County Correctional Facility, operated by **Corrections Corporation of America**. (Associated Press State & Local Wire, Denver, Colo., 10/27/00)

- **Corruption/Inmate Abuse Alleged:** Former correctional officer supervisors Joe Torrez and Harry Pollard learned that they will be serving prison time for the March 1998 attack against inmate Daniel Murphy at the **CCA-run** Walsenburg prison. This has raised problems which fall on the Colorado Department of Corrections and its dependence on private-prison companies. **CCA** also runs the troubled Kit Carson Correctional Center in Burlington, which has been plagued by inmate-guard sex scandals, lawsuits by former employees, and security and staffing lapses almost since it opened. Torrez's attorney, Richard Kornfeld, said he was "amazed by the lack of fundamental training that these guys got." He added, "Torrez basically had no prior (corrections) experience, no law-enforcement experience...when he was hired, training was minimal as far as how to conduct yourself, how to protect yourself, and this is a guy who rose to a supervisory capacity." (Carla Crowder, Denver Rocky Mountain News Staff Writer, 11/12/00)

- **Staffing/Corruption Alleged:** Colorado's prison system doesn't suffer from any of the staffing problems cited in the Texas Seven escape report, said Brian Burnett, deputy director of the Department of Corrections. The state's worst problems with prison staff have been at private prisons. Colorado contracts with **Corrections Corporation of America**, which runs three prisons. The Kit Carson Correctional Center in Burlington has been understaffed and plagued with inmate-guard affairs, high turnover and structural problems. The state has to reduce the number of inmates kept there because of low staff. (Carla Crowder, Rocky Mountain News Staff Writer, 1/28/01)

- **Assault/Inmate:** A Fort Cobb man pleaded guilty to injuring a restrained inmate at the Walsenburg prison, operated by Corrections Corporation of America, where Michael Cook was working. Cook was charged in U.S. District Court in Denver and pleaded guilty to depriving the inmate of his constitutional right to be free from cruel and unusual punishment. (Robert E. Bocziewicz, Special Correspondent, The Oklahoman, 4/14/01)

- **For Profit:** Unbeknownst to many prisoners and the public, the Huerfano County Correctional Facility's primary objective is not to rehabilitate prisoners but to make a profit. HCC is just one of three Colorado prisons run by Corrections Corporation of America. A fourth, The Crowley County Correctional Facility, is run by Dominion Corp. The private industry has seen cutbacks in expenses, like salaries for entry-level correctional officers, and that has some government officials concerned. Bureau of Justice Statistics reported that there were 1,931,859 total inmates in custody as of June 30, 2000, with 76,010 prisoners in privately operated facilities. The total revenue allocated to private prisons and jails was $1 billion in 1999. Colorado, with about 10 percent of its inmates in private facilities, is a relatively small customer in the industry. (Keala Murdock, Staff Writer, www.csbj.com, 4/27/01)

- **Finances:** Even before a new 480-bed state prison in Trinidad and a 127-bed detention facility in the eastern plains community of Akron were dedicated this month, the state's four private, for-profit prisons had a total of 724 empty beds. Corrections Corporation of America, which operated prisons in Burlington, Walsenburg and Las Animas, alone had a total of 575 empty beds. At their current rate of $54.66 per day per inmate, that means a revenue loss of nearly $31,430 a day, or about $11.4 million annually. Additionally, the private prison at Olney Springs had 149 empty beds. To help fill the void, the Kit Carson Correctional Facility at Burlington brought in 99 inmates from Kansas and 24 from Wyoming. At the same time, the Crowley County Correctional Facility in Olney Springs has imported 423 inmates from Wyoming to join 613 prisoners from the Colorado Department of Corrections. Acknowledging the revenue loss due to vacant beds, CCA's Jimmy Turner stressed that occupancy rates for his three Colorado prisons are up from last year, but added that the once-booming growth in prisons, both private and government owned, has slackened nationally. (K. Miniclier, Denver Post, 12/17/01)

- **For Profit:** Even before the January opening of a new 480-bed state prison in Trinidad, Colo., and a 127-bed detention center in Akron, Colo., the four private for-profit prisons in the state had 724 empty beds. Corrections Corporation of America, which operates private prisons in Burlington, Walsenburg and Las Animas, Colo., had a total of 575 empty prison beds. Additionally, the private prison at Olney Springs, taken over a year ago by Dominion Correctional Services of Oklahoma City, had 149 empty beds. To help fill this void, the company imported almost 550 prisoners from neighboring Kansas and Wyoming to join the 613 state inmates. CCA acknowledged it has lost revenue because of the vacant beds. (Corrections Professional, 2/8/02)

- **Lawsuit:** The ACLU disclosed that it has obtained "a substantial settlement" for a female prisoner who said she was sexually assaulted by a guard while being transported between jails in Texas and Colorado by officers from TransCor America, a private extradition company owned by Corrections Corporation of America. The lawsuit alleges that in March 1998 the inmate was assaulted while in shackles while being returned to Fremont County to face a theft charge. Cynthia Kok, ACLU co-counsel in the case, said she knows of four other lawsuits against TransCor, stemming from similar incidents, including two lawsuits in Colorado, one in Texas and one in Virginia. In March, lawyers for TransCor admitted to the court that they had learned of five other cases of sexual misconduct by transport guards working for the company. (John C. Ensslin, Rocky Mountain News, 4/24/02)

Politics: The Colorado Criminal Justice Reform Coalition (CCJRC) released a report raising serious uestions as to the accuracy of figures used by the state to show cost savings from privatizing prison operations. The report, "Private Prisons and Public Money: Hidden Costs Borne by Colorado's Taxpayers," explores indirect (or "hidden") costs which the state still pays for inmates incarcerated in privately operated prisons. Although the state pays less money per day when housing a prisoner in a privately-operated facility, the DOC still foots the bill for functions such as medical care, transportation, and administrative costs. The report draws on studies which have found no conclusive evidence of cost savings from privatizing prisons and point to the probability that private prisons provide substandard services. Colorado currently has four private prisons, three of which are operated by **Corrections Corporation of America** and one by **Dominion Correctional Services**. Since January of 2001, **CCA** has contributed $11,750 to state candidates and political parties while **Dominion** has given $200. Two other companies, **Wackenhut Corrections** and **Community Education Centers**, which are currently seeking a state contract for a new 500-bed prison, have each given $5,000 to Governor Bill Owens' re-election campaign. (Stephen Raher, stephen@epimethian.org, 9/25/02)

Connecticut

- **Contract/Canceled:** Gov. John G. Rowland has ordered state officials not to do any more business with the private prisoner transport company, **TransCor America LLC**, following the escape of a suspect from that company's custody last week. State officials said a guard for the company failed to follow proper procedures while he had Evelio Escalante, a reputed gang leader wanted on assault and robbery charges, in custody. The guard did not put leg shackles on Escalante and did not handcuff him behind the back. The prisoner subsequently jumped from the car and ran away. **TransCor** is not licensed to do business in Connecticut and has not acted on requests over the past two years to get licensed, according to state officials. TransCor is owned by CCA. (Associated Press, Hartford, Conn., 11/3/00)

District of Columbia

- **Staffing:** The DC DOC has forgiven over 1.3 million dollars in fines against CCA even though they finished fiscal year 1998 almost 8.8 million over budget. ***"CCA admits it had too few guards to fill all the shifts...The largest fine, $762,000 was for the shortage of guards at the facility... Department inspectors also found that CCA waited four to eight days to dispense medication to inmates in half the cases audited from August 1997 through March 1998."*** (Washington Times 11/13/98)

- **Law Suit:** On 12/17/98 the District of Columbia filed suit against CCA with the Contract Appeals Board. "It accused (CCA) of failing to provide legal counsel to defend the District in a class-action lawsuit filed by inmates at the NOCC in Youngstown and in a lawsuit filed by the widow of an inmate killed at the prison. CCA is also accused of refusing to indemnify District officials in the lawsuits and failing to obtain the required insurance policy naming the District as an insured." ***(Note: Where have we heard this before? Remember the Silverdale work farm in Tennessee?!)*** Deputy Corporation Counsel for DC, George Valentine stated, ***"They're claiming they're doing these things, but they've given us so many restrictions that it's inconsistent with the contract. They ran out and got some insurance after we threatened to sue them."*** (Washington Post, 12/19/98)

- **Law Suit:** ***CCA*** and the Districts problems in Youngstown, Ohio forced DC to hire its own council in pending inmate lawsuits. The two parted ways when the issue of DC's liability in the wrongful death suits and who would pay for it, couldn't be settled. Although ***CCA*** argued in court that DC should not be liable, Judge Daniel Polster found differently. Ironically at the same time ***CCA*** filed a motion which states that DC

is "holding the parties hostage". *CCA* claimed that the District's legal maneuvering "is a blatant attempt to force *CCA* to agree to indemnify DC employees for that which *CCA* is not responsible for under contract and is prohibited from doing under law." {Legal Times, American Lawyer Newspaper Group, 12/14/99}

- **Law Suit:** DC officials had threatened to sue *CCA* to get them to provide legal counsel to defend the District in lawsuits pending from the Youngstown, Ohio problems. Officials contended that *CCA* also "showed no proof of insurance that protects officials from liability in case of legal action." A suit was avoided when *CCA* and District officials agreed to terms. {The Tennessean, 12/22/98 pg. 1E}

- **Legislation:** DC Delegate Eleanor Holmes Norton introduced a bill in Congress that amending previous legislation mandating 50% of DC inmates be housed in private prisons. Ms. Norton's amendment would leave it to the discretion of the Federal Bureau of Prison to decide where the inmates will be housed. {The Washington Times, 1/8/99 pg. C2}

- **For Profit:** *CCA*, "owes the parent company of D.C. General Hospital more than $1.5 million in overdue heating bills. John Fairman, general manager of the Public Benefit Corp., notified *CCA* president Doctor Crants, Mayor Anthony Williams, the control board and D.C. City Council by letter Jan. 29 **that *CCA* has not paid for more than a year's worth of heat and hot water at the Correctional Treatment Facility... In his letter Fairman noted numerous requests for payment have been ignored."** "Last year the D.C government forgave more than $1million in fines levied against *CCA* for improper conditions inside the Southeast Washington treatment facility." {The Common Denominator, 2/22/99}

- **Escape:** *CCA* "A convicted killer knotted several bed sheets together and swung himself out an eighth floor window of a D.C. jail facililty..." The sheets gave way and the inmate died at a local hospital several hours later. Amazingly inmate Donnell Reed was wheelchair bound. **"Not only had he braided the sheets together and *rolled to the window in his wheelchair without being detected*, he also apparently hacked away the metal bars covering the window without being noticed, officials acknowledged."** {Washington Post, 3/15/99 pg. B 01}

- **Contract Denied:** On Monday June 14, 1999 the District of Columbia Zoning Commission unanimously rejected *Corrections Corporation of America*'s application to build a private prison-for-profit at Oxon Cove. {The Washington Times, 6/15/99 Pg. C4}

Florida

- **Law Suit:** Incidents occurring between 1991 - 1995 at CCA run facilities result in **268 lawsuits,** The Ledger, April 22, 1996

- **Law Suit:** In Florida Thomas Blumel was held in the Hernando County Jail, a CCA facility, for 30 days without a valid warrant. Blumel filed suit and as a preliminary matter a federal court has held that CCA maybe liable for his illegal detention. Prison Legal News, February 1997

- **Staffing/Good Jobs?:** *CCA* is having trouble finding employees to fill its 1,008 bed jail in Frostproof. According to Warden Jack Waldron "We're having a problem getting the numbers in." *CCA* "guards" starting salary for the prison is $21,424. {The Ledger, Lakeland Florida 12/1/98 pg.F1}

- **Cost Savings:** A study by the Office of Program Policy Analysis and Government Accountability found that, like the GAO study, savings attributed to private prisons are not materializing. "By law, private prisons

in Florida must save at least 7 percent. But the Florida study found that both prisons fell short of this mark. The ***CCA*** prison provided no savings; ***Wackenhut*** saved only 4 percent. {The Times-Picayune 12/31/98}

Contract/Canceled: In Frostproof, ***CCA*** had built and intended to operate the new Polk County Jail scheduled to open July 1, 1999. However the County Commissioners voted 4-1 to exercise an option in the contract to buy the facility and run it themselves. Accountant David Touchton reviewed Sheriff Lawrence Crow, Jr.'s cost projections, "and found an annual savings of about 2.8 million if the county operates the jail." {The Ledger, 6/22/99Pg. B3}

- **Cost Savings:** Buying the private jail in West Frostproof could cost Polk County between $5.5 and $11 million more than expected over its first five years of ownership. An inspection report indicated that extra funds should be budgeted for maintenance because the materials and facility systems used in building the 1,008 bed jail, generally fail to met government standards. If Sheriff Lawrence Crow is allowed to operate the jail, the projected cost is about $13 million, as opposed to $16 million in costs of paying CCA Inspectors reported deficiencies in lighting and electrical outlets in cells, lack of overrides in operations of pod control areas, and predominant use of breakable porcelain toilets. (The Ledger, 7/21/99)

- **Cost Savings:** Polk County Commissioners are finalizing plans to purchase the private jail in Frostproof. Staff and accountants working out the deal now project an annual savings of $1.7 million to $2.9 million if the county buys the jail and let's Sheriff Crow run it. (The Ledger, 8/27/99)

- **Law Suit:** Four Hernando County Jail inmates who say the jail's private attorney ignored their requests for legal information and materials have sued **Corrections Corporation of America**, the private company that runs the jail, and its warden. (St.Petersburg Times, 9/24/99)

- **Law Suit/Negligence Alleged:** An inmate from CCA's Bay County facility who suffered severe sunburn while working for hours in the hot July sun can proceed with a suit against the company and the county for negligence in health care. Although an initial request for dismissal was granted in the company's favor, the appeals court disagreed. (Corrections Professional, 11/19/99)

- **Negligence Alleged/Staffing:** At CCA's Hernando County Jail, turnover has nearly doubled under warden Jim Cooke's administration. In 1997, a month after Cooke took over, seven supervisors were on staff, yet in 1999 there was only one. In 1998, 59 officers on a staff of 78 left. Forty-four percent of the jail's officers are not state-certified and work under a temporary permit. While other facilities require officers to be certified before working with inmates, CCA has no such policy. *In August, the jail hired a 21-year-old former inmate as a corrections officer, even though a background check should have showed he admitted committing a burglary in 1997. The words "no record found" were scrawled on Brian Bugge's CCA background check, yet the Florida Department of Law Enforcement check used by the jail revealed both of his arrests.* Cooke initially said "He met our qualifications, and we put him to work." Through it all, CCA has profited as the inmate population has risen far above official capacity, while staffing levels have barely changed. The same results are seen at Citrus County Jail, another of the 83 jails or prisons operated by CCA. (St.Petersburg Times. 11/21/99)

- **Politics:** In Florida, Hernando County Jail warden Jim Cooke was called by County Commissioner Nancy Robinson to appear before commissioners who were uneasy about problems at the jail, yet Robinson did not ask one question at the meeting, stating "Management satisfied my concerns." Robinson is not unconnected to the jail, as her daughter is a supervisor there and Robinson received campaign contributions from Cooke, his wife and his bosses at CCA. Commissioners Bobbi Mills and Paul Sullivan also received $1,000 each

from CCA executives in 1996, and Sullivan's wife works in the jail's personnel office. (St. Petersburg Times, 11/25/99)

- **Contract:** In voting 4-1 last week to purchase the Polk County Jail for $40.8 million, county commissioners ensured that CCA will have no role in guarding Polk County's prisoners. (The Lakeland Ledger, 11/29/99)

- **Law Suit:** A former Hernando County Jail monitor who claims she was forced from her job after reporting possible drug use and sex between officers is suing Corrections Corporation of America, the private company which operates the jail. Connie Flesch settled for $75,000 in a similar "whistle-blower" lawsuit against the county, and is now suing CCA because during the investigation it was discovered that the county asked for her resignation based largely on misconduct accusations levied by then warden L.T. Brown, a CCA employee. (St. Petersburg Times, 1/3/00)

- **Corruption Alleged:** A corrections officer at CCA's Citrus County Jail resigned after receiving allegations of sexual misconduct and assaulting an inmate. (St. Petersburg Times, 2/2/00)

- **Mismanagement Alleged:** It's been a rocky year for the Lake City Correctional Facility, a 350-bed prison for young inmates operated by CCA. The warden left, counselors came and went, the substance abuse program was unlicensed, in violation of state law, and instructor jobs remained open for months. (Sun Tallahassee Bureau, 2/27/00)

- **Legislation:** State senator Ginny Brown-Waite, R-Spring Hill, who is sponsoring a bill to regulate private prisons now says she won't support an amendment to ban the import of violent felons to Florida. Other lawmakers are confirming support for the amendment and expect it to be endorsed by the Senate as well. Brown-Waite proposed the bill in order to regulate the construction of private prisons, as no laws govern the industry, which is expected to grow, especially in rural areas of the state. She also confirmed that she discussed the bill with lobbyists for CCA. (The Tampa Tribune, 3/30/00)

- **Mismanagement Alleged:** Citrus County officials have raised concerns about the leadership and finances of CCA, which runs the county jail, and they suggest the county include several safeguards as it negotiates a new contract. The recommendations include requiring the warden to stay at his post for several years and getting at least $1-million in insurance to cover the county's costs if the jail management company cannot live up to its contract. (St. Petersburg times, 3/31/00)

- **ACA/Staffing:** A review by the American Correctional Association says the Hernando County Jail, operated by CCA, meets more than 98 percent of mandatory standards set by the ACA. Such sentiments run contrary to those of several former officers who said that they did not feel safe working there because of the inexperience of the jail's ever-changing correctional staff, as well as an uncomfortable work environment they said is fostered by warden Jim Cooke. A Times investigation found that in 1998, the jail had ***a 78 percent turnover in staff, and 44 percent of officers were not certified.*** (St. Petersburg Times, 10/5/00)

- **Mismanagement Alleged:** A public agency set up to monitor the state's five privately run prisons isn't doing the job and should be abolished, according to the Florida Corrections Commission. State law requires an on-site monitor at each, but since 1998, that position has been vacant for months at a time at three facilities, according to the commission's 2000 annual report. As a result, the facilities have submitted incomplete reports or none at all. C. Mark Hodges, the privatization commission's executive director, pointed to Gadsden Correctional Facility, operated by Corrections Corporation of America, which houses 896 female inmates near Tallahassee. He said the prison lacked an on-site monitor at various times because

the privatization commission wasn't satisfied with the monitors it had hired and was searching for more satisfactory replacements. (Shelby Oppel, St. Petersburg times, 1/6/01)

Mismanagement Alleged: Corrections Corporation of America, the company that runs the Citrus County Detention Facility, fired Warden David Eads, the jail's fourth warden in less than six years. CCA gave no specific reasons to the county or the Citrus Times for the firing, citing only a desire to change the management. (Bridget Hall Grumet, St. Petersburg Times, 3/24/01)

Cost Savings: Proposals for cheaper and better private-sector delivery of services are not based on sound economic management but rather simplistic economic models, blind faith, greed and attempts to destroy employee protections and unions. Despite talks about savings, private vendors are reluctant to sign contracts that guarantee savings of 7 to 10 percent. Privatization has cost Florida taxpayers hundreds of millions of dollars. In 1993 the Legislature, mistrusting the Department of Corrections, established the Correctional Privatization Commission to send convicts to private prisons. The commission has been wracked with scandals, and the private companies, Wackenhut and Corrections Corporation of America, which contributed heavily to political campaigns, haven't provided the cheaper, higher-quality services they promised. (James Fendrich, Miami Herald, 5/4/01)

Corruption Alleged: Authorities say that Hernando County Jail guard Nikki Richardson released a male inmate from confinement so he could go into a shower and have sex with a 17-year-old female detainee. Richardson has since been arrested and suspended from her job. Inmate Demetrius Elliott, who was being held on drug charges, faces a count of unlawful sexual activity with a minor. Richardson, who was hired in March on a temporary employment basis by Corrections Corporation of America, was not yet licensed as a corrections officer and was already on administrative leave for previous work-performance problems when the jail authorities learned of the criminal allegations. She has been charged with being a principle to the sexual activity. (Jamie Malernee, St. Petersburg Times, 5/15/01)

Escape: Tracy Lashawn Collier, a man with an extensive criminal history, and facing another 30 years in prison, walked out of the Bay County Courthouse on Thursday with help from some friends. He was recaptured near a relative's house in Callaway that evening. He had escaped from CCA's Bay County Jail guards while visiting the law library on the third floor of the courthouse. When he didn't return after a period of time, the guards checked on him and discovered he was gone. His jail clothing and shackles he had been wearing were found near a stairwell next to the rest room. (David Angier, The News Herald, 6/9/01)

Corruption Alleged: The Florida Commission on Ethics yesterday found probable cause that Ronald Thomas Jones, an ex-employee and consultant for the Correctional Privatization Commission who now works for Corrections Corporation of America, violated Florida statute by "using state property and resources for personal use." Ken Kopczynski, Political Affairs Assistant for the Florida Police Benevolent Association, said, "This is another black-eye for the CPC. While this violation of law is minor, it highlights what the PBA and others have been saying for the past couple of years – the CPC is out of control and needs someone in authority to look into their activities. The PBA is the collective bargaining agent for state corrections officers. In 1999, Dr. Charles Thomas, a consultant for the CPC, a University of Florida professor and the disputed "guru" of prison privatization, was fined $20,000 by the Ethics Commission for his relationship with the for-profit private prison industry at the same time he was evaluating the industry for the state. There are four outstanding Ethics complaints against C. Mark Hodges, the CPC Executive Director, for using his state office to run a private consulting business, not repaying tens-of-thousands of dollars in income he received and hiring his business partners. (ken@flpba.org, 6/14/01)

- **ESCAPE:** Tracy Lashawn Collier, accused of escaping from jail officials last month to avoid prison, received a 15-year sentence after being convicted of lewd and lascivious battery. Circuit Judge Don T. Simmons found that Collier was a prison release re-offender and ruled that he was also a habitual offender, with earlier convictions of grand theft auto, escape and dealing in stolen property. According to police, Collier walked out of the Bay County Courthouse law library and escaped from two **Corrections Corporation of America** jail guards. Investigators said he asked the guards if he could use the restroom and they allowed him to go unescorted. (David Angier, The News Herald, 7/10/01)

- **ESCAPE:** An inmate who escaped from the Hernando County jail last month is back behind bars thanks apparently to a former cellmate who spotted him in a supermarket and notified state police. John Devane escaped from the jail July 3 when a corrections officer escorted him and another inmate outside the compound to empty trash. Devane said he had to urinate, went behind a dumpster and fled. The jail is operated by **Corrections Corporation of America**. (Jamie Malernee, St. Petersburg Times, 8/3/01)

- **Legislation/Cost Savings:** Florida's eight-year experiment with privately operated state prisons is being thrown a surprise curve by lawmakers who want new, cheaper contracts negotiated as soon as possible. If the private-sector bidders are unable to deliver, the day-to-day operation of the prisons will be turned back over to the state Corrections Department. Senate President John McKay, R-Bradenton, noting legislative researchers have discovered questionable prison contracts in the past, said the goal of privatization is to save money. If privately operated state prisons are failing to achieve the level of savings lawmakers initially envisioned, he said, "Maybe it's one of the good ideas that doesn't work." The industry promised it could deliver savings of 7 percent when they began in 1993, but now lawmakers want assurances the state is saving at least that. Lobbyists for private prison operators **Wackenhut Corrections Corp.** and **Corrections Corporation of America** feel there is another agenda in play and are scrambling to find out why the provision was added without any public debate. (David Wasson, Tampa Tribune, 12/4/01)

- **Escape:** On Tuesday, Ronald Naval became the first inmate to successfully break out of Polk County's $41 million state-of-the-art jail, squeezing through a six-inch window. The facility was built by **Corrections Corporation of America**, which planned to operate a private, for-profit prison. Polk County decided to buy the jail before it opened as a way to ease overcrowding in the local jail system. (Will Vash, The Ledger, Lakeland, FL, 2/1/02)

- **Politics, Corruption:** A Florida official faces ethics charges on allegations that he improperly sold a public document to the city of Youngstown, Ohio for $7,500. City contracts and invoices show that Mark Hodges also sold Youngstown a draft of the document, a private prison monitoring manual, for another $7,500. Hodges is the executive director of Florida's Correctional Privatization Commission. Ultimately, the money paid out wasn't the city's, as **Corrections Corporation of America**, owner of the now empty East Side private prison that the city monitors, eventually reimbursed the city for expenses. Nonetheless, a contract and invoices show the city released $15,000 for a draft and a final copy of the 68-page document, which unedited would have cost $10.20 – 15 cents a page in copying fees. Though he claimed that it's not illegal to sell a public document, Hodges used his state job, which pays more than $90,000, to benefit his private consulting business. He is accused of hiring several of his employees to do consulting work, illegally using state phones and fax machines, and having a conflict of interest. The Florida Police Benevolent Association, which opposes private prisons and filed the complaint against Hodges, has asked the state attorney to file criminal charges. (Roger Smith, City Hall Reporter, 2/17/02)

Inmate Death, Negligence Alleged: Sheriffs deputies are investigating allegations that staffers at the privately run Bay County Jail failed to get medical attention quickly enough for an inmate who later died. 'ustin Sturgis, 20, who had been charged with driving under the influence, died from a rare reaction to a street drug, believed to be Ecstasy. The jail is operated by **Corrections Corporation of America**. Other prisoners alleged that guards mocked the moaning Sturgis for two hours before finally calling an ambulance. (AP, Panama City, 2/18/02)

Lawsuit: The parents of Justin Sturgis have filed a notice that they intend to sue the Bay County Jail and perhaps Bay Medical Center for failing to properly care for Sturgis when he became fatally ill in a jail holding cell on Feb. 15. Attorney Wes Pittman said he will file suit against **Corrections Corporation of America**, the private company that manages the jail, on behalf of the Sturgis family. Pittman said, "We do not see the county as the culprit. The suit is going to be against CCA and possibly the hospital." Bay County Commission Chairman Cornel Brock said the commission is anxiously awaiting the results of investigations into the incident. "The county is very much concerned," Brock said. "We don't take it lightly. An inmate who becomes seriously ill while they are incarcerated ultimately is the responsibility of the county." (Daniel Jackson, The News Herald, 2/27/02)

Corporate Veil, Mismanagement: Steve Owens, spokesman for **Corrections Corporation of America**, the company that manages the Hernando County Jail, said that it had concluded an internal investigation into an inmate's death and determined that jail employees did nothing wrong. Owen said in a statement that jail staff "followed all policies and procedures in the handling of this incident," but he refused to release documents related to the investigation, saying the inquiry was initiated by corporate management rather than county commissioners, so it was exempt from disclosure laws. Their investigation began after Laren Sims Jordan hanged herself in the jail on March 30. The jail placed Jordan in its medical unit, where corrections officers are instructed to check inmates every 15 minutes, Jail officials said 12 minutes elapsed between the time officers last checked on Jordan and then found her hanging. Deputies at the Okaloosa County Jail, where Jordan was previously held, found a suicide letter and alerted booking officers that she might be suicidal, but neither jail had Jordan on a suicide watch. (Jamie Jones, St. Petersburg Times, 4/12/02)

Inmate Death/Negligence Alleged: Attorney Wes Pittman said he was angered by comments made by **Corrections Corporation of America** officials after a grand jury released its findings into the death of Bay county Jail inmate Justin Sturgis, who died of an apparent drug overdose. "It is a very solid finding of fault on the part of the grand jury as to the ludicrous nature of health care, or lack of health care, in the Bay County Jail," said Pittman, who represents the Sturgis family. While jurors found no criminal liability in Sturgis' death, there were "serious deficiencies" on the part of personnel "which led, or contributed to the death." Sturgis died of malignant hypothermia, a rare reaction to the apparent 10 to 12 Ecstasy pills he swallowed during a traffic stop before he was arrested for DUI. "When Mr. Sturgis failed to give the nurse adequate information concerning the quantity and nature of the drug, he effectively removed any possibility of survival," said Louise Green, CCA vice president of communications. Pittman responded, "That's hardly a commendable attitude for contract persons charged with the protection of individuals within their custody and who are unable to take care of themselves."(David Angier, The News Herald, 8/13/02)

Inmate Death: An autopsy was being performed to determine the cause of death for Antonio Lewis Franklin, who died suddenly at the Citrus County Jail, operated by **Corrections Corporation of America**. The Citrus County Sheriff's Office is investigating the death, and jail warden Carlos Melendez said he was also conducting an internal investigation to determine whether his staff followed proper procedure.(Carrie Johnson, St. Petersburg Times Staff Writer, 8/22/02)

- **Inmate Murdered:** The Bay County Office of Emergency Services has initiated its own investigation into the death of Bay County Jail annex inmate Chad Littles, 18, who was beaten to death by six other inmates. Bob Majka, chief of emergency services, said his office oversees the contract between the county and **Corrections Corporation of America**, the operators of the jail and its annex. Majka said his office now looks into incidents at the jail that might lead the county into liability issues because of the contract with CCA. Steven Owen, CCA spokesman, said there were cameras installed in the pod where the incident occurred but they didn't work. They'd been installed 15 years earlier to monitor a specific remodeling project and hadn't been in operation since. (David Angier, The News Herald, 10/9/02)

- **Escape/Erroneous Release:** Correctional officers at the Bay County Jail, operated by **Corrections Corporation of America**, released the wrong woman when a female inmate assumed the identity of a sleeping woman who was in the same holding cell for detoxification. Robbie Renee Levingston answered for the other woman, forged a signature for her belongings and walked out of the jail with the victim's identification, checkbook and $700 worth of jewelry. (Daniel Jackson, The News Herald, no date available)

- **Escape:** A man who used his little brother's name to avoid being booked into CCA's Bay County Jail remained at large after escaping out an unguarded back door at the facility. Under the impression that Billy McMullon was a juvenile, police took him to the jail so that he could call his parents to come get him. They removed his handcuffs once at the jail in order to make a phone call. Because the officer arrived during visiting hours when the jail gates were locked, he had to park uphill from the jail and escort McMullon through an unguarded back door near the booking area. When he was informed that he was going to be held at the jail, McMullon escaped through that back door. (Windy Booher, The News Herald, no date available)

- **ESCAPE:** Federal inmate Nelson Pierre Georges, who escaped from the Hernando County Jail, was captured near Fort Lauderdale. The Haitian immigrant stole a school district car and drove to Davie, where he was arrested. Also, two other inmates tried unsuccessfully to escape through a hole in the jail's ceiling. Georges had been flagged as a flight risk at the Hernando County Jail because he had previously escaped from the Immigration and Naturalization Service. Warden Kevin Watson declined to discuss the escape, as did a spokesman for **Corrections Corporation of America**, which runs the jail. (Jamie Jones, St. Petersburg Times Staff Writer, 11/6/02)

- **For Profit/Gross Mismanagement:** State officials Monday gave **Corrections Corporation of America** another month and a half to fix employee hiring problems at the Gadsden Correctional Institution. Faced with another rash of missing documents for correctional officers, however, they said they are increasingly concerned about the company's ability to run the women's prison near Quincy. Investigators from the Florida Department of Law Enforcement have twice this year discovered dozens of correctional officers working at the minimum- and medium-security prison who aren't registered with the state's Criminal Justice Standards and Training Commission. Officials require registration to make sure problem officers aren't bouncing from prison to prison and that they are adequately trained. (David Twiddy, Democrat Capitol Bureau, 11/26/02)

Georgia

- **Politics:** Corrections Commissioner Wayne Garner guaranteed an "orderly and fair" bidding process for the states private prison operators. However during the process, "Garner was in constant contact with a key lobbyist for the firm that eventually got the contract... The contract could yield $655 million in the next two decades. Garner called Jim Hammock, the lobbyist for *Corrections Corporation of America*, 48 times on his state car phone in the 63 days after the Request for Proposal was issued and before *CCA* got the contract in July 1997 even though the RFP specifically prohibits such contact.... *CCA* won for being the low bid but

will be paid at a rate that is actually the high bid. If the bid had gone to ***Cornell*** Corrections, which had a better technical score, the state would save $43 million during the next 20 years." "Garner and ***CCA*** also lenied the widespread rumor that Garner is going to work for ***CCA*** after he leaves corrections. But Garner did not dismiss the possibility in the future." {The Atlanta Journal Constitution, 3/22/99 01B}

- **Mismanagement Alleged:** After ten months of operation, two private prisons failed to meet the state's minimum standards in inmate health care, staffing and security, according to a quarterly audit. Critical security posts were not staffed for entire eight-hour shifts, inmates had easy access to medications and tools, and more than one-third of the nursing positions at one prison were vacant. **Corrections Corporation of America** showed "borderline deliberate indifference" in running Wheeler Correctional Facility at Alamo and the Coffee Correctional Facility in Nicholls. (The Atlanta Journal and Constitution, 10/2/99)

- **Mismanagement/Negligence Alleged:** The state Department of Correction said it is "concerned" that **CCA** continues to fail to adequately treat the medical needs of state inmates at the one-year-old private prisons in Coffee and Wheeler counties. The report is from an audit to follow up problems discovered in a September review, such as alarm system failures, short staffing, and inmate discipline. The report noted that inmates were unprepared for regular counts at their cells and officers were having to beg them to get up. (The Atlanta Journal and Constitution, 12/4/99)

- **Mismanagement Alleged:** The Department of Corrections said that **CCA** installed an inadequate septic tank system for its prison in Coffee County. They did not have a licensed engineer operating it, and had put its tanks in a marshy area that may have allowed sewage to leak into ground water. Since last fall, DOC audits of **CCA's** prisons in Coffee and Wheeler have found problems with security, medical care, inmate discipline and staffing. (Atlanta Journal-Constitution, 2/28/00)

- **Negligence Alleged:** The largest operator of private prisons in Georgia, **Corrections Corporation of America**, is beset by widespread problems that range from inmate conduct and security to theft of narcotics and altered medical records, concluded a series of state inspections. Among the many shortcomings, the report indicated that inmates have total control of the kitchen at the Wheeler Correctional Facility, medical records were altered or completed days after an inmate was treated, narcotics were left where inmates could get them, and priority posts were not staffed by corrections officers. (The Atlanta Journal-Constitution, 5/22/00)

- **Cost Savings:** Evidence continues to mount that in Georgia, as well as in other states, private prisons are an all-time bad idea. The state pays **CCA** $33 million annually to house 1,000 prisoners at facilities in Alamo and Nicholls, yet state officials have accused **CCA** of tolerating lax security, food shortages and other deficiencies. (The Atlanta Journal-Constitution, 5/23/00)

- **ACA:** The American Correctional Association has accredited both The Coffee Correctional Facility at Nichols and the Wheeler Correctional Facility at Alamo. Each prison is designed to hold 1,500 inmates, but the Georgia DOC has capped the numbers at 1,000 until **CCA** corrects several problems such as lack of inmate discipline, altered or incomplete inmate medical records and security lapses. (The Atlanta Journal and Constitution, 9/22/00) The ACA accredited them anyway.

- **Contracts:** Georgia Department of Corrections officials won't use two prisons being built by **Corrections Corporation of America**, despite agreeing to put 1,000 more state inmates in private prisons in Wheeler and Coffee counties, which means that **CCA** will keep shopping out of state for its prisoners. State officials found problems at these facilities including posts not staffed for entire eight-hour shifts, inmates having easy

access to medications and tools that could be used as weapons, and more than a third of the nursing positions at one prison being left vacant. (Rodney Manley, The Macon Telegraph, 9/29/00)

- **For Profit:** Construction crews finished building a $45 million private prison in McRae and a warden has been hired, but the 1,500-bed medium-security prison is still empty. Owned by Corrections Corporation of America, the facility won't house any state inmates, so CCA had to shop outside of Georgia for its prisoners. Once it opens, the McRae prison could become the first for-profit prison in Georgia to house out-of-state inmates. (The Associated Press State & Local Wire, Macon, GA, 11/26/00)

- **Protest:** Representatives from civil rights, criminal justice, labor and other organizations plan on coming together to tell the state not to sell public safety to a multi-national corporation. More than 30 organizations have signed onto a resolution opposing the importation of prisoners and calling on the governor and the general assembly to respect public safety and justice, sparked by a plan by CCA to import prisoners from as far away as Hawaii in order to fill two CCA facilities in Stewart County and Telfair County. Private prisons in general have a history of violence and escapes, and CCA in particular has a reputation for dodging property taxes, low pay for its workers and not delivering on promises of economic development. "Incarceration should be a government function, not something to generate profit," said Ann Colloton of Georgians for Equal Justice, one of the groups organizing the press conference. "A multinational corporation is not accountable to the people of Georgia; it is accountable to the bottom line and its stockholders whose interest is profit. The safety and well-being of the state of Georgia - prison employees, prisoners and our local communities - not corporate greed, should come first." (ken@flpba.org, Georgia: call for legislative action, Ann Colloton, Dan Horowitz, Ralph Williams, 12/4/00)

- **Protest:** The people of McRae and Corrections Corporation of America suffered yet another public relations blow when almost three dozen human rights, prisoner rights and victims' rights organizations denounced as "morally repugnant" the building of speculative prisons like the one in McRae. Katie Foster, executive director of the Service Employees International Union Local 1985 said, "Basically, this deal is about buying and selling people. This sounds like an institution we got rid of almost 150 years ago. I don't think the people of Georgia want to see that evil brought to life again." For months early on, CCA insisted that the prisons were not "speculative," and that the company had an "understanding" with the state to house only Georgia inmates. That was backed up by McRae officials. At the same time, Georgia officials insisted there has never been a deal regarding CCA's McRae facility and that the state prison system was already flush with beds and in no need of another private prison. (Rhonda Cook, www.accessatlanta.com, 12/6/00)

- **Politics:** Private companies that build speculative prisons gave $72,150 to Georgia lawmakers and political parties in 2000, a year before the state Legislature buried a proposal that would have put severe restrictions on the prison industry. Some of that money went to Middle Georgia lawmakers who defeated legislation in 2000 that would have barred private prisons in Georgia from accepting convicts from other states. At the time, McRae Correctional Facility, a new private prison in Telfair County, was shopping for inmates. The prison is still vacant and is seeking a federal contract to house criminal aliens, many of whom would be transported to Georgia from other states. Georgia contributions exceeded donations in Tennessee, home of the for-profit prison giant Corrections Corporation of America. Critics of private prisons say those facilities are more prone to escapes and violence than publicly operated jails. "It's really hard to monitor private prisons and to challenge them," said John Cole-Vodicka, director of the Prison and Jail Project in Americus, a non-profit group that monitors corrections facilities in south Georgia. "Historically, private prison companies have contributed to campaigns in Georgia on the state and local level in order to get favors from elected officials." (Andy Peters, Macon Telegraph Staff Writer, 5/11/02)

For Profit: More than a year after construction ended at the new $45 million private prison, McRae Correctional Facility appears close to getting some prisoners. The prison, one of two speculative facilities built in Georgia by **Corrections Corporation of America**, has been recommended for one of two contracts with the Federal Bureau of Prisons to house criminal aliens. Cautious reaction is not surprising, considering the difficulty CCA has had in recruiting inmates for the new prison. McRae was built without a state contract, and Georgia officials passed on putting inmates in the facility, despite having contracts with CCA prisons in nearby Alamo and Nicholls. As a result, CCA has courted customers from as far away as Hawaii, but with no success. (R. Manley, The Macon Telegraph, 10/9/01)

Hawaii

- **Death/Inmate:** State corrections officials have sent a team to investigate the recent deaths of two Hawaii inmates held at the Florence Correctional Center in Arizona. Officials are waiting for the results of a medical examiner's findings. The prison is operated by **Corrections Corporation of America**. (Associated Press State & Local Wire, Honolulu, 4/27/01)

- **Hidden Cost/Gangs:**For years, Hawaii's prisons have been free of the violent gangs that plague many Mainland facilities, but inmates returning from Mainland prisons are showing more signs of gang involvement, according to Ted Sakai, head of the state prison system. Prison officials are seeing more gang tattoos, gang "code words" and inmates who acknowledge other prisoners with gang affiliation as leaders. One inmate said, "What happened was, when we came out to the Mainland, we was forced to make our own groups for survival and protection. In Hawaii, no we never have to..." A report by a Hawaii investigator alleged that about 100 prisoners in Florence, Arizona's, private prison, operated by **Corrections Corporation of America**, were members of a gang, and claimed every major assault at the prison involving both inmates and staff could be traced to the gang. (Kevin Dayton, Advertiser Capitol Bureau Chief, 9/4/01)

Idaho

- **For Profit:** As Corrections Corporation of America prepares to open the state's prison in Boise this summer, local businesses are being encouraged to set up shop using inmate labor on prison grounds. Opponents liken inmate labor to slavery and say the prison-industrial complex leads to coerced working conditions and a reduction in jobs for non-inmates. Supporters say working prisoners learn valuable skills they can use after being released, while at the same time offering businessmen a way to increase profits. CCA expects 20 percent of its employable inmates, about 150, to work. Idaho AFL-CIO President Dave Whaley promised that union members will fight the prison labor movement. (Kelly Teal, The Associated Press, 6/19/00)

- **Protest/Inmates:** Five weeks after it opened, the newly opened Idaho Correctional Center, operated by **Corrections Corporation of America**, locked down its inmates in response to a silent protest. Prisoners refused to come out of their cells to attend chores, claiming overly restrictive rules on shaving, phone calls and mail. CCA has been a controversial choice to run Idaho's private prisons since its selection as contractor in 1997. The company began moving Idaho inmates to the new $50 million, 1,250-bed prison south of Boise from its New Mexico facilities after the first of July. (AP State & Local Wire, Boise, Idaho, 8/5/00)

- **Contract Breach:**The Department of Correction is going through a major overhaul of its internal operations and is renegotiating its contract with **Corrections Corporation of America** to run a private prison south of Boise. Director Tom Beauclair said that he's renegotiating the contract with CCA because the company has

been "non-compliant" in some respects to the agreement. Beauclair was hired this summer to replace Jim Spaulding, who was forced out in March after revelations of inmate and employee misconduct in the Correctional Industries division. The state pays CCA $37.60 per inmate per day to run the 1,232-bed prison. (Wayne Hoffman, The Idaho Statesman, 12/20/01)

- **Contract Violations:** Corrections Corporation of America, the company running Idaho's private prison remains out of compliance with its agreement to provide required job training for its inmates. Don Drum, management services administrator for the Department of Correction, said the state told CCA on Oct. 3 that it was out of compliance with its contract, and that the state is ready to slap the company with penalties if it doesn't get the training jobs running soon. (Ken Miller, The Idaho Statesman, 2/4/02)

- **Politics:** Another senator-turned-lobbyist is Skip Smyser, a Parma resident who served in the Legislature from 1983 to 1990. Smyser and his well-connected right-hand man, Edward Lodge, work for a wide variety of big-hitters. Along with mining and timber, alcohol and tobacco, trucking companies and ski resorts, along with other national companies such as AT&T, Kraft Foods, Smyser represents **Corrections Corporation of America.** (Idaho Statesman, 2/6/02)

- **Politics:** Idaho lawmakers complained loudly about the role of out-of-state money in Idaho's term limits campaign, but most collected out-of-state money for their own campaigns last year. The top three out-of-state givers were Philip Morris Co. of New York, $10,600; AT&T of Colorado, $9,000; and the Tennessee-based **Corrections Corporation of America**, $7,750. CCA also has the state contract to run a private prison south of Boise. (Betsy Z. Russell, Spokesman Review Staff Writer, 2/12/02)

- **Cost Savings:** The state has begun bringing back more than 100 women inmates who have been housed at the Cibola County Corrections Center in Milan, N.M., run by **Corrections Corporation of America**. Officials estimate that ending the housing contract with Cibola County will save the state nearly $500,000 a year. (The Associated Press, Pocatello, ID, 3/26/02)

- **Contract Violations:** Complaints about the privately run prison near Boise have caught the attention of Department of Correction Director Tom Beauclair, who has asked a university professor to conduct an independent audit of **Corrections Corporation of America's** operations. But Beauclair reiterated that the state has a good relationship with the Tennessee-based company, even as state officials get ready to levy an estimated $100,000-a-month fine against it for failing to employ enough of its roughly 1,250 inmates in a work program. (Wayne Hoffman, The Idaho Statesman, 6/25/02)

- **Contract Violation:** The private Idaho Corrections Center south of Boise has more inmates working, but still not enough to avoid a steep fine from the state. Corrections Corporation of America will be fined $95,000 a month. About 1,250 inmates are housed at the private prison, and the contract with the state calls for 20 percent of them to be enrolled in a jobs program. As of Wednesday, 55 inmates were enrolled. CCA says it's trying to meet the goals of the contract. (The Associated Press State & Local Wire, 7/17/02)

Illinois

- **For Profit:** "In both non-profit, privately run foster-care programs and in for-profit juvenile detention facilities, we found instances where companies were keeping kids in their care longer than necessary, in order to increase their revenues," told David Jackson of the Chicago Tribune in his series about for-profit and non-profit juvenile prisons. "When we looked at computer records of children in one private agency in Illinois, we found that government officials, in fact, didn't know where all the kids were." He continued, "In many instances, children come out worse than when they went in. One youth was sent to the Columbia

Training Center, a for-profit youth prison run by Correctional Corporation of America. Eight months later, when he left the prison covered in bruises, he was in need of acute psychiatric care." Jackson also aid, "One of the things we saw time and time again is that privatization, which was thought to be a panacea in large part because it's cheaper, is actually expensive in a way because there's a hidden cost of increasing monitoring." (National Public Radio, 10/5/99)

ndiana

Law Suit:"A group of landowners with property next to a proposed 200-acre prison site owned by the town of Shoals, has filed a lawsuit in Martin Circuit Court seeking an injunction against the private prison's construction." "They are suing the Martin County Commissioners, the Shoals Town Board Members, and Martin County Circuit Judge Joseph Howell, as well as Corrections Corporation of America." {The Washington Times-Herald, 4/23/99}

Law Suit: In Shoals, setbacks, threats, intimidation and mounting legal costs are not deterring plaintiffs who filed a lawsuit to stop construction of a private prison by CCA, initially housing 1,000 prisoners but with capacity to expand to 1,500. (Washington Times-Herald, 7/27/99)

Corruption Alleged: Alfred R. Bennett rose to the top of the DOC hierarchy, then resigned in 1983 under a financial cloud after being charged with misdemeanor conversion, and surrendered to authorities. When bids were let on a contract to place 1,000 Indiana prisoners with a private correction agency Bennett renewed his interest in working under DOC Commissioner Edward L. Cohn. Corrections Corporation of America won the $10 million-plus contract, Bennett's business, Bennett and Associates, was hired by the DOC to monitor Indiana inmates in Oklahoma, and part of Bennett's duties includes the very thing that he had been drummed out of the DOC for - travel. How could a man who resigned under such circumstances ıe rehired by the same department to oversee such a deal? (The Indianapolis Star, 10/30/99)

For Profit: Greg Barnes, political science professor at Indiana State University, formerly worked for CCA for two years. In a speech to the Martin County, Ind., Committee of Safety, he outlined ten potential problems with private prisons including:

- If private prisons are cheaper, that can only come at the cost of quality.
- If, through efficiency, more prisons are built, they will be filled because they are there.
- Renegotiating and changing contracts between private prisons and government bodies is time consuming, and terminating a contract is often very difficult.
- What happens in case of an inmate riot or guard strikes and sickouts.
- Governmental liability is not decreased because of a private prison contract.
- Contracting invites corruption in the form of favoritism, bid-rigging, conflict of interest, bribes and kickbacks.
- Contractors, such as CCA, could engage in low-balling in which they obtain contracts by making unrealistically low bids.

He listed several problems with the work for CCA including forced overtime without overtime pay (employees are given compensatory, or "comp" time), second- and third-shift jobs and being forced to swing from shift to shift. (tmnews.com, 3/21/99)

RIOT: The Indiana Department of Correction has an obligation to keep the public informed about big news that breaks behind prison walls, especially when it involved inmates from other states. That did not happen when a riot broke out last month at a private prison in Wheelwright, KY, run by Corrections Corporation ıf America, where more than 550 Indiana inmates are housed. During a nine-hour rampage, more than 400 Indiana prisoners took over several buildings, threw rocks at officials, destroyed property and started fires.

The melee at the Otter Creek Correctional Facility wasn't brought under control until 3:30am the next day when officials fired shots and threatened to put down the insurrection with deadly force. Nearly 100 state police and deputy sheriffs were called in as backup. There were no major injuries, but there was exter property damage. (www.indystar.com/print/opinion/wed/articles/editorialbottom15.html, 8/15/01)

Iowa

- **Good Jobs?:** *CCA* has proposed a 750 bed medium security facility 30 miles west of Des Moines. Iowa is anticipating that its inmate population will nearly double in the next seven years. Non-union "guards" at *CCA*'s Appleton facility start at $19,219 per year compared to Iowa's Correctional Officers who start at $27,164. {The Des Moines Register, 1/10/99 pg. 1}

- **Contract/Denied:** Shelby County officials abandoned a plan by *CCA* to locate there after the citizens flooded officials with calls and letters in opposition. {Omaha World-Herald, 3/17/99}

- **Good jobs?:** "The nations largest operator of private prisons has dropped plans - at least for now - to build a 500 bed detention facility in western Iowa... Prison employees would (have been) paid more than $9.00 and hour ($18,720), plus benefits that would include health insurance." {Des Moines Register, 6/23/99 Pg. 3}

Kentucky

- **RIOT:** Inmates from Indiana surrendered this morning after taking control of four dormitories at the medium-security Otter Creek Correctional Center, a private prison owned by **Corrections Corporation of America**. "They destroyed everything they could get their hands on, but no one was seriously injured," said Don Burke, spokesman for the prison. Inmates threw rocks and other items at guards in a nine-hour uprising which started in a recreation yard. Kentucky State Police said troopers were sent from Pikev" Morehead and Hazard to surround the outside of the prison to help guard against escapes. (Associ Press, Wheelwright, KY, 7/6/01)

Louisiana

- **Cost Savings:** Louisiana has the dubious distinction of having more people in prison in proportion to its population than any other state in the nation, 763 prisoners in state custody per 100,000 residents as of June 30, 1999. A decade ago, the state built three nearly identical medium-security prisons in north-central Louisiana to house adult men. It contracted out two of the facilities to be operated by **Wackenhut Corrections Corp.** and **Corrections Corporation of America**, with the third run by the state. A performance audit released in March by the Louisiana Legislative Auditor's Office showed that the operating expenses at the three prisons differed by less than $1 per day per inmate, showing no savings from the private companies. (State Net Capitol Journal, 7/31/00)

- **Escape:** One correctional officer has been fired and another suspended for apparent mistakes that allowed two prisoners to escape outside LSU Hospital in Shreveport. Winn Correctional Center authorities declined to identify the officers. An investigation found that prisoners Jason Webb and Buyong Jones were able to get out of their handcuffs, waist chains and leg irons because Webb had a small handcuff key. The transporting officers did not follow procedure. The facility is run by **Corrections Corporation of America**. (Associated Press, State & Regional, Shreveport, 6/24/01)

Michigan

- **Death/Inmate:** *"In one case, the employee deficiency resulted in death.* In January 1987, Rose Bradford who was awaiting trial in a CCA facility, died of complications from a tubal pregnancy. Accord

to the complaint, CCA Corrections Officers refused to take her to the hospital because they thought she was faking pain, despite hours of screaming. **The officer who attended the patient said she had received only few hours of training, and none in first aid."** (A Michigan Prison Privatization Analysis, Legal Ramifications of Prison Privatization, Michigan Corrections Organization, 1993)

For Profit: According to Reporter Arthur Brisbane private prison REIT's (Real Estate Investment Trusts) currently being utilized by ***Wackenhut*** **and** ***CCA***, must pay dividends of at least 95% of taxable income to their shareholders, and REIT's do not pay corporate income tax. In 1998 ***CCA*** expected to pay $50 million in corporate taxes, under their new REIT they will pay none. {Porcupine Press, State Beat, 1/13/99}

Minnesota

Contract/Canceled: By March, Minnesota officials plan to remove the last of their inmates from rent-a-cells at the privately run (CCA) Prairie Correctional Facility in Appleton, even as Wisconsin authorities are moving 450 of their convicts in. (Star Tribune, 12/24/99)

Missouri

Politics: Five members of the Kansas City Council took part in a private dinner with representatives of **Corrections Corporation of America**, the company that wants to operate the municipal jail. Missouri's Sunshine Law allows for a quorum of a public body to gather without public notice as long as the session is social in nature. However, some of the council members in attendance acknowledged that a **CCA** official did introduce himself and offered brief remarks about his company, and **CCA** did pay the bill. (The Kansas City Star, 10/30/99)

Assault/Staff: Convicted felon Keith D. Nelson, accused in the kidnapping, sexual assault and death of a 10-year-old Kansas City, Kan. girl now is accused of assaulting a guard and attempting to escape from **CCA's** privately-run jail. Federal prosecutors made the accusations in an amended notice to seek the death penalty agains Nelson, who is being held without bond at the Leavenworth, Kan. jail. (Associated Press, Kansas City, Mo., 6/21/00) CCA's attorney's refused to turn over records of the assault, citing proprietary interests.

Mississippi

Politics: Why are 2,600 state-owned prison beds empty while two state private prisons are being guaranteed an inmate population sufficient to make them profitable? And what role does $269,301 in lobbying expenditures and campaign contributions to state elected officials by the private prison industry play in determining the state's corrections policies? State legislative leaders say that private prisons made an investment in the state at a time in the early 1990s when Mississippi was under federal court pressure to relieve massive overcrowding in the system. Lawmakers say that those corporations now should not be left holding the financial bag. State Department of Corrections Commissioner Robert Johnson said that variable cost is $8.43 per day in state-owned prison beds, and added that private prison beds cost the state just over $28 a day per inmate at two of the state's private prisons that house medium security prisoners. Based on Johnson's cost estimates, the state is spending an additional $12.5 million annually housing the 1,714 state inmates at the private Delta and Marshall County facilities than would be spent housing those same prisoners in state-owned prison beds. Corrections Corporation of America, Wackenhut Corrections and other private prison companies gave a total of $41,000 to lawmakers during the 1999 statewide elections. (Sid Salter, Clarion-Ledger Perspective Editor, 6/23/02)

Politics/Cost Savings: While the Legislature keeps state institutions and agencies on a starvation diet in the current budget crunch, the five private prisons built during the state's "lock 'em up" mania of the 1990s are

feasting on taxpayer money. Lawmakers rigged the Department of Corrections' appropriation to guarantee two of the least-needed private prisons, operated by big, out-of-state corporations, will be paid to house dozens of "ghost inmates," in prison beds that Corrections Commissioner Robert Johnson says he doesn't need. Two of Mississippi's highest paid legislative lobbyists, Spencer E. "Buddy" Medlin, who represents **Corrections Corporation of America**, and Al Sage, who represents **Wackenhut Corrections Corp.,** had cleverly rigged Corrections appropriation bills, with the help of powerful lawmaker allies, so their clients wouldn't lose money on the operations at Greenwood and Holly Springs. When the appropriation becomes effective on July 1, a legal test will likely arise if Johnson moves any of what he contends is $4 million overfunding of the private prison system. "I'm not opposed to private prisons," the Corrections commissioner said, " I'm opposed to subsidizing their operations." (Bill Minor, The Sun Herald, 5/30/02, forwarded 7/12/02)

- **Cost Savings:** State Sen. David Jordan, D-Greenwood, said he met with Gov. Ronnie Musgrove about the Delta Correctional Facility last week and the state takeover of the prison is a "foregone conclusion." The plan would save jobs of employees there and open 150 beds for Leflore County inmates. Musgrove has canceled all contracts with private prisons, saying he can save Mississippi $6 million to $12 million. The jail is currently operated by **Corrections Corporation of America.** (John Martin, Staff Writer, 7/14/02)

- **Politics:** State legislative leaders say that private prisons made an investment in the state at a time in the early 1990s when Mississippi was under federal court pressure to relieve massive overcrowding in the system. Lawmakers say that those companies now should not be left holding the financial bag. But Corrections Commissioner Robert Johnson says the state should not "subsidize" private prisons at a time when there is an estimated DOC budget deficit of $19.2 million. Johnson said, "There is a fixed cost to operating a state prison facility. Those fixed costs vary only incrementally once the facility is operational." He said the variable cost is $8.43 per day in state-owned prison beds, but private prison beds cost the state just over $28 per day per inmate at two of the state's private prisons that house medium security inmates. In a scathing April 2002 report by the National Institute on Money in State Politics entitled "A Contributing Influence: The Private Prison Industry and Political Giving in the South," lobbying and political giving were linked to several Mississippi political figures. Gov. Ronnie Musgrove received $7,300 in private industry campaign contributions, including $4,750 from **Carothers Construction**, a prison builder. Attorney General Mike Moore, who backed the Legislature's override of Musgrove's "ghost inmate" veto, received $5,000 in contributions, including $1,000 from **Wackenhut**. Senate Appropriations Committee Chairman Sen. Jack Gordon, D-Okolona, received $1,000 from **CCA** lobbyist Buddy Medlin in 2001. The report stated that Gordon and State Sen. Bunky Huggins, R-Greenwood, in whose district **Wackenhut**'s Delta Correctional Facility is located, met with private prison officials the night before the "ghost inmate" appropriation veto override. (Sid Salter, Clarion-Ledger, 6/23/02, forwarded 7/14/02)

Montana

- **Corruption Alleged:** "The Board of Pardons and Parole has criticized CCA for failing to provide sex offender treatment for Montana prisoners held at the company's Central Arizona Detention Center. The state was paying an extra $150,000.00 a year specifically for this service." The Executive Director of the Board notified the Montana DOC that, "...there is no sex offender treatment available at this time nor has extended treatment been available... we have also been informed that the facility is refusing to submit evaluations which the board requires as part of the investigation of a prisoner applying for parole." (PPRI Sept. 1998)

- **Mismanagement Alleged:** An inspector from the state Dept. of Public Health and Human Services

identified 20 "deficiencies" that must be corrected before the state's first private prison opens. The $25 million, 512-bed prison will be run by Corrections Corp. of America. (USA today, 8/30/99)

- **Riot:** Guards at CCA's Crossroads Correctional Center had to use tear gas to end a disturbance by 49 inmates which was sparked by complaints over policies there. The public was not informed of the event until at least eighteen hours later. (e-Watch, Ken Kopczyski Florida PBA 12/3/99)

- **Public Safety:** This past week, the head of the agency responsible for the state's prisoners, Department of Corrections director Bill Slaughter, announced that he wants to import inmates from out of state to the private prison in Shelby. State law specifically bans housing out-of-state inmates at a private prison in Montana. Corrections needs to come up with about $9 million in cuts in fiscal 2003 in order to balance its budget, which means turning loose about 450 inmates. Backfilling with out-of-state inmates is the Corrections corollary to the university system raising tuition: It's a release valve that could protect the department from at least some of the painful cuts that lie ahead, and it could even keep Corrections Corporation of America alive in Toole County. (Great Falls Tribune Editorial, 9/13/02)

- **Public Safety/Cost Savings:** State corrections officials face a budget shortfall, and their solution is to decrease the state's public prison population, but they also want to assure the continued operation of the privately run prison in Shelby. When spaces are freed up at other state-run facilities through early release or probation programs, inmates would be moved from Shelby, but Crossroads Correctional Center operator, Corrections Corporation of America, contends it needs those inmates to remain profitable, and Corrections Department officials believe it would be short-sighted to allow CCA's Shelby operation to fold when the prison's services may be required at a later time. Officials plan to ask the 2003 Legislature to allow CCA to accept out-of-state prisoners, which is currently contrary to state law. (Fedgazette, November 2002)

Nevada

- **Contract Canceled:** The state's privately operated prison for juvenile offenders will close Thursday, with more than two dozen remaining inmates ready to be paroled or relocated to one of two other facilities. Closure of the Summit View Youth Correctional Center was made necessary when Florida-based Youth Services International decided to end its $4.3 million annual contract with the state two years early. The state has two options for the young offenders, the Rite of Passage program operated in Douglas County in Northern Nevada and a facility in Memphis, Tenn., operated by Corrections Corporation of America. The state-built, 96-bed juvenile facility opened in June 2000 but never reached capacity, causing financial problems for YSI. Sen. Joe Neal, D-North Las Vegas, said Summit View is an example of privatization failing. When it could not make the profits it expected, it walked away, leaving the state with the responsibility of taking care of the young offenders. (Sean Whaley, Review-Journal Capital Bureau, Carson City, 1/28/02)

- **State Take-Over:** The Nevada Board of Finance has authorized a $55 million bond sale, with nearly half the proceeds earmarked for purchase of a privately operated women's prison in North Las Vegas. The board voted for the bond plan that will finance the acquisition of the 500-inmate prison, owned and operated by Corrections Corporation of America. (Associated Press, State & Regional, 8/9/01)

New Jersey

- **Abuse Alleged:** "The FBI is investigating allegations of beatings, verbal abuse, and other violations of the civil rights of asylum seekers at the federal immigration detention center in Elizabeth...." The facility is

operated by ***CCA***. "The allegations have triggered a dramatic shake-up: Since February, the Chief of Security was removed, two supervisors and six officers were barred from going near the detainees, and a guard was fired for refusing to cooperate with an internal investigation into the charges, immigration officials said." The warden also resigned after only 11 months on the job.

- **Abuse/Mismanagement Alleged:** INS District Director Andrea Quarantillo stated that, "If ***CCA*** is not mindful of human rights or respectful of the dignity of people, that's INS' job to step in and hold them accountable." ***CCA*** notes that the facility was recently accredited by the American Corrections Association. This report also alleged that ***CCA*** misplaced, lost or otherwise could not account for missing records, that ***CCA*** employees would warn others of pending INS visits and ***CCA*** has "racked up 18" contract violations since January alone. It also alleged that parts of a video-tape had been erased and that money was missing.

- **Staffing:** "A significant turnover in ***CCA***'s managerial and lower-level ranks has led to instability. In 24 months, the facility has had three wardens, with a fourth on the way, three deputy wardens, and two chiefs of security. Two of the top officials were removed at the request of the INS following charges that they were, among other things, creating a destructive atmosphere. A third was fired by ***CCA***." {The Record, Bergen County New Jersey, 4/11/99}

- **Abuse Alleged:** "An asylum seeker at the federal immigration center in Elizabeth (operated by ***CCA***) was beaten so badly that his cloths were covered in blood and his face was swollen, says a former transportation supervisor at the facility...". Kevin Simpson was fired for refusing to put his observations into writing without first consulting legal counsel. "There was dry blood all over his face. The bottom of his chin was split open. I don't care what anybody says. They can't tell me they didn't beat that man... You don't get a shoe print on your face from the wall." "Lorelei Valverda, the ranking immigration official at the Elizabeth Detention Center, said pictures that the INS took of (Salah) Dafali that night after the detainee's encounter with ***CCA*** guards, made her "go ballistic". {The Record, Bergen County New Jersey, 4/19/99}

- **Abuse/Mismanagement Alleged:** "The Record reported that even though *the INS had seven times the staff* at (***CCA*** operated) Elizabeth than at any of its other detention centers run by private contractors, the Elizabeth center was mired in problems, including charges of physical and verbal abuse by guards. Other concerns included excessive use of segregation and a high turnover rate among ***CCA*** management people and guards. The Record also described the fear many detainees feel about reporting mistreatment." {The Record, Bergen County, 5/28/99 Pg. A01}

- **Politics:** "We should not be putting the lives and well-being of people detained under the power of the U.S. government in the hands of private contractors. I don't know how many bad experiences we need at detention centers before we realize we must find a more practical way." State Representative Robert Menendez. {The Record, Bergen County, 5/28/99 Pg. A01}

- **Abuse Alleged:** CCA improperly restrained and forcibly sedated immigrants awaiting hearings. (Eric Bates byline,The Nation, 6/7/99)

- **Politics:** "I was told by the new director and by Commissioner Meissner that this would be a model for the nation. It's obvious to me that this is far from a model. It's become a nightmare." State Representative Robert Menendez on the CCA operated INS Detention Center. {Star Ledger, 6/18/99}

- **Law Suit:** Two illegal immigrants being held at the Elizabeth Detention Center have filed a civil rights lawsuit alleging they suffered beatings and inhumane treatment at the CCA-run facility. The lawsuit also

accuses the private prison company of having a tacit "corporate policy" that sanctioned "abusive practices to control and discipline the refugees." Atty. W. Gaston Fairey, representing the plaintiffs, has several other suits pending against CCA in Tennessee and South Carolina. (New York Times, 2/26/00)

- **Staff Abuse Alleged:** A Nigerian man whose accounts of abuse spawned a staff shake-up and reforms at the Elizabeth Detention Center has been freed after spending nearly four years behind bars. An immigration judge granted Oluwole Aboyade relief from deportation. In 1999, Aboyade and Salah Dafali, another detainee, accused guards at the center, run by **Corrections Corporation of America**, of beating them after they complained about conditions. A subsequent INS investigation found many of the accusations were credible. Several guards and supervisors were reassigned, and INS officials demanded that the chief of security be transferred out of the facility. The warden also resigned, citing personal reasons. (Associated Press, 9/21/01)

New Mexico

- **Riot:** CCA's private prison in Estencia, N.M. the Torrence County Detention Center, was under a lock down after what has been classified as a, "....brutal attack", according to New Mexico Public Safety Secretary Darren White. Five inmates were stabbed, all of them needed hospitalization. Hispanic gang members jumped and attacked black gang members in a recreation area that left, "... a pool of blood by a gym door", according to White. "They used crude shanks. They appeared to be using clothing or underwear wrapped around a shank as a handle." ***"White criticized the delay by prison officials in notifying state police of that attack."*** {The AP 8/14/98 Chris Roberts}

- **Assault/Staff:** Five CCA Guards here assaulted at the Torrence County Detention Center, CCA's private prison just outside of Estencia, N.M. Inmates that had been transferred from CCA's Youngstown, Ohio facility were involved in the assault. The five guards were treated at a local hospital and released. {The Albuquerque Journal, 8/20/98, Lou Fecteau}

- **Death/Inmate Murder:** Inmate Bill Hambly of Carlsbad, NM was stabbed to death at the CCA run Torrance County Jail on November 17, 1998. Another inmate was beaten and suffered head injuries there on Sept. 10, 1998, only ten days after yet another inmate was stabbed on August 31.. This is apparently the second inmate murder this year in New Mexico prisons. Both murders occurred in private prisons.

- **Assault/Staff/Inmates:** At the CCA-run Torrence County Detention Facility at Estancia, an Aug. 17 fight during an inmate softball game injured five prisoners and two guards. At the same prison last Fall, there was a gang stabbing that hurt five inmates and two guards and in a separate incident, inmates from Washington, D.C., attacked and injured five guards. An inmate was stabbed to death at the CCA prison in November. (The Santa Fe New Mexican, 8/24/99)

- **Assault/Inmate:** One inmate was in serious condition and two others received minor injuries when they were stabbed with a pencil during a fight over cigars at CCA's prison in Estancia. Officials said the men were federal inmates from Washington, D.C. (Corrections Professional, 12/13/99)

- **Law Suit:** Days after present and former prison employees filed a lawsuit against Corrections Corporation of America, which runs the Torrance County Detention Facility, prison officials hosted a meeting, luncheon and tour at the prison, inviting local law enforcement officials, elected officials and citizens to be part of a community-relations committee. About twenty people attended. The lawsuit alleges

that supervisors at the prison knew in advance about the August 17 inmate riot and did nothing to prevent it. (Albuquerque Journal, 12/30/99)

- **Law Suit:** On Dec. 8, five current and former prison guards filed a lawsuit against the county and Corrections Corporation of America, which operates the Torrance County Detention Facility in Estancia. The suit alleges that CCA knew in advance about a planned riot on Aug. 17, when two guards were seriously hurt, but did nothing to prevent it. Torrence County attorney Tony Jeffries said it's not the county's responsibility to respond to the complaint, as "Part of CCA's contract with the county is that it runs the prison and, if a lawsuit develops because of the prison, then CCA has an obligation to answer and defend." (Jennifer Achibeque, Journal Staff Writer, 2/24/00)

- **Staffing:** CCA's Torrance County Detention Facility in Estancia is about 20 percent understaffed and is looking for more correctional officers. Of the 167 positions for officers at the 900-bed private prison, 37 need to be filled, said Assistant Warden Steven M. Garner. (Albuquerque Journal, 4/6/00) 130 Officers to cover 900 inmates on all three shifts 7 days a week, represents a staffing ratio of approximately 30 to 1.

- **For Profit:** The last female prisoners at the New Mexico Penitentiary near Santa Fe are to be moved to the CCA-run women's prison in Grants. The CCA prison lacks a feature critical to the rehabilitation process: a visitation center that would allow mothers to meet and play with their children. (Albuquerque Journal, 5/6/00)

- **Escape/Accidental Release (AR):** The suspect in the death of Dale Garcia, the late public information officer to the New Mexico Secretary of State, was mistakenly released last month from the **CCA-run** prison in Estancia. Though Antonio Martinez was released from the Torrance County Detention Center on June 10, prosecutors only learned about the release when the wrong man showed up for Martinez's pre-trial hearing. The wrong Antonio Martinez had been brought to court from the Lea County Detention Facility in Hobbs, which is operated by **Wackenhut Corrections Corp**. **CCA** officials told Deputy District Attorney Anne Keener that they had released Martinez upon completion of his parole on a previous conviction and that they had no detainer to hold him. (S.U. Mahesh, Albuquerque Journal Staff Writer, 7/29/00)

- **Law Suit/Staffing:** Six black inmates at **CCA's** Torrance County Detention Center have sued the private prison operator and the head of the state corrections department, Rob Perry, for injuries sustained during a prison fight in 1998. The lawsuit claims that **CCA** prison staff knew about the impending uprising but did nothing to prevent it. The suit alleges that the lack of staffing left one guard assigned to the gym, a "young and unseasoned 19-year-old" who locked the gym doors and ran away when the violence began instead of sounding an alarm, protecting the plaintiffs or seeking backup. (Albuquerque Journal, 8/10/00)

- **Corruption Alleged:** Paul A. Tafoya, a guard at the Torrance County Detention Facility, was arrested Aug. 2 and charged with conspiracy and intent to distribute marijuana. He was allegedly in possession of more than one ounce and less than eight ounces of marijuana and was arrested on the premises of the CCA prison. Torrance County Sheriff Pete Golden said Trafoya was conspiring with an inmate to take drugs into the prison and thinks there is a "stream of drugs" going into the facility. (Albuquerque Journal, 8/10/00)

- **Law Suit/Inmate Assault:** A lawsuit against the Estancia prison and other defendants alleges a former Torrance County Detention Facility inmate, Joshua McCann suffered irreversible brain damage after he was beaten and did not get medicpal treatment for up to nine hours. Also named as defendants are prison operator **Corrections Corporation of America**, Torrance County, the Torrance County Sheriff, two former wardens at the Estancia prison, the New Mexico Department of Corrections, Corrections Secretary Rob Perry and unnamed correctional officers assigned to the ward where McCann was housed. The lawsuit is at

least the fourth that has been filed since 1999 against CCA alleging unsafe conditions at the prison. (Albuquerque Journal, 9/14/00)

- **Law Suit:** Judge Thomas Fitch dismissed an amended complaint by prison guards who sued Corrections Corporation of America alleging that its officials "intended, expected and desired" to injure guards during an Aug. 17, 1999, prison riot at the Torrence County Detention Facility. Fitch wrote, "While the conduct of CCA as alleged was intentional and almost certain to lead to injury - and while the conduct alleged shows a total disregard for the health and safety of the Plaintiffs - the Amended Complaint as a whole does not state a claim for intentional conduct such as it would avoid the exclusivity of the Workers' Compensation Act under the present state of law." Atty. Christopher P. Bauman said he intends to appeal the decision, saying CCA intended guards to be injured because it told his clients that getting assaulted by inmates was part of their "on-the-job training." (Jennifer Archibeque, Albuquerque Journal Staff Writer, 10/19/00)

- **Escape:** Last Friday night's escape attempt from CCA's Torrence County Detention Facility caused concerns among residents of Estancia and all of Torrance County. One inmate made it all the way out of the prison confines by climbing over six 15-foot fences topped by razor wire. A second prisoner made it over all but the final fence, and apparently both had ample time to do so before prison officials determined they were not where they were supposed to be. Both were captured at the prison perimeter. Questions raised by the nearly successful escape were, where did the prisoners get the volleyball net and wooden board they used to scale the fences, why didn't guards know they were missing until an alarm on one fence alerted them, why aren't there alarms on all the fences, why didn't perimeter patrol guards see the escape and why isn't there a watch tower at the prison? According to information from prison officials, the prisoners cannot be accounted for during a period of at least two hours. (Albuquerque Journal, 10/26/00)

Corruption Alleged: Torrence County Detention Facility guard Andrew R. Lopez, employed by CCA, was charged with aggravated assault and battery with a deadly weapon after he allegedly shot a 20-year-old Estancia man in the face with a pellet gun. He is being held at the facility on $5,000 bond and if convicted, faces a maximum of three years in prison. (Jennifer Archibeque, Albuquerque Journal, 10/26/00)

- **Assault/Staff/Hostage:** Prison inmates at the CCA-run Torrance County Detention Facility took corrections officers hostage early Saturday, beating and stabbing them with parts of torn-up furniture from their cells. Seven guards were injured. In August 1999, a fight during an inmate softball game left five prisoners and two guards injured. In 1998, one inmate was fatally stabbed and other disturbances resulted in injuries to seven inmates and five guards. Officers from the New Mexico State Police, state corrections officers, the Torrance County Sheriff's Department and the Estancia Police Department were sent to the prison to quell the disturbance. (Jack Woodward, AP, Estancia, N.M., 11/11/00)

- **Riot/Assault/Staff:** Two guards who underwent surgery after they were injured in a riot at CCA's Estancia prison on Nov. 11 have been released from the hospital. They were among eight who were hurt when 32 District of Columbia inmates used a 6-inch makeshift knife, mop handles, toilet bowl scrubbers and table legs to beat them. All of the weapons, except for the makeshift knife, are kept readily available in cell pods at the Torrence County Detention Facility so inmates can keep their living quarters clean. Prison officials are not releasing information about the nature of the crimes for which inmates involved in the riot were serving time. (Jennifer Archibeque, Albuquerque Journal Staff Writer, 11/23/00)

- **Negligence/Mismanagement Alleged:** A district of Columbia inmate who nearly escaped from CCA's Torrence County Detention Facility on Oct. 20 had $800 with him when he was captured. Authorities don't know how he obtained the money. Inmate Michael Thomas and another inmate used a 2-by-4 piece of

wood from a pile of construction materials in the prison yard and a volleyball net from the prison yard to scale several 15-foot fences topped with razor wire. Inmates were supposed to have gone to the gym at 7:30pm that night, but State Police Patrolman Mike Phillabaum said, "They closed the gym at 9pm and the alarm went off at 10:10pm, so you're looking at an hour and ten minutes when they weren't in their pods and they were running around the compound." (Jennifer Archibeque, Albuquerque Journal Staff Writer, 11/30/00)

- **Riot:** Don Dorsey, warden at CCA's Torrance County Correctional Facility, was dismissed last week, as was William Penneycuff, director of security for the 900-inmate institution in Estancia, as a result of a late-night riot in which 32 D.C. inmates injured several officers. CCA has had consistent problems in handling the District's most violent inmates. Odie Washington, director of the D.C. Department of Corrections, said his staff had voiced concerns about staffing levels and programs in New Mexico. He said, "I think these changes [dismissals] are a good sign they are trying to improve and that they take incidents like this seriously." (Neely Tucker, Washington Post Staff Writer, 12/5/00)

- **Legislation:** State Rep. Rhonda King said she intends to reintroduce legislation in January calling for state oversight of New Mexico's private prisons. Private prisons are not required to provide information to the state regarding the classification of inmates, King said in a Dec. 5 interview. King stated, "I think what we continually see are riot situations, which continues to affirm the need for oversight of all private prisons. The most recent riot at a New Mexico private prison occurred Nov. 11 at the Torrence County Detention Facility in Estancia, run by **Corrections Corporation of America**, where 32 District of Columbia inmates injured eight correctional officers. (Jennifer Archibeque, Albuquerque Journal Staff Writer, 12/28/00)

- **For Profit:** Empty beds at CCA's Torrance County Detention Facility in Estancia could be filled with minimum-security Bureau of Prisons inmates, providing more revenue to Estancia and higher salaries for correctional officers. A representative from CCA and a private consultant proposed such a plan to the Estancia Board of Trustees. David King, business manager at the prison, and consultant James Schumann told them that CCA is interested in housing Bureau of Prisons minimum-security inmates. King said, "We could downgrade from maximum-security inmates to minimum-security inmates." ***Although CCA officials have denied it, King said that maximum-security inmates are being housed at the prison.*** Schumann stated that fewer than 400 inmates are being housed at the facility, which could hold about 900. King added, "It's a multi-million dollar facility that's not being fully used." He added that officers get paid a little over $8 an hour to monitor maximum-security inmates. (Jennifer Archibeque, Albuquerque Journal Staff Writer, 2/5/01)

- **Assault/Inmate:** Torrance County and the private operator of its jail have been ordered to pay $41,885 to a former inmate who was beaten by fellow convicts after pulling an injured guard to safety during a melee in 1999. Marco Lopez alleged in his lawsuit that his constitutional right to due process was violated by the county and Corrections Corporation of America. A U.S. Magistrate found in Lopez' favor during an arbitration hearing. (Associated Press State & Local Wire, 2/15/01)

- **Mismanagement Alleged:** Super Bowl parties, televisions in cells and video teleconferencing are among the new offerings for inmates at CCA's Torrance County Detention Facility in Estancia. On Super Bowl Sunday, for example, inmates were allowed to watch the football game in a common area. Off-duty prison staffers were asked to volunteer their time to dole out care packages to inmates, which contained a small pizza, a candy bar, popcorn and a soft drink. (Jennifer Archibeque, Albuquerque Journal Staff Writer, 2/22/01)

Legislation: A rash of disturbances has plagued the prison since August 1998, leaving one inmate dead and more than 30 correctional officers and inmates injured in fights and stabbings. Sen. Cisco McSorley has sponsored a bill prohibiting out-of-state inmates from being housed in New Mexico and, along with Rep. Rhonda King, D-Stanley, is pushing for more state oversight of private prisons housing out-of-state inmates. Corrections Corporation of America said that the company is not opposed to increased state oversight, but they maintain states cannot prohibit out-of-state prisoners without violating interstate commerce laws. McSorley said, "Let every state take care of their own prisoners. Why should we take care of someone else's prisoners?" King added, "There's no requirement that they (private prisons) even have to notify local law enforcement if an escape happens." For each emergency response to the prison, the sheriff's department spends $3,000, the prison hasn't reimbursed the department for the last two responses, and deputies are still called to do investigations there. (Associated Press State and Local Wire, Santa Fe, 3/15/01)

Law Suit: A lawsuit brought by guards from the Estancia prison is now in the hands of the state Supreme Court. Filed in 1999 by five correctional officers and three of their spouses, the suit alleges that the guards were injured because their private prison operator, Corrections Corporation of America, intentionally placed them at risk by failing to comply with industry standards. The suit names as defendants the Torrance County Detention Facility, CCA, two of its former employees and Torrance County. (Jennifer Archibeque, Albuquerque Journal Staff Writer, 3/22/01)

Protest: Authorities fired tear gas Monday night to break up a day-long protest by about 700 inmates at CCA's Cibola County Correctional Center. State Police Capt. Glenn Thomas said, "All day long, they were not complying with anything. We finally had to do something." The inmates refused to leave the recreation yard to go to classes or work assignments. (Associated Press, Grants, N.M., 4/24/01)

Lawsuit: The Torrance County Detention Center, run by Corrections Corporation of America, has another warden, the fourth in a year. Lane Blair replaced warden Earnest Taylor as the Estancia prison's administrator. Blair thinks raising guards' pay is working to attract employees and calls it being proactive. During 1998 and 1999 several disturbances broke out at the center and a lawsuit was filed in 1999 by five correctional officers and three of their spouses alleging that the guards were injured because CCA intentionally placed them at risk by failing to comply with industry standards. (Albuquerque Journal, 7/26/01)

For Profit/Inmate Classification: Members of the Legislative Corrections Oversight and Justice Committee learned that some out-of-state inmates currently held at the Torrance County Detention Center, run by Corrections Corporation of America, were involved in several violent incidents at an Arizona prison in April. Committee members questioned prison officials about classification procedures for out-of-state inmates and about changes made since a series of disturbances during 1998 and 1999, including an August 1999 incident in which eight guards were injured. Ed Mahr, CCA's lobbyist, answered most of the questions for CCA because current warden Lane Blair had only been on site for less than a week. The facility has had four new wardens in less than a year. Mahr told Sen. Michael Sanchez the maximum-security District of Columbia inmates involved in previous riots were no longer housed in Estancia. "In Arizona they were medium-security," said Chris Rhoads, the Torrance County Detention Facility's assistant warden. Rhoads said the prisoners are currently classified as medium-security. When Sanchez asked their classification in Hawaii, Rhoads answered that the Hawaiian inmates were classified as maximum-security in their home state because they were identified as gang members and a security threat. According to a May 12 article in the Honolulu Star-bulletin, in April two Hawaii state inmates at CCA's Florence Correctional Center in Arizona died and three others were severely beaten in separate incidents involving Hawaii inmates. (Carolyn Carlson, Albuquerque Journal Staff Writer, 8/2/01)

- **Riot:** A Jan. 8 inmate disturbance at the Torrance County Detention Facility in Estancia has kept the prison on lockdown for more than a week. Mayor Marty Hibbs said a fight broke out between inmates in one of the cellblocks, and officials of **Corrections Corporation of America**, the private company that runs the facility, confirmed that the prison was still locked down. The Estancia prison has been the scene of a number of disturbances in the past few years. Several prison guards were seriously injured when inmates rioted in 1999. In October 2000, two inmates nearly escaped by scaling a razor wire fence, and in November 2000, inmates used a makeshift knife, mop handles and table legs to injure eight guards. (Albuquerque Journal Staff Report, 1/17/02)

- **Inmate Death, Abuse Alleged:** Corrections Corporation of America denied abuse allegations made by Laren Sims, the "Black Widow," who hanged herself last weekend after less than a week in the Hernando County Jail. She had been awaiting extradition to California to face charges that she killed her husband, poisoning him with horse tranquilizers. In a letter addressed to her attorney, Sims claimed she wasn't allowed to shower for three days, use a phone and that the staff did not check on her every 15 minutes. Sims was being held in the jail's medical ward where there are nine cells, each holding one inmate. There were men in some of the other cells so the blinds on Sims' cell were kept closed. (Dave Shelton, Hernando Today, 4/3/02)

- **Inmate Death, Lawsuit:** "A civil rights and wrongful death lawsuit is being filed against Torrance County Detention Facility operator **Corrections Corporation of America**. Also named as defendants in the suit, file May 7 in U.S. District Court in Albuquerque, are the current and former wardens of the Estancia prison and the Torrence County Bard of Commissions.... The lawsuit claims three counts of civil rights violations and two counts of negligence." (Albuquerque Journal, Mountain View, Carolyn Carlson, 5/23/02)

- **Sexual Abuse Alleged:** A teacher at the Cibola County Corrections Center has been charged with criminal sexual penetration for allegedly having sex with an inmate in a prison office. A grand jury indicted Theresa Ortega on the second-degree felony. Ortega, who taught federal inmates at the center, run by **Corrections Corporation of America**, was having sex with the inmate when the prison's chief of security walked in on the couple. Ortega faces up to nine years in prison and a fine of $5,000. The inmate faces no criminal charges. The prison houses foreign nationals from Mexico and South America who entered the country illegally and committed nonviolent crimes. (The Associated Press, 7/5/02)

- **Lawsuit:** A civil complaint filed by Tana Morris, a 30-year-old inmate at the Women's Correctional Facility in Grants might help force the operators of state prisons in New Mexico to pay closer attention to the effects of secondhand smoke on inmates. The complaint, filed against the Department of Corrections and warden Bill Snodgress, seeks compensation for Morris' current and future health problems she said are the result of constant exposure to secondhand smoke in the prison. DOC spokesman Gerges Scott said the Grants facility has its own smoking policy because it is privately operated by **Corrections Corporation of America**. (Geoff Grammer, The New Mexican, 12/4/02)

- **Violence:** State police reported a disturbance Friday at the private Torrance County Detention Facility in Estancia. The Torrance County sheriff was on the scene and was not available for comment. The prison is run by **Corrections Corporation of America**. In January, about 20 inmates were confined to their cells after a fight among federal inmates. In an uprising in November 2000, inmates using a makeshift knife, mop handles and table legs injured eight guards. Two guards were beaten in August 1999 in a melee triggered by a fight at an inmate softball game. (The Associated Press State & Local Wire, 12/6/02)

New York

Escape/Riot: *"The Nashville-based company hoping to build the first private prison in the state has experienced escapes, riots and charges of bad management at some of its facilities...."*

"Six inmates from **Alaska**, including a murderer and sex offender, cut through three perimeter fences in October and escaped from a CCA prison in **Arizona**...." "Sixty rioting inmates stormed the gate of another CCA prison in **Texas** last fall forcing security guards to fire their shotguns into the ground to hold back the prisoners. All escapees were eventually returned and the rioting inmates subdued." **"Prison company has had problems"**, The Times Herald Record, NY. 3/7/97 Kristen Schweizer and Marc Violette

North Carolina

- **Cost Savings:** Mountain View Correctional Facility and Pamlico Correctional Facility represent North Carolina's largest step towards using private prisons to house state inmates. So far, the results have been mixed. What remains far from clear is whether the two **CCA**-operated prisons save taxpayers any money. The state has withheld $394,077 in payments through August because **CCA** has not lived up to contractual terms in staffing the prisons and providing jobs, state officials said. (The News and Observer, Raleigh, NC, 10/17/99)

- **Escape:** Authorities are searching for convicted murderer Glenn E. Jacobs who escaped from armed guards during a visit to a New Bern doctor outside **CCA's** Pamlico Correctional Facility where he was being held. Taxpayers will foot the bill for efforts to recapture him. (Wilmington Morning Star, 11/18/99)

- **Escape/Cost Savings:** The six-day search for the escapee has so far cost taxpayers over $10,000. An unarmed guard had removed Jacobs' leg restraints during the medical examination, and then he fled the room. DOC policy states that such a medium-custody inmate should be with one armed officer when transported. This was Jacobs' third escape. Officers are also required to notify local law enforcement as soon as they realize an escape, but the **CCA** guards waited fifteen minutes before doing so. North Carolina has 77 state-run prisons and two privately run facilities. Across the nation, 11 escapes took place at **CCA** facilities during the last year. (Michelle L. Start, New Bern Sun Journal, 11/23/99)

- **Contract/Canceled:** The state Department of Correction announced Friday that it wants to terminate its contracts with Corrections Corporation of America which operates two medium-security prisons, Mountain View Correctional Facility in Spruce Pine and Pamlico Correctional Facility in Bayboro. The state has been unhappy with staffing levels and the number of convicts employed by the prisons' industries. It has withheld $1 million in payments from the company since the prisons opened in 1998. "We believe it is in the best interest of the state to for the Department of Corrections to assume operation of the two facilities," Correction Secretary Theodis Beck. (Gary D. Robertson, Associated Press, 6/24/00)

- **Contract/Canceled:** The state department of corrections is taking over operations at two privately-run prisons in Bayboro and Spruce Pines. The latest state to examine the privatizing of prisons, North Carolina's state corrections officials say there have been failures in several key areas of prison operations by **Corrections Corporation of America** including staffing. (NPR, Morning Edition, 7/19/00)

- **Staffing:** On Sept. 30 the state department of corrections officially assumed control of Pamlico and Mountain View Correctional Institutions, citing difficulties with contract compliance with **Corrections Corporation of America**. Although **CCA** will still lease the physical facilities, the state now manages all operations. Site monitors oversaw the two prisons during their two-year privatization and noted two

contract violations for which a total of $1 million was withheld from CCA. Both facilities were understaffed at approximately 150 employees each, but since the takeover, the state has retained a majority of the original CCA employees and raised the number of staff at each facility by approximately 50 percent Mountain View superintendent David Mitchell, formerly a site monitor, noted that staff morale has gone up due to better job benefits offered by the state as well as a "sense of guidance, (thanks to) people who are more experienced with state policies." (Rebecca Sun, University Wire, Duke U., Durham, N.C., 10/24/00)

- **Law Suit:** While hundreds of protestors from several groups oppose plans by the Federal Bureau of Prisons to use for-profit private prisons in the Southeastern United States, Si Kahn, PSJC Campaign Director, stated, "For-profit private prisons are an experiment that failed. We demand to know why the Federal Government is rewarding this failure." He added, "The incarceration of human beings is a fundamental responsibility of government. The profit motive leads to public endangerment and corruption," pointing to two recent examples of jury awards in North Carolina and Jena, LA. On Dec. 15, 2000, a federal grand jury in South Carolina awarded a teenager $3 million in punitive damages against **Corrections Corporation of America** for abuse suffered by the youth at the Columbia Training Center. What is unique about this award is that the jury found that CCA had a "corporate policy" of abuse to control inmates. There are presently 21 other teens who have filed suits against the company. Last year a settlement between the United States Justice Department, the state of Louisiana, prisoner-rights groups and **Wackenhut Corrections Corp.**, owners of the Jena Juvenile Justice Center, ended in removal of inmates from the prison as a result of abuse of juveniles by **Wackenhut** guards. (Si Kahn, Public Safety and Justice Campaign, Charlotte, N.C., 1/29/01)

- **Contract:** The only privately run federal prison in North Carolina is ready for inmates, offering 300 jobs to industry-hungry Hertford County. Under a contract with the Federal Bureau of Prisons, **Wackenhut Corrections** will operate Rivers Correctional Institution, a $63 million facility just west of Winton which will house 1,200 low-security male inmates, 1,000 less than what was planned three years ago. Private prisons have come under fire since their inception nearly 20 years ago. Critics say profits override prison security as companies cut back on staff and safety measures. Bills have been submitted in Congress that would prohibit the government from contracting prisons to private companies. Opposition groups have distributed reports of riots within and escapes from private prisons. In October, the North Carolina Department of Corrections took over two private prisons run by **Corrections Corporation of America** because the company could not meet the requirements of the contract. (Jeffrey S. Hampton, The Virginian-Pilot, 3/9/01)

- **Contract:** Mountain View Correctional Facility in Spruce Pine was recently sold by CCA to a real estate trust. North Carolina officials last year took back control of prisons run by CCA in Spruce Pine and Bayboro after problems with staffing and medical care. CCA was slated to run the prisons until 2003, but the prisons' troubles left both sides wanting to get out of the contract early. (AP, Nashville, TN, 3/19/01)

- **State Take-Over:** North Carolina is using creative financing to build new prisons with $223.8 million in tax-exempt bonds issued by the N.C. Infrastructure Finance Corp., a new non-profit corporation set up by the state Treasurer's Office. Lynn Phillips, assistant secretary of the Department of Corrections stated, "This is a way to satisfy the state's needs without breaking the bank of other state agencies and not raising taxes." She sees the experiment as a "son of privatization," of sorts. During the 1990s, the department approved the construction and operation of two private prisons in Bayboro and Spruce Pine that were operated by **Corrections Corporation of America**, but that experiment ended when the state took back ownership of the prisons. State officials said the company would not provide enough staffing, and the company complained that it wasn't making any money. Phillips added, "It was clear they [the private companies] could build these prisons faster and cheaper than the government because they are not bound by

the same rules and regulations as we are," noting that the state will run the new prisons. (The News and Observer, Raleigh, N.C., 12/5/01)

- **Financial Improprieties:** According to an internal audit from the state Department of Correction, inmates at the Mountain View Correctional Facility have to put up with spoiled food, used utensils, charges for sugar cream and other condiments when they visit the canteen. To make matters worse, the company that owned and operated the prison until October 2000, **Corrections Corporation of America**, couldn't account for nearly $30,000 in revenue the canteen should have generated for inmate rehabilitative programs. Prison officials called in the State Bureau of Investigation to investigate. The SBI found the company's books in such disarray that no case could be made, nor did the state demand that the company reimburse the canteen fund. Prison officials said the canteens at Mountain View and at a second **CCA**-owned facility in Pamlico County generated far less money for inmate programs than at the rest of the state's prisons. The state terminated its contracts with the company to run the facilities in 2000, after less than two years of operation. Steve Owen, **CCA**'s vice president for marketing, said the company fired its business manager at Mountain View for keeping poor records, but because no theft was proven, no money was reimbursed to the canteen. (Dan Kane, The News and Observer Staff Writer, 11/26/02)

North Dakota

- **Escape:** A day after one of North Dakota's most notorious sex criminals fled a prison bus in New Mexico, Gov. Ed Shafer said authorities have few clues about where Kyle Bell may have run. **TransCor America, Inc.** (CCA) has not provided adequate explanation for Bell's disappearance and guards' slowness in discovering it. "These people present themselves as experts in transporting prisoners," the governor said sarcastically. (The Bismarck Tribune, 10/15/99)

  Escape: The **TransCor** guard crew did not take regular counts of the 12 inmates aboard the bus, and Bell's escape went unnoticed for nine hours, by which time the bus was in Arizona. All four men have been fired. The guard's crew leader was the **TransCor** employee of the year in 1997. The (North Dakota) corrections agency has quit doing business with **TransCor** for now. (ABQ Trib, 11/8/99)

- **Escape:** A committee of lawmakers questioned **TransCor** officials about this escape and discovered that the inmate's escape wasn't noticed for about nine hours even though the bus stopped at two jails to drop off a prisoner and pick up a new prisoner. David Tucker, the company's vice president for operations, said that the guards didn't do required head counts and failed to properly position themselves with shotguns when the bus stopped. The guards only received one week of training, compared to U.S. Marshals who go through a 16-week course in Quantico, Va. (Bismarck Tribune, 11/5/99, www.ndonline/TribWebPage, 11/8/99)

- **Escape:** Fugitive Kyle Bell, a convicted murderer and child molester, was arrested Sunday in Dallas. He had been free since he escaped from a TransCor America, Inc. (CCA) transport bus while it was stopped at a fuel station and restaurant in Santa Rosa, New Mexico. The state had hired the privately run company to take Bell to a super-maximum security prison in Oregon, but he loosened his restraints and crawled out of a roof hatch on the bus. TransCor guards failed to notice that Bell was gone for at least nine hours. (Dale Wetzel, The Associated Press, 1/9/00)

- **Escape:** TransCor of America, Inc., the private company that allowed prisoner Kyle Bell to escape, said that North Dakota corrections officials didn't mention that Bell was an escape risk, in an effort to disclaim responsibility. Criminal Justice Committee member Sen. Wayne Stenehjem, R-Grand Forks, said it should have been obvious to the TransCor guards that Bell might try to flee. In a related story, Bell was convicted Friday of murder in the 1993 disappearance of Jeanna North, an 11-year-old Fargo, N.D., girl who lived

near him. (www.wcco.com/news/stories/news-20000303-034739, 3/10/00)

- **Cost Savings:** Republican governor candidate John Hoeven said his administration probably wouldn't hire TransCor due to the controversy over the Kyle Bell escape. Current Gov. Ed Shafer was criticised for his handling of negotiations with the company, once asking for $102,127 for state incurred expenses in pursuing Bell, but settled last week for $50,000. Part of the settlement included consideration for hiring TransCor once again. (Associated Press State & Local Wire, 6/6/00)

- **Cost Savings:** The bill for the cost of chasing escaped fugitive Kyle Bell ran slightly more than $102,000, including a $50,000 reward and part of the salaries of nine state employees who devoted substantial time to the case, and North Dakota Gov. Ed Shafer is sending the bill to TransCor America, Inc., the private transport company that allowed Bell to escape. Shafer said that the state holds the company responsible for the expense, which totals $102,127.49. (Associated Press, Bismarck, N.D., 2/8/00)

Ohio

- **Escape:** During hearings conducted by Senator Rhine McLin (D-Dayton) Chairwomen of Ohio's Correctional Institution Inspection Committee, CCA Warden James Turner admitted **that guards left their posts weren't watching their designated areas and did not immediately respond to alarms tripped by motion sensors along the prison's outer fence.** Senator McLin blames the escape on the unskilled staff at the prison, "It seems that ***the experience of the inmates is much greater than the staff's.***" {AP 8/4/98 Paul Souhrada, Akron Beacon Journal 7/28/98 Robert Hoiles}

- **For Profit:** Just this past May when members of Ohio's Correctional Institution Inspection Committee attempted to tour the Youngstown facility they were denied entrance. CCA later apologized and told them to come back at a later date, they said their employees didn't know the law allowing for random inspections. {The Columbus Dispatch 7/26/98 Randall Edwards}

- **Escape/Negligence Alleged:** ***CCA Tells Court Dangerous Inmates Removed, Two Days Later 4 Murderers Escape:*** "The escape occurred two days after Corrections Corp. of America, which runs the prison, told a federal judge it had transferred its dangerous inmates to other prisons." US District Court Judge Sam Bell was informed by CCA that all of the violent inmates had been removed from Youngstown on Wednesday July 22nd. The escape of four murders and two other violent offenders was reported on Friday the 25th. {The Columbus Dispatch 7/26/98 Randall Edwards}

- ***"I would tell anyone – I do know your corporation has lied."*** State Senator Jeff Johnson, D-Cleveland

- **For Profit:** "Officials from CCA asked US District Court Judge Sam Bell to silence inmates and their attorney from any public comments on the stabbing's, escapes and murders at their Youngstown facility. CCA officials sought a restraining order to stop inmate attorney Alphonse Gerhardstein from doing interviews on news magazines such as "60 Minutes" and "Dateline" stating that "further dissemination of information by the plaintiffs and their attorneys through these television newsmagazine programs will seriously threaten" CCA's right to a fair trial before an impartial jury. {The Plain Dealer, Cleveland, Ohio 8/22/98, Mark Tatge}

- **Death/Assault/Inmate:** Twenty inmates have been stabbed in one year at the CCA run NOCC facility in Ohio and two have been murdered in the past four months. **Ohio** - *Youngstown* - A 23 year old inmate, Bryson Chisley, was stabbed to death at Ohio's only privately run prison Wednesday, **the second slaying at the facility in a month.** The facility houses 1,720 inmates, most of them transfers from overcrowded jail

cells in Washington, D.C. This marks the 13th stabbing since the prison opened last May. Derrick Davis, 25, was stabbed to death here on February 22, 1998.

Alphonse Gerhardstein, a Cincinnati attorney representing inmates suing Corrections Corp. over conditions at the prison, said he had evidence that **20 inmates had been stabbed at the prison.** Ohio's state prisons which house 48,000 inmates, reported 22 stabbing's all of last year. CCA denied it had accepted maximum security inmates at the Youngstown facility. They originally said it would be a medium security facility. However, Richard Johnson form Washington was classified as a maximum security inmate and is the inmate accused of stabbing Davis 15 times. ***Johnson stabbed and nearly killed inmate Anthony Coleman in July and was also involved in the stabbing of a Correctional Officer in 1995 and another assault on an Officer on Nov. 4, 1997.***

A consultant hired by the state's only private prison testified Tuesday that many inmates may belong in a tougher facility and *a spate of deadly violence at the prison raises questions about its safety.* James Austin, Executive Vice President of the National Council on Crime and Delinquency and an expert on placing inmates in appropriate levels of security, said he looked at the files of 29 inmates who were of particular concern to prison officials. Twenty of those inmates belonged in a prisons with tighter security he said.

Warden Willis Gibson testified that an inmate reported being raped by another prisoner while in a secured area of the prison in January. **He testified that the stabbing of inmate Bryson Chisley occurred in an area of the prison were prisoners are supposed to be segregated from each other. He said a guard may have stepped out of the way when Chisley's attacker came after him with a homemade knife. Gibson also said the prison was missing a handcuff key. A search of the inmates cells failed to locate it.** {USA Today, Akron Beacon Journal, Cleveland Plain Dealer, AP and UPI Reports, March 11 and March 17, 1998}

- "I wouldn't recommend CCA to any community. I wouldn't recommend them. I think they they've failed miserably at doing the job that they claim to do best. ***The job that they do best is make money, period.***" Ohio State Senator Robert Hagan. {60 Minutes, CBS News Transcripts, 5/2/99}

- **For Profit:** Six CCA Guards who had resigned from their positions citing unsafe working conditions stated during an October 1998 "Dateline" investigative report that guards are routinely ordered to abandon their posts for up to fifteen minutes before a shift change in order punch out and avoid the payment of overtime. Guard Don Lane testified at a hearing before Judge Sam Bell that he quit his job because he "feared for his life". He stated guards didn't care about prisoner's safety and were told not to hurry if there was a fight between inmates.

- **For Profit:** CCA injunction denied: In an attempt to gag inmates held at the Youngstown prison, and their attorney, from talking to the press over conditions at that jail CCA sought a court order claiming that the interviews hampered their ability to get a fair trial. Judge Sam Bell denied the request. CCA can't silence the first amendment, but they tried.

- **Staffing/Negligence Alleged:** "Youngstown police's chief of detectives, Robert Kane, found a visit to the prison scary. He says about 200 inmates swarmed around him, and one who was jumping rope warned him not to, "get your neck tied up in my rope." He says *the only guard he saw was the one escorting him."* {Wall Street Journal 8/5/98 Jaffe & Brooks}

- **For Profit:** The Correctional Institution Inspection Committee of Ohio issued a scathing report about CCA and the Youngstown incidents to the 122nd General Assembly on October 7, 1998. Corrections USA has secured a copy of that report which is available to our members. The United States Attorney General's office has just issued its report on Youngstown as well. The 330-page report questions CCA's commitment

to solving ongoing problems citing their "limited sense of public accountability...". The report was prepared by Corrections Trustee John Clark and states, "The review team found that of the 318 officers on staff, ***only 63*** – about 20% - had previous correctional experience." It revealed that the warden felt he didn't need input from a community review board because he, "got all the advice he needed from ***the board of directors."*** The FBI has launched a criminal investigation into allegations of inmate abuse. A review of the documents surrounding the Youngstown incident has been prepared by CUSA Anti-Privatization Committee Co-Chair Gary Harkins (President of the Oregon Association of Corrections Employees) and is available through Corrections USA.

- **Contract:** Judge John Durkin issued an order preventing ***CCA*** from transferring ownership of their Youngstown facility. "The contract said that ***CCA*** must be the operator." " We don't want some fly-by-night company running it.", stated Youngstown Attorney Martin J. Hughes III. {Washington Post 11/19/98 pg.4}

- **Law Suit:** "Inmates of Ohio's first private prison would share $1.6 million under a proposed settlement of a class-action lawsuit alleging unsafe conditions behind bars. According to the lawsuit, six inmates who were receiving medical care at ***CCA***'s Northeast Ohio Correctional Center have died since the $40 million dollar facility opened in May 1997. At least 20 inmates have been stabbed at the prison in Youngstown... Two inmates were murdered after the lawsuit was filed, a Justice Department report said staff members used "unnecessarily harsh and humiliating procedures" during inmate searches after the killings." "***CCA*** denies any liability for the claims made by the inmates. We're happy because it looks like a resolution has been brought forward", said ***CCA***'s Susan Hart. {Associated Press, 3/2/99}

- **Legislation:** Congressmen Ted Strickland introduced the "Public Safety Act" "which would prevent the privatization of federal prisons or state correctional facilities in states that receive federal grants for prisons. {The Post University Wire, Ohio University 4/1/99}

- **Politicis:** In a stongly worded editorial Ohio Congressman Ted Strickland denounced the prison privatization industry. Said Strickland ***"I am convinced that the trend of shifting prisons from the public sector to the private is a dangerous mistake...,*** Proper prison management calls for adequate staff-to-inmate ratios, appropriate training and a strong emphasis on professional standards, all of which are harder to document behind the closed doors of a private prison.... The trend toward prison privatization is disturbing in another way: because of its potentially corrupting effects on public policy, prison corporations like ***CCA*** have hired politically well-connected lobbyists to advocate for their cause. The profit motive is also an incentive for private-prison advocates to lobby for long-term and mandatory sentences that would keep their beds filled, their profits flowing and their investors happy. Correctional staff can make decisions regarding a prisoner's disciplinary record that can influence parole decisions. But when private prison employees receive part of their compensation based on the company's stock value, those employees benefit personally from the continued incarceration of their charges." {The Washington Post, 6/13/99}

- **Politics:** Rep. James Traficant (D-Ohio) signed a memorandum of understanding with CCA pledging to use his "best efforts" to find local support for new prisons. Former Rep. Mickey Edwards (R-Okla.) said that Traficant did not have the authority to sign such an unusual deal, asked how a member of Congress could agree to anything like it, and compared it to his selling someone the Brooklyn Bridge. (The Hill, 6/23/99)
- **Protest:** Ohio Citizens Action, a 150,000-member nonpartisan, grassroots group, complained in a letter to the House ethics committee that Traficant violated federal ethics laws by signing an agreement for the building of new prisons with the head of Corrections Corp. of America. (Roll Call, 7/15/99)

- **Protest:** Nine members of Wellsville's Citizens Against The Prison (CAP) political action committee joined

Mahoning Valley private prison opponents in a peaceful demonstration outside the offices of U.S. Rep. James Traficant, drawing attention to their opposition of Corrections Corporation of America, which operates the Northeast Ohio Correctional Center in Youngstown. Traficant signed a memorandum of understanding with CCA last spring in which he agreed to facilitate the construction of two more 2,500-bed prisons in the 17th Congressional District and expand NOCC. The protesters issued a two-page letter stating "We believe that CCA is exactly what Youngstown Mayor George McKelvey said it was in 1998, when he stated that 'we can't and won't trust them' and called CCA 'the most dishonest, deceitful corporation I've ever dealt with.'" (Matt Stewart, Youngstown Review Staff Writer, 1/18/00)

- **Politics:** Private prisons have been sprouting up around Youngstown, but residents say the development has produced more bounty for the politicians that cut the deals than the communities that got the jails. The city and state endorsed CCA to build its prison there, but according to Democratic State Senator Bobby Hagan, "Private prisons have always been able to prey on cities in desperate need of help, and they've been able to do that because those cities stand out. They say it's an opportunity for jobs and a better tax base, which lights up the eyes of politicians, but in fact it's the last humiliation for a community struggling to find a better place and a better face." ("In Rust Belt, Cellblocks Bloom Amid Charges of Political Corruption", Jason Vest, SpeakOut.com, 3/21/00)

- **Finances:** Nashville-based Prison Realty Trust and Corrections Corporation of America, which own and operate the Youngstown prison and others across the country, released earnings statements that revealed serious financial problems. The report showed a net loss of $53 million for a 12-month period ending Dec. 31, 1999, and the companies are considering corporate and debt restructuring as well as management reorganization. Peter Wray, communications director for the Ohio Civil Service Employees Association, said the troubling financial reports are another indication that the prison is "doomed." (The Plain Dealer, 4/2/00)

- **Finances:** Corrections Corporation of America has decided to delay plans to build a 2,500-bed prison in Wellsville. Mayor Joe LaScola said that when he spoke with U.S. Rep. James Traficant, the congressman indicated that the private prison company is not in a position to develop the project at this time. Diane Dinch, representative of Citizens Against the Prison, said "I'm ecstatic. We knew it wasn't going to come. CCA is not financially stable enough to build any new prisons. We've been telling the council that. If it does come about again, though, hopefully the mayor and council will be a little more open-minded to listen and look more into it." (Matt Stewart, The Evening Review Staff Writer, 6/6/00)

- **Legislation:** Within the text of a statement made by Congressman Ted Strickland of Ohio before the House Subcommittee on Appropriations for the Departments of Commerce, Justice, and State, and related agencies, Rep. Stickland stated that he believes Congress made a serious mistake by trying to require, under the D.C. Revitalization Act, that the Federal Bureau of Prisons place at least 50% of its D.C. felons in for-profit facilities. He noted that at the CCA-run prison in Youngstown, Ohio, six D.C. prisoners cut a hole in the fence during a recreation break and walked out of the prison in broad daylight. He cited a Justice Dept. report which indicated that "expediency and the pressure of short-term objectives often prevailed over good judgment and sound correctional management procedures." He added, "It is reasonable to conclude that certain of the most serious problems which endangered the safety of the public, the staff or the inmates were preventable." Ultimately, the prisoners sued CCA and won $1.65 million in money damages in the first class-action settlement against a for-profit prison company and the second largest monetary settlement in the history of corrections. (Statement of Congressman Ted Strickland, 3/23/00)

- **Contract:** The Youngstown Board of Education asked a Mahoning County judge to stop Corrections Corporation of America from transferring the Northeast Ohio Correctional Center to another company. Common Pleas Judge John Durkin had previously ruled that CCA's agreement clearly states that the prison is not to be run by any other company. CCA had received tax incentives totaling more than $11 million when they signed the agreement, and transferring ownership would allow CCA to avoid massive federal income taxes. (Tribune Chronicle, Warren Ohio, 9/13/00)

- **Staffing:** The financially troubled Corrections Corporation of America, operator of the Northeast Ohio Correctional Center, is considering making staffing cuts at its facilities. CCA plans to finish evaluating the private prison and its 66 other facilities by mid-December to determine where cuts will be needed. Mayor George McKelvey said the company told him that it is losing millions of dollars a year in Youngstown because the prison is housing less than 1,000 prisoners, well below its capacity of 2,000. Most of the prisoners are from Washington, D.C. "It's a bombshell," said McKelvey. "We're in a crisis situation." CCA has a federally approved contract with the city that mandates a staff of about 500 and requires that only medium-security inmates be housed at the prison. McKelvey said the city won't agree to any job cuts that could jeopardize the health or safety of inmates or the public, nor will it consider letting the prison house prisoners classified higher than medium security. (The Associated Press State & Local Wire, Youngstown, Ohio, 12/8/00)

- **Corruption Alleged:** Mahoning County judges want state officials to investigate whether Community Corrections Association is using public money to pay its director's private legal fees in a lawsuit against the former county sheriff. Four of five common pleas judges voted to request an audit based on an affidavit from Rose Modarelli, CCA chief fiscal officer, saying that CCA has paid all the legal fees related to the lawsuit. (Bob Jackson, Vindicator Staff Writer, 2/21/01)

- **Contract:** In response to CCA's consideration to sell its Youngstown, Ohio, facility, State Senator Bob Hagan stated, "I understand that we have to be responsible about protecting the jobs there, and protecting the facility. But they've (CCA) lied to us so many times we can't believe what they're saying." (WKBN27 First News, Youngstown, OH, 3/29/01)

- **Good Jobs:** Corrections Corporation of America has notified about 200 employees at the Northeast Ohio Correctional Center in Youngstown that they will be laid off. The 45 percent reduction in the prison's 499-employee work force aims to adjust to the number of inmates there, according to CCA spokeswoman Louise Green. The prison now houses 574 inmates, while once housing up to 1,500. Shares of Nashville-based CCA fell 2 cents yesterday to 80 cents. (Getahn Ward, Staff Writer, The Tennessean, 3/31/01)

- **Contract:** CCA said Tuesday it will close its Youngstown, Ohio, prison on August 18, but wants to reopen it if the company wins a new contract to house inmates. The shutdown will mean the loss of more than 500 jobs. Some laid-off employees might be offered jobs at CCA locations elsewhere but no specific numbers were mentioned. CCA said the decision was made after the District of Columbia decided not to renew its contract with the company to house D.C. inmates at the Northeast Ohio Correctional Center. (Associated Press, Nashville, TN, 4/25/01)

- **Corruption Alleged:** A new study by Policy Matters Ohio, a non-profit research organization, presents surprising new data demonstrating that private prisons in Ohio have been sent inmates with substantially fewer medical and behavioral problems than comparable public prisons. Such creaming practices indicate that stated cost savings may be manufactured. The analyses of medical records and internal disciplinary logs confirm that the Lake Erie Correctional Institution was assigned inmates who are far less medically and

behaviorally needy than inmates at public facilities. Co-author of the report, Dr. Michael Hallett, privatization scholar and criminal justice professor, stated, "Two of the three private prisons in Ohio have experienced contract violations, cost overruns, and even inmate murders and escapes." He continued, "Our new data shows that the third, while thankfully free from such scandals, has been given only the easiest-to-manage inmates. This type of cherry-picking is typical of private prisons nationwide." (PR Newswire, Columbus, OH, 5/8/01)

- **Contract:** The remaining 350 D.C. inmates at CCA's Youngstown prison will be moved to federal prisons across the country in coming months as the troubled Northeast Ohio Correctional Center prepares to close in August. The prison has been beset with problems since it opened in 1997, accepting D.C. inmates from the Lorton Correctional Complex in Fairfax County. Two inmates were stabbed to death, 40 assaults were reported, six prisoners escaped in a 1998 breakout, and inmates won $1.65 million in a class-action lawsuit that accused guards of excessive force. "We were getting complaints of poor medical care, assaults and guard brutality," said Marie Ann Sennett, executive director of D.C. Prisoners Legal Services Project. "It was a real mess." (Arthur Santana, Washington Post Staff Writer, 5/11/01)

- **Contracts Canceled Facility Closed:** Ohio's only privately owned and operated prison, the 2,016-bed Northeast Ohio Correctional Center, originally scheduled to close in August, will close several weeks earlier as the final 101 inmates are moved elsewhere. The inmates, all from the Washington, D.C. Dept. of Corrections, will be turned over to the custody of the Federal Bureau of Prisons. After the inmates leave, most of the employees will be laid off or transferred to another facility of the **Corrections Corporation of America**, which operates NOCC and 64 other facilities. **CCA** has said it will reopen the prison if it wins a new contract to house inmates. (AP Newswires, Youngstown, OH, 7/9/01)

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- **Contract:** This past September the Oklahoma Corrections Board decided to terminate a contract with CCA over a dispute regarding the daily rate it had paid for some 700 prisons housed at CCA's North Fork CC. The OCB believed it had overpaid by some $858,000. Governor Keating asked the Board to reconsider, however some Board members found Keatings intervention inappropriate because Keating had received $10,000 in campaign contributions from CCA CEO Doc Crants and OK Liaison Patrick McCoy. (PPRI Nov/Dec 1998)

- **For Profit:** Sheriff Stanley Glanz continues his fight against privatization by refusing to act as a contract monitor for the *CCA* Tulsa Jail. He has also refused to sign a memorandum acknowledging his office's role in the event of a disturbance at the jail. {Tulsa World, Tulsa Oklahoma 12/19/98}

- **Assault/Staff:** Inmate Willie Green received two ten year concurrent sentences for assaulting a guard at the *CCA* run Cimarron County facility in Cushing. When guards from the *CCA* facility delivered Green for trial Sheriff's Officers found "at least an ounce of marijuana" taped to the underneath of his tongue and in his tennis shoe. Twyla Snider, *CCA*'s warden said, "We do routinely check shoes". "Our task will be to try and figure out at what point he got those drugs and how he eluded our security measures." {Tulsa World, 2/16/99}

- **Good Jobs:** 226 people, 75 of them certified deputies are being let go in the wake of Correction Corporation of America's take over of the Tulsa County jail. "The employees will be dismissed because Tennessee-based *CCA* is taking over operations of the new Tulsa jail. The county's contract with *CCA* says the private corrections company must offer jobs to all the dismissed employees." {Tulsa World, 3/30/99}

- **For Profit:** The Oklahoma DOC was kept in the dark about CCA's plan to buy a bond-financed prison in Holdenville. The company's ultimate purchase of the property took place without DOC knowledge, as the way the contract was structured, authorities would have to approve the change of owner, yet did not hav the opportunity to do so. (The Bond Buyer, 7/13/99)

- **Law Suit:** During the discovery process for his lawsuit against CCA, William McGrail claims to have found evidence showing that CCA did not pay fair-market value for the Holdenville facility. Under federal tax law governing private use, tax-exempt debt can be declared taxable if a for-profit buyer pays less than fair-market value to acquire bond-financed facilities. (The Bond Buyer, 7/22/99)

- **Law Suit:** The state Corrections Department will pay a $210,000 settlement and send as many as 1,440 inmates to the private prison in Watonga in order to pull the state out of hot water over a canceled prison project. The settlement will be paid to CCA, which had asked for $1 million, with which the department has squabbled for nearly a year. At issue is how much the state had agreed to pay for each inmate housed at the private prison in Sayre. The new contract sets the price at $42 daily for each inmate. The department had chosen to send inmates to Watonga to keep alive a relationship with CCA. (The Saturday Oklahoman, 7/31/99)

- **Politics:** Sen. Frank Shurden, D-Henryetta, criticized Gov. Frank Keating for allowing the state to lease more private prison beds. The state Corrections Board obtained spaces for 360 inmates at the Watonga prison, and Shurden called this an irresponsible act which took money out of the school system and turned it over to a private prison company. Michael Quinlan, a friend of the governor, is the CEO of CCA, and Shurden said "I think it's pretty ironic that we're leasing a bunch of medium-security beds from a friend of the governor, the same guy who told us we needed more of those beds when he was supposedly conducting an impartial, unbiased review of our prison system." (The Daily Oklahoman, 8/5/99)

- **Corruption Alleged:** A former nurse at Cimaroon Correctional Facility in Cushing has been charged with bringing methamphetamine and marijuana into the private prison by hiding the drugs in a hot chocolate can. The private prison is operated by **Corrections Corp. of America**. (Tulsa World, 8/11/99)

- **Riot:** Three male and one female guard were injured during a riot at the CCA-run Diamondback Correctional Facility. Inmates carrying pilfered softball bats and yard tools broke windows and smashed computer equipment as they looted buildings. None of the inmates was from Oklahoma, but from Indiana and Hawaii. (The Daily Oklahoman, 8/17/99)

- **Escape (AR):** CCA accidentally released an inmate from the new Tulsa Jail in what officials say was a paperwork snafu that let the prisoner post bail and walk out. (Tulsa world, 9/1/99)

- **Mismanagement Alleged:** Several officers noted what they saw as an understaffed, unsecured facility with design flaws, referring to the direct-supervision booking area of the new Tulsa Jail, run by CCA. When prisoners are taken from the arresting officer by CCA they are put in a lounge area and allowed to mill about and mingle with each other unsecured, males and females are placed in the same area, all in the same room where paperwork is processed. (Tulsa World, 9/2/99)

- **Staffing:** The Diamondback Correctional Center, a 1,440-bed medium-security prison near capacity, by June will have three housing units that will accommodate 720 inmates. Expansion plans were not mentioned when CCA opened the facility last November. The prison should have about 290 workers for maximum inmate capacity, yet only has 192 employees, 112 or those being guards. Starting pay for guards is $8.25 an

hour. City Council member Vernon Brickman said he is worried about prison growth when it doesn't have enough employees now. "They're understaffed now and that does concern me," he said. "The addition does concern me. It's something I was not aware of that would take place at all, much less this soon." (The Saturday Oklahoman, 10/2/99)

- **Staffing:** Attorneys still complain about lack of access to their clients, relatives of prisoners say visitation still is agonizingly difficult, and disgruntled staff still say the new Tulsa Jail is not safe. One accusation seems to run through all of the complaints: Corrections Corporation of America is understaffing the jail. (Tulsa World, 10/10/99)

- **Assault/Staff:** A CCA employee was taken to a hospital after being assaulted by a prisoner at the Tulsa Jail, after trying to place the inmate back into his cell. CCA spokesman Marvin Branham said that policy does not require that two officers escort inmates who are being taken to and from maximum-security cells, however "that policy will be reviewed." (Tulsa World, 10/19/99)

- **Escape (AR):** CCA disclosed Friday that there had been another accidental prisoner release from the Tulsa Jail in October, making it the third such release in less than a month and the fourth since the facility opened in August. (Tulsa World, 10/23/99)

- **Mismanagement Alleged:** Since the Tulsa Jail opened, CCA has had to move inmates from cell to cell and from one housing pod to another as backed-up sewer lines resulted in clogged toilets. Engineers and architects said the problems likely resulted from construction debris that was left in the lines. (Tulsa World, 10/26/99)

For Profit: Jo Elkin, a former Tulsa County, Oklahoma, sheriff's employee who no longer works for CCA, said the way the company handles inmates is "crazy." "They want to put white supremacists and gang members together," Elkin said. "You have to keep them segregated or somebody's going to get hurt." Another former employee, Gordon Akins, said, "CCA is extremely pro-inmate. The feeling I got is they place the comfort of the inmates over the officers." An anonymous current employee stated, "Regardless of what CCA says, the staffing levels are low and the security level is minimal at best." (Tulsa World, 10/31/99)

- **Law Suit:** Attorneys for the Fraternal Order of Police Lodge No. 188, which represents Tulsa County sheriff's deputies, and lawyers for the Tulsa County Criminal Justice Authority are challenging privatization of the Tulsa Jail, with the argument being that the jail authority illegally delegated the sheriff's power by contracting with CCA. (Tulsa World Archives, 11/8/99)

- **Escape:** Corrections Corporation of America accidentally released another inmate from the new Tulsa Jail on Monday, and did not discover the error until almost noon Tuesday. This is the fifth such accidental release since the jail opened in August. (Tulsa World, 11/10/99)

- **Mismanagement Alleged:** Workers may have to cut through the concrete slab of the Tulsa Jail in four or five places to fix sewage lines that have been backing up since the new lockup opened. Also, CCA's contract monitor, Joe Masek, noted that the timeliness of physical examinations of inmates by medical staff at the jail was a problem. Only one of ten prisoners was examined in the required time. (Tulsa World, 11/20/99)

- **Escape:** A man charged with molesting a 12-year-old girl was released accidentally from the Tulsa Jail early Wednesday in what CCA officials said was another paperwork error. This was the second such accidental release in a month and the sixth since the lockup opened. (Tulsa World, 12/2/99)

- **Cost Savings:** Tulsa County Commissioner Bob Dick voted along with the other six members of the authority to hire CCA to run the jail. He wanted to vote to allow Sheriff Stanley Glanz, a fellow Republican, former colleague at the Tulsa Police Department, and a friend, to run the show, but he knew he couldn't do it. Dick said, "the deciding factor was that privatization would bring us financial stability. A study by the Oklahoma DOC, however, found that the state could build and operate a new 1,000-bed medium-security prison for less than it spends to lease private prison space. Several national studies have also found there is no proof that private prisons are cheaper to operate than public facilities. Doc Crants, CCA's chief executive officer, admitted that there have been "bumps" at the new facility since CCA opened it, but said, "With passage of time, the staff improves and the sheriff finally discovers no amount of whining is going to change things." (Tulsa World, 12/14/99)

- **Politics:** A few developers, construction companies and architects have cashed in on Oklahoma's private prison building boom, making millions in the process and contributing to politicians who helped their cause. Oklahoma City developer Pat McCoy testified during a court hearing earlier this year that he's received $4 million from prison deals with CCA, adding that he has spent some of his own money to get projects off the ground. McCoy stated that no laws had to be changed, but one was put on the books in 1991 that clarified the legality of privatization activities in Oklahoma. ***Records show Governor Frank Keating received more than $20,000 during his two campaigns from companies that did business with the private prison industry or their lobbyists.*** McCoy and Doc Crants, CCA's chief executive officer, both gave Keating's campaign $5,000 in 1997. (Stephen Holman, Tulsa World, 12/19/99)

- **For Profit/Law Suit:** A lawsuit filed against Corrections Corporation of America alleges that the company delays releasing inmates from the Tulsa Jail in order to charge more money for holding the prisoners. Atty. C. Rabon Martin said that Corey Raschen, Anthony Ostrander and Joseph Howard were kept in the jail nearly twelve hours after their ordered release, and claimed that this was done so CCA could include them on a daily headcount and charge for their incarceration. (Tim Hoover, Tulsa World Staff Writer, 1/4/00)

- **Death/Inmate:** Despite an inmate's apparent suicide in the new Tulsa Jail on Saturday, officials say prisoners are watched more closely than ever. However, the next day CCA officials stated that "further findings indicate that the initial information released to the public contained an inaccuracy. The investigation at this point has determined that the officers who were assigned to the housing unit cannot state with assurance that their visual impression of the inmate asleep in his bunk until 4:25pm is accurate." (Tulsa World, 1/17/00)

- **Death/Inmate:** CCA fired two guards at the Tulsa Jail following the investigation of an inmate suicide, the officers "failed to comply with all related policies and were consequently terminated." (Tulsa World, 2/2/00)

- **Corruption Alleged:** A guard at the private CCA prison in Cushing has been fired after he was accused of trying to smuggle marijuana to inmates at the Cimarron Correctional Facility. The officer faces charges of possession of marijuana in a penal institution, conspiracy to deliver marijuana and possession of drug paraphernalia. (Tulsa World, 2/3/00)

- **Negligence Alleged:** One CCA employee resigned and four others were suspended following a mix-up at

the Tulsa County Courthouse that led to an inmate being forgotten and left behind in a holding cell for about nine hours. A CCA statement said "The court officers thought all female inmates had been transported back to the facility and failed to make the required final check prior to leaving the court holding area." CCA transportation officers told the officer responsible for clearing the court transport log that everyone had returned from court, and he then marked her on the log as being at the jail. (Tim Hoover, Tulsa World, 2/19/00)

- **Corruption Alleged:** A Corrections Corporation of America guard was fired amid allegations that he used excessive force on three Tulsa Jail inmates, reportedly hitting one in the mouth with a two-way radio (Tim Hoover, Tulsa World Staff Writer, 3/9/00)

- **Corruption Alleged:** A fired CCA employee denied the company's allegations that he used excessive force on inmates at the Tulsa Jail and accused the company of racism. ***However, records show that Lemuel Whiteside has a history of misdemeanor and felony arrests, including complaints of selling drugs, concealing stolen property and aggravated assault with a gun.*** CCA officials maintain that they conduct criminal background checks on employees and would not hire convicted felons. (Tim Hoover, World Staff Writer, 3/11/00)

- **Mismanagement Alleged:** Tulsa police want to take over the processing of their prisoners booked into the CCA-run Tulsa Jail because, they say, the private company hired to operate the lockup isn't doing a good job at it. Police say the booking procedure utilized by CCA produces inadequate and inaccurate information, which can hamper their investigations. (Tulsa World, 5/6/00)

- **Death/Inmate/Law Suit:** The father of a Tulsa Jail inmate whose Jan. 15 death was ruled an apparent suicide has filed a lawsuit against CCA. Steven Morris alleges that CCA has not provided him with enough information about the death of his son, Corey Adam Morris, who was found dead in his cell with a bed sheet tied around his neck and to a bunk. CCA fired two employees after the death, claiming that they failed to follow company procedures.

  A second suit filed against CCA alleges that a woman was illegally made a prisoner when she went to visit an inmate. Christy Winston said that she was the victim of a false arrest and malicious prosecution at the hands of the company. Guards apparently found a bag of marijuana near the toilet and then detained Winston and her sister, accusing them of introducing the contraband. The Tulsa D.A.'s office declined to file charges, Winston's bail bond was exonerated, and she was released. (Tulsa World, 5/11/00)

- **Escape (AR):** A CCA booking sergeant was suspended after mistakenly ordering the release of an inmate. The female prisoner had bonded out of the jail on a misdemeanor charge, but her bondsman revoked the bond and returned her to the jail. A jail nurse indicated that the prisoner would need medical clearance to return, and after a failed attempt to return her to the bondsman, the sergeant ordered her release. CCA has released inmates in error on at least six other occasions since the new jail opened in August. (Tulsa World, 5/16/00)

- **Escape (AR):** A mistake by workers at the Tulsa Jail, operated by Corrections Corporation of America, led to the release of an 18-year-old being held in a juvenile facility in the murder of a Webbers Falls High School student. Law enforcement authorities are searching for Marcus Ray Larsen who posted a $5,000 bond and walked out of the jail, though police documents which accompanied Larsen indicated he should not be released. It was the seventh accidental release since opening in August. (Kelly Kurt, AP Writer, Tulsa, Okla., 7/11/00)

- **Assault/Staff:** Wisconsin prison officials are investigating a disturbance at the **CCA-run** North Fork Correctional Center in Sayre, which houses Wisconsin inmates, where 13 guards were injured. An officer observed two inmates passing a bag on the recreation field and when another officer seized the bag, she wa: tackled by an inmate. When staff responded to assist, other inmates joined in. (Dennis Chaptman, Journal Sentinel Staff, 7/18/00)

- **Escape (AR):** A Tulsa Jail inmate impersonated another inmate to trick jail employees into mistakenly releasing her. Brenda Wheeler obtained the armband identification bracelet of fellow inmate Cynthia Parent, said Raye Carnes, a **Corrections Corporation of America** spokesperson. Wheeler also answered questions posed by jail employees about Parent's identity, such as her Social Security number. (Tulsa World, 11/8/00)

- **Escape:** Two corrections officers from **CCA's** David Moss Criminal Justice Center have been placed on leave for their roles in an inmate's escape. A **CCA** spokesman said that the two officers were in the pod of Thomas Weaver and are under investigation for counting the inmate when he wasn't there. Weaver was captured by police about an hour after his escape. (S. Hylton, Tulsa World Staff Writer, 12/2/00)

- **Escape (AR):** An inmate was released prematurely from **CCA's** Tulsa Jail on Thursday and police have not yet re-arrested him. Jail spokeswoman Raye Carnes said that an employee inadvertently overlooked the inmate's release date and a supervisor missed it, too. (Tulsa World, 12/15/00)

- **Contract:** The compliance officer and contract monitor for the Tulsa County Criminal Justice Authority have been assigned the task of seeing what can be done to improve booking at the Tulsa Jail. Compliance officer Larry Merchant expects that contract language between the authority and **Corrections Corporation of America**, the private company which runs the jail, will be made clear regarding how much time **CCA** ha to process inmates in booking. Tulsa police officers have complained that delays in booking prisoners at the jail increases their overtime and keeps them off the streets. (S. Hylton, Tulsa World Staff Writer, 12/16/00)

- **Escape:** Three Tulsa Jail employees were put on administrative leave after two inmates escaped from the jail in separate incidents. **CCA** officials blamed the escapes on employees not following proper arrest and release procedures. Earlier this month, a federal prisoner escaped from the **CCA**-run facility after getting out of the jail in the kitchen trash. (The Associated Press State & Local Wire, Tulsa, Okla., 12/30/00)

- **Assaults:** "A private prison industry survey by George Washington University Professor James Austin compared major incidents in medium and minimum private facilities with national data from similar public facilities. There were 49 percent more assaults on staff and 65 percent more inmate-on-inmate assaults in private facilities. A recent comparison of serious incidents in the public and private prisons in Oklahoma shows a far more shocking disparity. Oklahoma Department of Corrections data indicate that there are *190 percent more serious incidents in private prisons in that state.*" ("Will the Federal Government Rescue the Private Prison Industry?" Judy Greene, January 10, 2001.)

- **Assault/Inmate:** An inmate being returned to the **Corrections Corporation of America** lockup in Cushing from a hospital was accidentally shot by a guard preparing to unload his weapon. Convicted robber Art Reese was shot in the facility parking lot when a bullet fired by guard Owen Patterson's revolver went through the back window of the car holding Reese, striking him in the upper body. (Associated Press State & Local Wire, 1/11/01)

- **Mismanagement Alleged:** County officials have ordered an investigation into complaints by female inmates that male officers could see them during a strip search conducted in the Tulsa Jail on Dec. 21. In incident statements filed by the inmates with Corrections Corporation of America, more than a dozen women say they were strip-searched by female officers in their cells but that male officers were in the pod and either saw them or had the ability to see them naked during the search. (Associated Press State & Local Wire, Tulsa, 1/26/01)

- **Escape:** The new warden at CCA's Tulsa Jail, Jim Cooke, says he has implemented policies at the jail that if correctly followed will stop accidental releases that have been problematic for the facility since it opened in August 1999. There have been at least eight accidental releases since it opened and, in addition, four prisoners escaped in November and December, including one man who got out of the jail by running underneath a garage door in the sally port after bolting through an automatic door in pre-booking. (Susan Hylton, Tulsa World Staff Writer, 1/27/01)

- **Assault/Staff/Inmates:** A weekend Tulsa Jail beating was spurred by racial tension, police said. Joshua Cudjoe has been charged with aggravated assault and battery in the beating of Brandon McKnight, who remains in serious condition. Tulsa police officer Lucky Lamons also was seriously injured. An officer with Corrections Corporation of America, the jail's operator, told a Tulsa police officer that she had warned a fellow corrections officer not to place Cudjoe in the same cell as McKnight due to their earlier exchange, but he said he didn't care. (Susan Hylton, Tulsa World, 1/30/01)

- **For Profit:** "The prison has been a total bust. But no one will tell you that. They want you to think it's been a boon for the city. Frankly, I'd rather have a hog farm. What has the prison done for us? I'd say halve the property value in this town. Real estate prices have plummeted." Sayre, OK, city councilman William Dean referring to the CCA's private prison. (Bobby Ross, Jr., The Oklahoman, 2/5/01)

- **Good Jobs:** Privately run Corrections Corporation of America is considering a number of options, including bringing in employees from its other facilities, in an effort to reduce the number of costly overtime hours at the Tulsa Jail. Warden Jim Cooke said the biggest contributing factor to the overtime is the number of officers who don't show up for work or call in with flimsy excuses. However, every time a class graduates, a number of people decide they don't want to do corrections work. Former CCA corrections officer Robert Nilson, who quit last year, said that mandatory overtime pits employees against each other when some get to go home and others don't. Starting pay for corrections officers is $9.52 an hour. (Susan Hylton, Tulsa World Staff Writer, 2/14/01)

- **Staffing:** Tulsa Jail Warden Jim Cooke may be in charge of the facility, but he wasn't above guarding a pod full of inmates himself when help was needed last week. "Why wouldn't I? I enjoy it," he said. "If I had time, I'd rather work a pod than anywhere else." Amid talk that corrections officers are quitting or being terminated at the jail faster than Corrections Corporation of America can hire and train them, Cooke said that he is not on a mission to weed out undesirable employees. Several officers have quit and Cooke says he fully expects a few more to quit. The Tulsa County Criminal Justice Authority requires that CCA not exceed a staffing vacancy level of 5 percent, and Compliance Officer Larry Merchant said that CCA has never exceeded that figure and currently has a 1 percent staff vacancy. However, employees who are in paid training are counted as staff when determining the vacancy rate, according to Contract Monitor Joe Masek. (Susan Hylton, Tulsa World Staff Writer, 2/25/01)

For Profit: The Tulsa County Criminal Justice Authority delayed action on a contract with Southern Corrections Systems to operate a public inebriate alternative program after some members expressed

concerns. Skiatook Mayor Don Billups asked if the program would cut into the earnings of **Corrections Corporation of America**, the private company that operates the Tulsa Jail, and CCA warden Jim Cooke said a loss of $1.63 million would cause him to close one housing pod and lay off five people. County Commissioner Bob Dick replied, "You're 20 short now," while County Commissioner Wilbert Collins asked why CCA simply can't use one of its pods as a "drunk tank." At $38.02 a day, CCA has a higher per diem rate. (Susan Hylton, Tulsa World Staff Writer, 3/24/01)

- **For Profit:** A union organizer has leveled charges with the National Labor Relations Board against CCA alleging that union practices at the Tulsa Jail were videotaped and that an employee was questioned about his union activities. CCA had no comment on the specific complaints but denied that employees are being threatened with termination for involvement with the Peace Keepers and Security Officers Union, based in California. The union, which filed an initial labor union report in 1999, is not affiliated with the AFL-CIO or the Teamsters, but is in fact a labor union representing security officers. (Susan Hylton, Tulsa World Staff Writer, 3/25/01)

- **For Profit:** A labor relations consultant reported two more alleged unfair labor practices by **Corrections Corporation of America** at the Tulsa Jail. The charges, filed by Michael Clough on behalf of the Peace Keepers and Security Officers Union, accuse Warden Jim Cooke of holding mandatory meetings and threatening to fire any employees who sign union cards, and allege that CCA called the police when union organizers were handing out literature at the entrance of the parking lot. (Tulsa World, World's Own Service, 3/31/01)

- **Escape (AR):** A Texas inmate transported to Tulsa to face local drug and stolen vehicle charges was accidentally released from the Tulsa Jail earlier this year. Sheriff's Capt. George Haralson said that the Jan. 27 mistake was only discovered this week when the District Attorney's Office was updating its files. After Darrell Ray Heinrichs received a suspended sentence for his Tulsa County charges, he was released by **Corrections Corporation of America**, the private company that operates the jail, on Jan. 27 instead of being transported back to Texas to serve out a term for drug possession. (Susan Hylton, Tulsa World Staff Writer, 4/27/01)

- **Negligence Alleged:** The Tulsa World compared a CCA list of 348 employees with computerized jail records that date back to 1996 and found that *20 employees have been arrested prior to working for CCA. Though the majority of arrests were related to traffic offenses, some were arrested for more serious crimes such as burglary, pointing a deadly weapon, resisting an officer, harboring a fugitive from justice, growing marijuana, assault and battery, making obscene phone calls, shoplifting and obtaining merchandise by fraud.* Tulsa Jail Warden Jim Cooke did not want to be interviewed for this story. Applicants are not turned away simply because they have prior arrests. According to a February 2000 internal memo obtained by the Tulsa World, CCA was in violation of its contract with the Tulsa County Criminal Justice Authority because, according to its personnel department, **background checks had not been done on 40 percent of the employees**. For the people who were arrested on more serious allegations, CCA spokesman Marvin Branham defended each hire mostly because their arrests didn't result in convictions. He said that CCA was aware of the employees' past police records. (Susan Hylton, Tulsa World Staff Writer, 5/13/01)

- **For Profit:** A new policy being considered at CCA's Tulsa Jail would force inmates to pay part of their health care. Oklahoma law allows $8 medical co-payments to be deducted from an inmate's jail account. Jim Cooke, warden at the jail, has indicated he would like to start the practice June 1. The new policy could help reduce what jail officials call frivolous sick calls by inmates. (Associated Press State & Local Wire Tulsa, 5/25/01)

- **Escape (AR):** A Corrections Corporation of America employee faced disciplinary action after another inmate was accidentally released at the Tulsa Jail. Donald A. Manning was arrested May 17 on felony charges of marijuana possession with the intent to distribute and possession of marijuana in the presence of a minor child. Manning was supposed to be held in lieu of $45,000 bond on the first charge. A booking supervisor, however, authorized Manning's release and he went free on May 25. On May 29, CCA mistakenly released Clifford Meano, who was facing 11 counts of lewd molestation of a minor child and a $900,000 bond. He is back in custody. CCA spokesman Marvin Branham said the Meano release stemmed from a miscommunication between CCA and the Tulsa County Court Clerk's Office, but Court Clerk Sally Howe Smith said the charges against Meano were perfectly clear. There have been 11 mistaken releases from the Tulsa Jail since it opened in August 1999. (Associated Press State & Local Wire, 6/5/01)

- **Escape (AR):** Corrections Corporation of America fired a booking supervisor Wednesday saying that not only had he been involved in two recent bad releases but was also involved in the mistaken release of a convicted killer last July. If CCA wants to prevent future accidental releases, former booking supervisor Andrew Roberts suggests the company might want to start by teaching its employees how to do essential parts of the job. "I was never trained in how to read court documents. I was self-taught," he said. "No one ever gave me any formal training on how to do anything down there." Roberts feels he is a scapegoat. "After speaking with several other employees who have been wrongfully terminated, I probably have a book that you could write," he said. "I think there was no investigation. They already decided they were going to terminate me." (Susan Hylton, Tulsa World Staff Writer, 6/7/01)

- **Escape (AR):** Tulsa Jail Warden Jim Cooke believes two well-publicized mistaken releases at the facility aren't out of line, considering the number of prisoners housed there. He concedes the incidents are a problem for Corrections Corporation of America but he doesn't think a county official's recommendation to fine the company is a good idea. "Hopefully we can come to an agreement," said County Commissioner Bob Dick, who has recommended that tougher action be taken against the jail for its recent mistakes and overall record of nine to ten mistaken releases since it opened in August 1999. Both Dick and Tulsa County Criminal Justice Authority member John Selph have said they think a fine is warranted. They have also recommended that CCA meet regularly with law enforcement and court officials to improve communications and address concerns. (Associated Press State & Regional, Tulsa, OK, 6/10/01)

- **Law Suit:** Former Tulsa Jail inmate Daniel McClure filed a tort claim in excess of $250,000 against the Tulsa County Criminal Justice Authority, alleging that he was denied HIV medications while in the jail. Jim Orbison, legal counsel for the authority, said that Corrections Corporation of America would pay any legal costs and any amount a successful claimant would get from the authority. (Susan Hylton, Tulsa World Staff, 6/14/01)

- **For Profit:** A decision was deferred on whether to penalize the Tulsa Jail's private operator, CCA, for two recent inmate releases after members of the Tulsa County Criminal Justice Authority haggled over whether to even discuss the agenda item. "We know how political it is to the constituents of Tulsa County, whether we address this or don't address this. I think we can sense that by our urgency here, " Jenks Mayor Mike Tinker said. "But it's also something I want to look at completely before making a decision." County Commissioners Bob Dick and John Selph are in favor of reducing the authority's monthly payment to CCA by an amount estimated between $6,000 and $7,000. Selph has said the best way to hold CCA accountable was through the pocketbook. Dick said CCA has admitted its mistakes and the breach of contract is simply a fact. (Susan Hylton, Tulsa World Staff Writer, 6/23/01)

- **Contract Breach:** The Tulsa County Criminal Justice Authority determined by a 5-1 vote that **Corrections Corporation of America** was in breach of its contract when two inmates were erroneously released in May. Sanctions were not recommended against the company that runs the Tulsa Jail, but the authority will giv written notice that a breach of contract has occurred and offer the company a 30-day "cure" period, during which time the authority would like to see CCA acknowledge the breach and explain what changes have been made or will be made in the future to prevent such mistakes from recurring. (Susan Hylton, Tulsa World Staff Writer, 7/20/01)

- **Staff Shortage/Medical:** According to a medical services audit submitted to the Tulsa County Criminal Justice Authority, response to a jail inmate's sick call can take up to six days, due largely to a shortage of nurses. At least 25 full-time nurses are needed but as of July 20, when the audit was completed, there were only 22 full-time and two part-time nurses. The situation was made worse when one part-time and four full-time nurses quit for "personal reasons," according to **Corrections Corporation of America** spokesman Chris Howard. CCA has provided the jail's medical services itself since April, when officials chose not to renew the contract with **Prison Health Services.** (Brian Barber, Tulsa World Staff Writer, 7/28/01)

- **Corruption Alleged:** A second jailer at the David L. Moss Criminal Justice Center was arrested in connection with drug smuggling inside the jail. Robert Wayne Taylor, 37, was arrested on a complaint of possession of marijuana inside a correctional facility with the intent to distribute. **Corrections Corporation of America** spokesman Marvin Branham said it appeared that Taylor was selling drugs and tobacco to inmates. Taylor had been employed by CCA since October. (Susan Hylton, Tulsa World Staff Writer, 8/7/01)

- **Politics:** A study found that phenytoin, sold under the name Dilantin, can make a "dramatic impact" in controlling violent prisoners. In 1997, Gov. Frank Keating wrote the first of his letters to the chairman o **Corrections Corporation of America**, noting that Dilantin could be an effective tool for prisoners. In October 1999, Oklahoma prison officials and CCA executives gathered to hear a presentation on the drug by retired Wall Street financier Jack Dreyfus, however, CCA spokesman Steve Owen said, "We as a company don't go out and push any particular drug or treatment per se." Keating's relationship with Dreyfus is now the subject of a complaint filed with the Oklahoma Ethics Commission. Keating has said he and Dreyfus are old friends and acknowledged receiving gifts from Dreyfus totaling $250,000 from 1990 to 1997, but the governor later repaid the money and maintains that he has done nothing improper. (Jeff Martin, Tulsa World, 8/16/01)

- **Cost Savings:** The Tulsa County Criminal Justice Authority approved more than $333,000 in additional compensation to **Corrections Corporation of America** that was not anticipated in original contract negotiations. CCA warden Jim Cooke submitted a request to cover costs incurred from additional court hearings at the Tulsa Jail. CCA officers are held from previous shifts and work overtime to cover court needs, according to Cooke. CCA's contract covers costs for officers working video court arraignments, but more arraignments have been added since the jail opened two years ago. (Susan Hylton, Tulsa World Staff Writer, 8/25/01)

- ESCAPE: **Corrections Corporation of America** has disciplined four employees following the escape of an inmate who posed as another inmate scheduled for release from the Tulsa Jail. Danny Oliver, assistant chief of security, was given two days of extra unpaid duty, according to CCA spokesman Chris Howard. Three other employees received written reprimands. (Tulsa World, 8/29/01)

- **Safety/Maintenance/Mismanagement:** Corrections Corporation of America has been informed by the county's contract monitor, Joe Masek, that missing items in a housing pod at the Tulsa Jail need to be replaced and that the company is responsible for keeping the facility in "good repair and in good working order." Masek found pod J-7 inoperable because of missing cell doors, door handles, locks and intercom speakers. He stated, these items appear to have been scavenged to repair items in other parts of the facility." I feel strongly that these items should be replaced as soon as possible." Warden Jim Cooke told the Tulsa County Criminal Justice Authority that scavenging began before his arrival, but it apparently has continued. CCA spokesman Chris Howard said numerous parts were on order but, because of the quantity, have not arrived. Howard said that CCA stopped the practice in May and ordered 45 new doors, but Steve Deerinwater, the jail project manager, said the jail had many more damaged doors than that, noting, "Doors are broken all over the place." Deerinwater said that CCA had accused the jail's builders of using inferior doors, door stops, windows, bunks and door locks, yet the parts are used in numerous other CCA facilities. (Susan Hylton, Tulsa World Staff Writer, 9/2/01)

- **Politics:** Danny Dean Oliver, Jr., 21, who was charged in a reported theft of $12,234 from the Tulsa Jail, received a five-year sentence after pleading guilty to grand larceny. Oliver worked for a company that contracts to provide inmate phone service and resigned following the disappearance of money from a safe in the jail's administrative area in April. Corrections Corporation of America, the company that runs the jail, declined to continue an investigation after the money was returned. CCA spokesman Marvin Branham previously said he thought the allegations of theft were blown out of proportion, and CCA did not characterize the money as having been stolen. County officials said earlier that Oliver Jr. is the son of Danny Oliver, CCA's assistant chief of security and a former detention officer for the Tulsa County Sheriff's Office. (Bill Braun, Tulsa World Staff Writer, 9/26/01)

Escape/Mistaken Release: Two inmates were erroneously released from Tulsa Jail custody last week. Joe Masek, the county's contract monitor for the jail, said one prisoner was released the same day after being sentenced for drug possession because paperwork showing she had been convicted and paperwork showing she had been released on other charges did not arrive at the jail at the same time. Court Clerk Sally Howe Smith said Corrections Corporation of America, the company that runs the jail, should have noticed that the charges were already dismissed. Two other accidental releases were reported in October. (Susan Hylton, Tulsa World Staff Writer, 11/7/01)

- **Escapes/Mistaken Releases:** Representatives of the Tulsa Sheriff's office, the Tulsa County Court Clerk's office, Corrections Corporation of America and others want to streamline the jail release process to prevent bad releases. Four inmates have been released erroneously from the Tulsa Jail in the past two months. The proposal would be for CCA to hire two to three people whose primary responsibility would be in handling of jail commitments and releases. The Tulsa County Criminal Justice Authority would be asked to fund the positions. CCA warden Jim Cooke said the new positions are not in the company's contract with the authority. (Susan Hylton, Tulsa World Staff Writer, 11/16/01)

- **Contract Breach/Medical:** Corrections Corporation of America violated its contract to run the Tulsa Jail when Wayne Henry Garrison's psychotropic medication was not administered in liquid form, a county official says. CCA incident reports obtained by the Tulsa world show that Garrison was breathing and snoring throughout the night but staff could not wake him during medication calls at 10pm. Garrison was later hospitalized in critical condition, with initial reports saying that he was being treated for an overdose, though his defense attorney indicated he could have suffered a stroke. Tulsa County Criminal Justice Authority Chairman John Selph said he is drafting a letter to other board members to recommend that CCA be held in breach of its contract. CCA was cited in a July audit of its medical unit for not administering any

liquid psychotropic drugs except Lithium. Warden Jim Cooke noted that corrective action was to be taken, but Selph stated, "It hasn't been done." (Susan Hylton, Tulsa World Staff Writer, 12/1/01)

- **Contract Breach/Turnover:** The Tulsa Jail will get a fourth new warden in nearly 2-1/2 years of operation under Corrections Corporation of America. Don Stewart, a warden at CCA's McRae (Ga.) Correctional Facility, will become warden of the David L. Moss Criminal Justice Center in the first week of January. Warden Jim Cooke will be "appointed as warden at an as yet undetermined CCA facility," the company said. The Tulsa County Criminal Justice Authority has found CCA to be in breach of its contract to run the Tulsa Jail twice in the last six months. (Susan Hylton, Tulsa World Staff Writer, 12/8/01)

- **For Profit:** A city-county contract committee, which represents the Tulsa County Criminal Justice Authority, laid out its expectations of jail operations to corporate officials with Corrections Corporation of America. Tulsa County Commissioner Bob Dick said that inmates who post cash bonds on a city charge should be released in minutes, as opposed to someone with multiple charges returning from court who has a more complicated release process. Slow release times have been a point of contention with the authority since the jail opened under CCA's leadership in August 1999. Officials have heard complaints from everyone from the U.S. Marshal's Service to frustrated parents, and slow releases also have a financial impact when an inmate who has already posted bond is held past midnight, when inmates are counted. The authority pays CCA about $38 a day for each inmate. (Susan Hylton, Tulsa World Staff Writer, 12/16/01)

- **Staff Corruption:** Former guard at the David L. Moss Criminal Justice Center, Edwin M. Vasquez, was sentenced to three years and one month in prison and fined $2,500 for attempting to smuggle methamphetamine to an inmate for $40. An affidavit from the Bureau of Alcohol, Tobacco and Firearms also said that during an meeting with an undercover ATF agent, Vasquez agreed to deliver a .22-caliber "pen gun" to the same inmate for $200. Officials with Corrections Corporation of America, the privat company that operates the Tulsa Jail, said Vasquez was fired the same day he was arrested. (David Harper, Tulsa World Staff Writer, 12/21/01)

- **Abuse, Corruption:** A former youth leader at River of Life Church south of Stillwater was charged with repeated sexual abuse of two young girls who attended the church. Rex Jason Sumner, who was the church's youth leader for about a year till his arrest two weeks ago, remains jailed in lieu of $200,000 bail. Sumner was charged with five counts involving a 15-year-old girl between April and December of last year, including three counts of oral sodomy and one count each of second-degree rape and lewd molestation. Sumner had been a correctional officer at Cushing's private prison for a year when he was arrested for allegedly smuggling a pound of marijuana into Cimarron Correctional Facility, operated by Corrections Corporation of America, last February. (Patti Weaver, Tulsa World Correspondent, 1/4/02)

- **Contract Violation:** Corrections Corporation of America's new warden will operate the nation's largest privately run jail. Since it opened about 2-1/2 years ago, the Tulsa Jail has been wracked with high employee turnover and bad morale that many county officials blamed on the management style of Stewart's predecessor. CCA has also been faced with a sometimes unhappy employer, the Tulsa County Criminal Justice Authority, as the private company was given notice that it violated its contract following two erroneous releases in May that were blamed on paperwork problems. (Stephen Pingry, Tulsa World, 1/13/02)

- **Mismanagement:** A committee of prominent lawyers will look at operations of the Tulsa Jail, run by Corrections Corporation of America, specifically the release process. Attorney Allen Smallwood, th committee's chairman, said a wait of six to 18 hours for release, after charges are dismissed or bond has

been posted, is not unusual. "I don't want to be ugly about it, but that place is 2-1/2 years old, and we've had a lot of time for initial growing pains to be worked out," he said. Phil Frazier, president of the Tulsa County Bar Association said when the sheriff ran the jail, an attorney or bond agent could secure a release in a matter of minutes. But long waits have become the norm since CCA took over in August 1999. (Susan Hylton, Tulsa World Staff Writer, 2/8/02)

- **Escape:** A female inmate who was wanted in Osage County was mistakenly released from the Tulsa Jail. Courtney Thompson was released from jail after posting bond on DUI and traffic charges. Chris Howard, spokesman for Corrections Corporation of America, the jail's operator, said the jail received information from the police about an hour before Thompson was released that she was to be held for Osage County relating to charges of assault with a dangerous weapon. The intake clerk, Ahmad Watkins, who had worked at the facility for about a year, was fired as a result. (Susan Hylton, Tulsa world Staff Writer, 2/26/02)

- **Escape:** Convicted felon Lance J. Sherwood, who was wanted by federal authorities for possession of a handgun, was mistakenly released from the Tulsa Jail last week. The mistake, the second of its kind to be discovered in less than a week, was realized only after police arrested the man again. Officials with Corrections Corporation of America, the private company that operates the jail, have launched an internal investigation and are contacting law enforcement agencies to make sure that inmates with detainers are locked up. (Susan Hylton and Nicole Marshall, Tulsa World Staff Writers, 3/1/02)

- **Contract Violations:** Financial sanctions against Corrections Corporation of America, the operator of the Tulsa Jail, following two erroneous releases likely will be discussed at the next meeting of the Tulsa County Criminal Justice Authority. CCA's three-year contract is up for renewal in August, and negotiations are under way, but Tulsa County Commissioner Bob Dick said the latest incidents should not affect those talks. Though there is some conjecture among county officials that the Sheriff's Office is going to get the jail back, but Dick said that it's too early to say that. Commissioner John Selph said the latest mistaken releases, discovered Feb. 24 and 27, are the result of employee negligence, and CCA should be penalized. (Susan Hylton, Tulsa World Staff Writer, 3/7/02)

- **Contract Violations:** The Tulsa County Criminal Justice Authority moved unanimously to reduce compensation to Corrections Corporation of America, the operator of the Tulsa Jail following the erroneous releases of three inmates in February. The inmates were absent from the jail for a total of nine days, and a penalty of $625 a day was assessed. The jail authority will withhold $5,625 in payment to CCA. (Susan Hylton, Tulsa World Staff Writer, 3/23/02)

- **Abuse Alleged:** The manager of the Tulsa Jail's female Addiction Treatment Unit is a self-admitted drug offender. Authorities with the Alabama Department of Corrections have confirmed that Eugene Pendleton also spent 17 years in prison for second-degree murder. Former warden Jim Cooke hired Pendleton to run the unit last year, saying that drug offenders relate well to someone such as Pendleton who has overcome addiction. Pendleton previously told the Tulsa World he was a "rebel without a cause" who was heavily involved in using and selling heroin before he turned his life around. Pendleton has been working at various Correction Corporation of America facilities since he left prison. Cooke first met Pendleton in 1979 while he was serving his sentence in Alabama, where Cooke worked for the Alabama Department of Corrections at the time. Current warden Don Stewart said it's not unusual for CCA's treatment employees to have a criminal past. Pendleton is currently on administrative leave pending the results of a rape investigation being conducted by the Tulsa Police Sex Crimes Unit. (Susan Hylton, Tulsa World, 5/11/02)

- **Abuse, Conviction:** Former youth leader at the River of Life Church Rex Jason Sumner was given 10 concurrent 20-year prison terms for repeatedly sexually abusing two girls who attended the church. Sumner had pleaded guilty to all 10 sexual abuse counts. He had received seven years' probation from Associat District Judge Robert Murphy Jr. for marijuana delivery in Payne County. In court Friday, District Judge Donald Worthington revoked that probation and handed Sumner a concurrent seven-year prison term for smuggling a pound of marijuana into Cushing's private prison, operated by **Corrections Corporation of America**, while working there as a corrections officer two years ago. (Patti Weaver, Tulsa World Correspondent, 5/11/02)

- **Negligence, Contract Violation:** "A female inmate at the Tulsa Jail hoarded medication and wound up in the hospital Tuesday after suffering the affects of an overdose. **Corrections Corporation of America** spokesman Chris Howard said corrective action would be taken against a medical assistant for failing to crush the inmates medication." "CCA has maintained in the past that it crushes psychotropic drugs prior to administration." An understanding between CCA and the authority stemmed from CCA's being cited ina medical audit last year for not purchasing psychotropic drugs in the liquid form as required in the contract. Following an attempted suicide in December, the authority gave CCA notice that it was till in violation of its contract by not administering psychotropic drugs in liquid form." (Tulsa World, Susan Hylton, 5/16/02)

- **Abuse Alleged, For Profit:** "Second-degree rape cahrges were filed Thursday against a former Tulsa Jail supervisor who is accused of engaging in sexual activity with an inmate.Eugene B. Pendleton, 46, was charged with second-degreee rape after DNA evidence obtained earlier this month was analyzed and showed that he had sex with a women who told police that he raped her, Tulsa Police Sgt. Gary Stansill said." "We have information that there could be other past female inmates who could have also been victims, Stansill said." Pendleton was the addicitons treatment manager at the **Corrections Corporation of America** operated Tulsa Jail where he began working last year. Authorities with the Alabama Departmer of Corrections have confirmed that Pendleton spent 17 years in prison there for second-degree murder. "Former Tulsa Jail Warden Jim Cooke hired Pendleton to run the women's Addiction Treatment Unit last year. At the time Cooke said drug offenders relate well to someone such as Pendleton, who also has overcome addiction" Cooke did not reveal that Pendleton was a convicted murderer. "Don Stewart, who became warden of the Tulsa Jail this year, previously said he was aware of Pendleton's murder conviction but that prospective employees with felony convictions are not automatically excluded from employment. He said it is not unusual for CCA treatment employees to have a criminal past, but he added that Pendleton wouldn't be qualified for posts with access to firearms." (Tulsa World, Cary Aspinwall, 5/31/02)

- **For Profit:** In an article about rape charges against current addiction treatment manager, the warden of the David L. Moss Criminal Justice Center said it was "not uncommon" for staff in the addiction treatment units to have charges or convictions. It never ceases to amaze that **CCA** facilities nation-wide are allowed to break state and federal laws and continue to get contracts. Privately run prisons and jails are required to follow the same laws as state and federal penal institutions. No one with a felony conviction should ever be allowed to work in these facilities. (Tulsa World, 6/20/02)

- **Inmate Assaulted:** Six inmates in Cushing's private prison have been charged with beating a convicted Tulsa County rapist who is serving more than 1,300 years for a 1977 kidnapping and sexual assault. Prosecutor Tom Lee said that Billy Joe Chuculate was "lucky to be alive." The beating was so severe that Chuculate could have died. All of the prisoners involved, including Chuculate, are believed to be members of the Indian Brotherhood, an American Indian prison gang. The facility is operated by **Corrections Corporation of America**. (Patti Weaver, Tulsa World Correspondent, 8/1/02)

- **Escape (AR):** Stacy Barnes, a Tulsa Jail employee who was in master control, was fired after her mistake in procedure allowed an inmate to walk out the front door. The inmate, who had been booked into the jail for driving under the influence, was recaptured about 2-_ hours after his release. Chris Howard, spokesman for Corrections Corporation of America, which runs the jail, said the inmate followed a records clerk out of the booking area, past the inmate dressing rooms and operations desk and around a corner to a hallway that leads to two secure doors operated by the master control. The records clerk asked the inmate where he was going. Unsatisfied with the answer, the clerk followed him to the doors, where he pushed a button requesting master control to open the door. The records clerk was waiving to master control not to open the doors, but they were opened anyway. Barnes was fired for failing to identify an individual verbally or visually before opening the doors. (Privateer News, 8/16/02)

- **Inmate Sexual Assault:** A former inmate who alleges that she was raped by a former Tulsa Jail supervisor is suing Corrections Corporation of America and past and present CCA employees. The lawsuit alleges that the woman was "repeatedly raped and forcibly sodomized" by Eugene Pendleton while she was in the jail. In a criminal proceeding, Pendleton was charged with one count of second-degree rape of that woman. Pendleton managed an addiction treatment unit at the CCA-operated jail. (Bill Braun, Tulsa World Staff Writer, 8/25/02)

- Corrections Corporation of America has agreed to pay more than $152,000 in back wages to 96 women denied employment because of their gender. The agreement came after a U.S. Department of Labor audit showed female applicants, who were equally or better qualified than men hired, were rejected. The company has also agreed to offer employment to 19 of the rejected female applicants. (Associated Press State & Local Wire, 8/27/02)

Staff Assaulted: Two former inmates at Cushing's private prison were arraigned on charges of assaulting two female Cimarron Correctional Facility guards in separate attacks. Both prisoners were transferred to the Oklahoma State Penitentiary following the incidents. In an incident two months earlier at the Cushing prison operated by Corrections Corporation of America, an inmate was charged with assault and battery with a dangerous weapon for an alleged razor-blade attack on a female corrections officer. (Patti Weaver, Tulsa World Correspondent, 8/29/02)

- **Inmate Death:** Burglary suspect Scott Ray Dickens, who was shot by Broken Arrow police, hanged himself with a bed sheet at the Tulsa Jail, operated by Corrections Corporation of America. Dickens had been jailed on charges including possession of a stolen vehicle and armed robbery. (The Associated Press, 12/23/02)

- **Lawsuit:** Brandon McKnight, who was critically injured when he was beaten by a fellow Tulsa Jail inmate has settled his lawsuit against the jail's operator under confidential terms. McKnight had sued Corrections Corporation of America, claiming that the company was negligent in placing him in the same cell as Joshua Cudjoe on Jan. 27, 2001. Cudjoe was found guilty in May 2001 of assaulting and battering McKnight with intent to do bodily harm and received a three-year sentence for the crime. A corrections officer was fired for failure to perform his job properly in relation to the episode. A CCA officer told a Tulsa police officer that she had warned a fellow corrections officer not to place Cudjoe in the same cell as McKnight. (Staff Reports, Tulsa World, 12/27/02)

Puerto Rico

Riot: "A riot by about 50 prisoners at CCA's run Ponce prison in southern Puerto Rico left one guard injured and caused at least 1 million worth of damage in August. *Prisoners set fire to mattresses, broke*

down walls and held 13 hostages. The riot started after a group of prisoners refused to transfer from one area to another. Puerto Rican police complained that they were unable to respond satisfactorily to the disturbance as they did not have maps of the prison layout or a list of on duty employees to help them.' Prison Privatization Report International, Issue No. 13 - September 1997

South Carolina

- **Escape:** South Carolina, "State officials have demanded more staff and a new administration at South Carolina's first privately run juvenile prison in the wake of **seven inmate's escape."** Robin Zimmerman spokesperson for Governor David Beasley stated that, "The next few days are extremely important to see if they live up to what they say they will do to rectify the situation."

  "Zimmerman said state officials already were examining the services CCA provided, but it was **not until the escape** that the state realized **there were serious security problems."** Gaston Fairey, the inmates lawyer, stated that, "... in some situations **one correctional officer supervised as many as 50 youths** and that pepper spray was used improperly to discipline youths." CCA had been operating this facility for only a month before this incident took place. **("Investors Watching How CCA Responds to Juvenile Prison Problems in South Carolina"** ; Corrections Digest, Vol. 27 No. 34, 8/23/96.)

- **Contract/Canceled:** "Security problems and abuse allegations have caught up with South Carolina's lone privately run juvenile prison, which the state will take over in July." Gary Karr spokesman for Governor David Beasley stated that, "The events of the last few weeks - the escape and security audit that came back after it - were pretty clear indications. **CCA hasn't met our standards."**

  Lawyers for the youth offenders stated they were, "... beaten by guards, left to urinate and defecate in cups when they were barred from using a bathroom for as long as 24 hours, and denied food and medicine." CCA spokeswomen **Susan Hart** said, "We are proud for the most part of what we were able to do."

  Rebecca Miles Executive Director for the South Carolina Mental Health Association had this to say, "I'm delighted and I commend the governor. **We have felt so clearly for a long time that the abuses are happening and nobody was being responsive."** **("State ends private prison pact"**, 'The Item', South Carolina February 20, 1997, 1B by Robert Tanner, A.P.)

- **Contract/Canceled:** A CCA-employed social worker claimed to have documented abuse and mismanagement at the Columbia Training Center, and later claimed he was fired for airing his complaints to outside sources. The Center's staff were accused of using unorthodox and unacceptable disciplinary methods with unruly residents, and by August 1996, CCA was confronted with a shortage of staff members to supervise the 350 to 400 boys who populated the facility at any given time. As a result of operating problems, South Carolina terminated its contract with the company after just one year. Monica Newman of the Department of Juvenile Justice explained, "I think both parties realized that the privatization of a large juvenile facility just, in fact, was not working...I wouldn't say that one particular juvenile case had any bearing on the decision not to renew CCA's contract. I think it was just the privatization issue in general." (Erin Sullivan, Metroland, 5/15/00, reprinted 7/19/00)

- **Law Suit:** A grand jury awarded more than $3 million to a Charleston teen-ager who was hog-tied, maced and thrown against a wall by Corrections Corporation of America guards three years ago. The verdict could open the door for 21 other teens who have filed lawsuits against CCA, alleging assaults and improper punishment by guards. The jury decided that CCA had a corporate policy of using excessive force to control teens sent to its facility on Farrow Road in Northeast Richland and called the treatment of the youth "repugnant to the conscience of mankind". They awarded William Pacetti, now 18, $125,000 in "actual

damages," compensating him for his pain and suffering. (Lori Hines, Staff Writer, http://web.philly.com, Columbia, S.C., 12/16/00)

ennessee

Liability/Politics: "Hamilton County Auditor Bill McGriff determined that the Silverdale work farm in Hamilton County, Tennessee..." while under CCA control, "... **costs the county roughly $3 more per prisoner**, per day, than when it was run by the county."

"Upon closer inspection into one of CCA's contracts in Hamilton County, ***it was discovered that CCA did not possess a $25 million liability insurance policy as they had claimed.*** When confronted with the evidence, the CCA maintained that the policy they had promised to obtain was too expensive and that they instead set aside $5 million for liability in an escrow account. This misrepresentation was not revealed prior to signing the contract."

"According to press accounts, three of the nine Hamilton County commissioners who in 1984 voted to permit CCA to operate the Silverdale facility, after obtained contracts with CCA. One commissioners exterminating company won a contract to administer pest-control for the jail, a second commissioner who owned a moving company acquired a contract to move the warden to his new home in Chattanooga, and a third commissioner's construction firm ended up subcontracting work at one of the CCA facilities, Silverdale. CCA officials described these events as purely coincidental." (A Michigan Prison Privatization Analysis, Legal Ramifications of Prison Privatization, Michigan Corrections Organization, 1993.)

- **Riot: 100 North Carolina inmates riot at CCA run Tennessee facility.** On October 28, 1995 in Mason, Tennessee out of state inmates from North Carolina rioted demanding to be returned to their home state. Officials at the CCA operated West Tennessee Detention Center had to use pepper gas to quell the disturbance. Luckily for the residents in Mason no one escaped, this time. (Prison Legal News, February, 1996.)

- **Corruption Alleged:** Two CCA "guards" indicted on charges of distributing marijuana and crack cocaine at CCA managed Silverdale Workhouse, CCA guards Curtis Moore and Claude Snyder were indicted after an 18 month investigation and a massive search at the Chattanooga, Tennessee CCA run facility. More than 200 Officers, including agents from the FBI and DEA, descended on the facility after reports of rampant drug use became known. (U.S.A.Today, 12/17/96 and the Tennessean 1/ 24/97.)

- **Law Suit:** Jury awards two prisoners $75,000.00 each in law suit against CCA. Amid charges of conspiracy, retaliation and fraudulent disciplinary claims a jury awarded two inmates $75,000.00 each in a suit filed against CCA in Columbia, Tennessee. (Brown v. Myers, U.S. District Court, Middle District of Tennessee Columbia Division, case no. 1:95-0083.)

- **Assaults/Staff/Inmates:** Tennessee officials say the rate of serious incidents at a CCA medium-security prison in Clifton, Tenn. -- ranging from attacks on guards to drug possession -- ran 28% higher than in Tennessee state prisons overall in 1997." "If that doesn't raise some eyebrows and give you some kind of indication of what the future holds, I guess those of us who are concerned just need to be quiet," said *Tennessee Representative Mark Widdle.*

In **Ohio**, "By this summer with the 1,700-inmate private prison open only 14 months, it had already had 13 stabbing's, two of them fatal.... All the rest of the Ohio prison system, with 49,000 inmates, reported just 12 assaults with deadly weapons in 1997, and no homicides." Public facilities averaged one stabbing per 2,181 inmates while the privately run CCA prison averaged one stabbing per 85 inmates, nearly ***26 times the rate*** documented at state run facilities! The law suits are just beginning to mount and it will be the taxpayers who pay for them -just as it always is. {Wall Street Journal 8/5/98 Jaffe & Brooks, AP Report,

"The Tennessean", (4/29/97)} Reports of the number of inmates stabbed range from 13 according to CCA to 20 according to documents filed in US District Court by the inmates attorney.

- **Assaults/Staff:** Five CCA Guards were assaulted at the Torrence County Detention Center, CCA's private prison just outside of Estencia, N.M. Inmates that had been transferred from CCA's Youngstown, Ohio facility were involved in the assault. The five guards were treated at a local hospital and released. {The Albuquerque Journal, 8/20/98, Lou Fecteau}

- **Death/Inmate Murder:** In less than nine months 3 inmates under CCA care have been murdered. The most recent occurred at CCA's Mason, Tennessee facility on August 27, 1998. "Corey Smith, 29, who was serving time for his fifth felony conviction, was killed Thursday prison spokesman Debbie T. Whittiemore said. A 30 year old suspect is expected to be charged with the murder... She said he assaulted two corrections officers before attacking Smith with a homemade weapon. Investigators believe the weapon was then flushed down a toilet and has not been recovered." (The Commercial Appeal, 9/1/98, by Bartholomew Sullivan) Smith and his assailant are Washington, D.C. inmates transferred to Tennessee from CCA's Ohio prison.

- **Escape:** "On September 4, 1998, at approximately 5:00pm, a dummy was discovered in unit K A Pod Cell #202 during the facility count. Upon conducting an emergency recount, inmate Pete Jenkins, #134185, was confirmed as missing." Inmate Jenkins was serving 34 years for 2 counts of aggravated rape. This facility is operated by Corrections Corporation of America. It was reported that when WBBJ-TV, from Jackson,Tenn. inquired about the escape, they were told by CCA that ***there had not been an escape.*** {The Commercial Appeal, Memphis, Tennessee 9/5/98} Note: The inmate was captured by the state police in New Mexico three days later.

- **Corruption Alleged:** A former CCA Senior Officer is leveling charges against CCA claiming hi: Supervisors ordered the destruction of inmate mail so that overtime hours would not be needed to sort it. He also states that CCA brought in private guards from out of state who severely beat the inmates and tortured them, and that two inmates who had attempted escape were severely beaten. Six other Officers are expected to come forward once immunity is secured. (Buffalo River Review Linden, Tennessee reported October 7, 1998)

- **Escape (AR):** Rapist Reginald Ivory was released from CCA's Hardemann County Correctional Facility on May 5, 1998, TWO YEARS BEFORE HIS RELEASE DATE! To this day no escape warrant has been issued and Ivory remains at large. (Tennessee State Employees Association, 5/98)

- **Escape:** On October 12, 1998 four inmates escaped from a CCA facility in Clifton, Tennessee. Three of the inmates, convicted of murder, aggravated rape and armed robbery, remain at large.

- **Politics:** Doc Crants, CEO of CCA ***from Tennessee*** contributed $5,000 to the re-election campaign of ***Oklahoma*** Governor Keating and CCA gave $25,000.00 to the ***California*** Republican Committee.

- **Riot:** On September 14, 1998 CCA officials lost control of the Hardemann County facility. When guards and supervisors in the yard responded to a fight 66 inmates surrounded them. Two guards were injured and gas had to be used to quell the disturbance.

- **Legislation:** Attorney General Knox Walkup issued a legal opinion stating that Tennessee has no laws prohibiting private prisons from housing out of state inmates. No court has addressed the issue of what if any oversight the state has to regulate a private prison company. 1,775 of the 7,600 prisoners housed by

CCA there are from out of state. Of note are the 125 Hawaiian inmates of which 67 are in for sexual assault or rape. {Chattanooga Free Press, 12/19/98 pg. C1 & The Tennessean 12/19/98, pg. 1B}

- **For Profit:** A review of the manner in which public and private prisons handle escapes found that the publicly run prisons responded by focusing its immediate concern on public safety where as the private entity, in this case run by *CCA*, focused its attention on damage control and "protecting the company's image". {The Chattanooga Times, 12/31/98 pg. A4}

- **Contract:** The state has "decertified" the *CCA* **run Hamilton County Jail** as a result of overcrowding and lack of staff. The decertification means that the state will only pay *CCA* $12 per day per inmate, rather than the contractual rate of $30 per day. "The county jail on Walnut Street is certified for 466 prisoners. On the day the inspector visited it held 575. It has been averaging 582. {Chattanooga Free Press, 1/7/99 pg. A1}

- **Politics:** Gov. Sundquist has formed a Private Prison Advisory Council to review existing contracts and current practices by the industry in his state. Sundquist has received "substantial campaign donations from executives" of *CCA* and is a supporter of privatization. His hand picked council is comprised of well-known supporters of *CCA* and the private prison industry. Guess who he appointed? None other than the two lawmakers who have been pushing to privatize 70% of the state system; House Speaker Jim Naifeh and Lt. Gov. John Wider. Naifeh's wife just also happens to be CCA's lead lobbyist in Tennessee. {The Commercial Appeal, 1/12/99 pg.B1}

- **For Profit:** John Whitaker, a retired Tennessee construction manager, stated that, "The place (*CCA*'s West Tennessee Detention Facility) is built so damn flimsy they could tear it to pieces. The concrete is not thick. The doors are not heavy duty. Thirty people could destroy that sucker. And they have already proved that." {The Porcupine Press, Michigan State Beat 1/13/99}

- **Assault:** "A state (TN) audit showed that when compared to a similar state run facility, *CCA* operated prisons reported 152 more injuries and three times the number of use-of-force incidents over a 15 month period." {The Porcupine Press, Michigan State Beat 1/13/99}

- **For Profit:** Regulations being proposed to control the types and numbers of out-of-state inmates being housed in *CCA* prisons in Tennessee prompted state Corrections Commission Donel Campbell to "concede to lawmakers yesterday that he does not know how many out-of-state prisoners are housed in prisons here." Nor does the department know their security classifications or their criminal histories. {The Tennessean, 2/3/99 pg. 1B}

- **Riot:** "Guards gassed about 250 inmates at the (*CCA*) privately run South Central Correctional Center in Clifton after they refused to go to their cells... A report filed by the state Department of Corrections said guards had to fire several pepper gas canisters into a group in the recreation yard to make them disperse." "As I came into view of the (inmates) I heard of them yell 'There he is, he is going to pop us, let's get him', one guard reported. Two guards used nine gas canisters to disperse the crowd... At about 7:10 p.m. the cells were locked down except for one section, where the group of inmates had holed up in the day room. Hart (Susan Hart *CCA* Spokesperson) said she didn't consider the incident in the yard 'major'." {The Commercial Appeal 4/30/99}

- **Escape:** "Two inmates escaped from a medium-security West Tennessee prison, while two others were captured before they could climb the prison's perimeter fence. The break happened around 3 p.m. Thursday at *Corrections Corporation of America*'s Mason Correctional Facility in Tipton County... All four inmates

are from Montana." 30 year old inmate Anthony Lankford was serving 220 years for deliberate homicide, attempted homicide and use of dangerous weapon and 43 year old Christopher McKeon was serving 50 years for robbery, use of weapon and theft both remain at large. {AP Wire, 5/21/99} "..200 officers, three bloodhound teams, a helicopter and several horse mounted searchers were still looking for the trail of Lankford and McKeon." {Chattanooga Times and Free Press, 5/27/99 pg. B2}

- **For Profit:** "Five Wisconsin inmates tried to ***ESCAPE*** from a private (***CCA***) prison in (Whiteville) Tennessee last week, a state corrections official confirmed this morning....The five inmates are: Shannon Surprise, serving a 47-year sentence on several criminal counts, including burglary and arson; Jeremy Bryge, ***serving a life sentence for murder***; Jesse Erdman, **serving a 20-year sentence for battery and *sexual assault of a child;*** Douglas Stream, **serving a life sentence for murder**; and Matthew Derosch, **serving a 129-year sentence** on several counts, including armed robbery." {Capital Times, Madison Wisconsin, 5/27/99 Pg. 9A}

- **For Profit:** "Tennessee cannot reject any prisoners that are sent to private prisons from other states, said Pam Hobbins of the Tennessee Department of Correction. And private prisons are not required to submit any information to the state about the prisoners or their crimes." {Commercial Appeal, 5/28/99}

- **For Profit:** "***CCA*** decides the level of security its inmates require, and Tennessee has no say in those decisions." Pam Hobbins Tennessee DOC. {Chattanooga Times and Free Press, 5/29/99 Pg. B5}

- **Cost Savings:** The seven day search for two Montana inmates that ***ESCAPED*** from the ***CCA*** run Mason Correctional Facility has resulted in substantial costs to the state of Tennessee. "The total cost for the state, Shelby and Tipton county officers involved in the manhunt is $67,000 - $72,000." "But like other state and local law enforcement agencies involved in the search the Highway Patrol is still unsure whether it can legally bill ***CCA*** for its expenses." Dana Keeton spokeswomen for the state Department of Safety stated, "As for the billing, we're trying to work through that. There's no precedent for it." {The Commercial Appeal, 6/5/99 Pg. A-1}

- **Negligence Alleged:** A prisoner transferred from Youngstown, Ohio, was stabbed to death by another inmate shipped from Ohio. At another prison, ***CCA covered up abuses of inmates transferred from Wisconsin.*** Eight company employees were fired after the incident was made public. At South Central prison, four inmates cut through a fence last October with a bolt cutter they received in the mail, and a guard simply shut off an alarm without investigating. In January, a convicted murderer walked out through the gates dressed in a guard's uniform given to him by a female employee. (Eric Bates byline,The Nation, 6/7/99)

- **For Profit:** "Convicts serving time for murder, arson, kidnapping or escape account for nearly half the Montana inmates housed in a private medium-security prison in Tipton County, where two prisoners escaped last month. ***Records show 52 of 177 Montana inmates jailed in the (CCA) Mason Correctional Facility were convicted on homicide offenses. Eight others are kidnappers.*** Four are doing time for arson. Sixteen others have ***ESCAPE*** records." {The Commercial Appeal, 6/13/99 Pg. A1}

- **Politics:** Mason Tennessee Mayor Joe D. Ward owns $45,000 of ***CCA*** stock. His garage services the West Tennessee Detention Centers vehicles. The facility not surprisingly is owned and operated by ***CCA***. Ward has been the mayor since 1989, the year negotiations began with ***CCA*** for a prison there. Also on the ***CCA*** payroll is Town Alderman Maude Seay who is the prisons personnel director.

"With little public input or government oversight, *CCA* has made multi-million dollar additions in recent years that nearly tripled the prison's size and enabled it to house hard-core offenders. Originally discussed in 1989 as a detention center to house drunken drivers and inmates awaiting trial, the prison recently developed a maximum-security unit..." "They totally misled the board members of the town as far as what kind of prison it would be, said former alderman Bill Martin..." "I'm greatly disappointed in *CCA*, that they have brought in maximum-security prisoners," said Jimmy Naifeh, speaker of the Tennessee House of Representatives. Naifeh whose wife was a *CCA* lobbyist is not surprisingly a strong supporter of the private prison industry. {The Commercial Appeal 6/21/99 Pg. A1}

- **Assault/Hostage:** "Four prisoners from Wisconsin are accused of holding a guard hostage in Tennessee. Prisoners held a guard for 10 hours Friday at the *CCA* private prison in Whiteville, Tenn... The guard was slightly injured. The incident ended peacefully Saturday morning. Prisoners names and further details weren't released." {The Wisconsin State Journal, 6/30/99 Pg. 2C}

- **Assault/Hostage:** Four prisoners at the maximum-security Whiteville Correctional Facility took an officer hostage during a ten-hour standoff. The officer was stabbed during the melee with a homemade weapon. (The Commercial Appeal, Memphis, Tenn., 6/27/99)

- **Escape:** CCA administrators at the Mason facility told Tennessee legislators that there was no breakdown in security during an inmate escape May 20, but said that they are reimbursing state and local authorities about $80,000 for expenses in the seven-day search. Though officers witnessed the escape and apprehended two prisoners, the officers were called back when two other inmates fled into the woods in order not to "contaminate the tracks" when dogs were brought in. One inmate was serving a 220-year murder sentence, and the other was an armed robber who had attempted escape in Montana. (The Commercial Appeal, Memphis, Tenn, 7/9/99)

- **Legislation:** A proposal by two West Tennessee lawmakers, Sen. Jim Kyle of Memphis and Rep. Phillip Pinion of Union City, would set up a system of licensing private prisons and would have barred them from accepting out-of-state prisoners convicted of capital crimes. This legislation could have direct impact on **Corrections Corporation of America**, which operates nine private prisons in Tennessee, three of them owned by **Prison Realty Trust** and six owned by the state or local governments. **CCA** claims it has no expansion plans, but Senate Speaker Pro Tem Bob Rochelle indicated that the goal might be to stop private prison growth before it becomes a place where any state can dump prisoners they don't want to be responsible for. The proposal was prompted in part by the May 28 escape of four maximum-security Montana inmates from the medium-minimum **CCA**-owned Mason Correctional Facility. (The Tennessean, 7/9/99)

- **Legislation:** Tennessee cannot claim to control its public safety unless and until it gets control of the policies of private prisons. Sen. Bob Rochelle, D-Lebanon, is proposing that the state not only regulate existing facilities, but prohibit the expansion of those facilities. (The Tennessean, 7/17/99)

- **Escape/Hostage:** Inmate Mike Settle claimed he had overdosed on psychotropic medication and was taken to a hospital in Jackson. He overpowered the officer who transported him, *stole his weapon and escaped, taking a woman hostage and stealing her car*. He crashed and abandoned the car outside Memphis. His security was the responsibility of **Corrections Corporation of America**, the private prison company which runs the Hardeman County Correctional Facility in Whiteville. Only one of the **CCA** guards was with him at the time of the escape and had freed the inmate from his shackles for him to use the rest room. The other had left to go to the hospital cafeteria. (The Commercial Appeal, 8/17/99)

- **Escape:** Since October, 1998, eight inmates have escaped from private prisons in Middle and West Tennessee. One was escorted from his cell by a sympathetic female guard, and several carried majo charges, such as rape or murder. Such incidents fueled local concern about CCA's prisons for profit. (The Commercial Appeal, 8/19/99)

- **Escape:** An inmate at the Metro Davidson County Detention Facility escaped in the parking lot at the Metro Criminal Justice Center. Timothy Grove slipped through his handcuffs and fled from the guard assigned to watch him and 15 other inmates from the Harding Place center, which is operated by CCA. (The Tennessean, 10/19/99)

- **Escape:** Clifton, Tenn., the security chief at a CCA prison requested a $15 metal rod so he could probe dumpsters to make sure prisoners weren't hiding there. The warden said no. Two days later, a prisoner burrowed under dumpster trash and escaped. In Colorado, an inmate made his getaway from a CCA-run prison in Las Animas in a similar fashion. (The Rocky Mountain News, Denver, Co., 10/22/99)

- **Assault/Hostage:** Wisconsin inmates at the Whiteville prison, run by CCA, took fifteen staff members hostage Tuesday but surrendered two hours later after guards sprayed them with tear gas. This was the second disturbance at the prison, which holds only Wisconsin inmates. In August, a rookie guard suffered a brutal attack in a recreation area, and inmates claimed they were later abused by guards in retaliation. (Milwaukee Journal Sentinel, 12/1/99)

- **Cost Savings:** The Fiscal Review Committee approved it's staff's analysis that South Central's estimated cost is $31.34 per inmate per day, compared to a cost of $33.44 at the Northeast Correctional Complex in East Tennessee and a cost of $29.70 at Northwest Correctional Complex in Lake county. Averaging botl together, the state came up with a combined cost of $31.57, 23 cents more per day than CCA. **However, the CCA prison had a much higher rate of assaults and five escapes during the analysis period.** The Comptroller's office concluded that the abolition of 400 corrections positions have resulted in fewer inmates involved in educational programs, a lower GED achievement rate and reduced mental health services. (The Commercial Appeal, 12/10/99)

- **Staffing:** The Tennessee DOC released a report indicating that the average turnover rate for correctional officers in publicly run facilities was 34%, with the highest, 52%, at the West Tennessee State Penitentiary (High Security), and the lowest, 12%, at the Brushy Mountain Correctional Complex. As expected, the average turnover rate for the for-profit facilities was much higher, averaging 92%. The highest, 105%, was at the CCA-run South Central Correctional Center and the lowest, 82%, was at the CCA-run Hardeman County facility. (Ryan Sherman CCPOA, 12/14/99)

- **For Profit:** The plummeting stock and recent management turmoil at Corrections Corporation of America has led state Sen. Pete Springer, D-Centerville, to question whether state and local governments have contingency plans to assume control of the eight prisons, jails and juvenile detention centers CCA runs in Tennessee. An outspoken opponent of CCA, Springer said he was particularly concerned with the status of the more than 2,000 prisoners that CCA houses in Tennessee for other states. He stated, "It's a legitimate question. If CCA goes belly-up, what happens to the 2,000 plus inmates we got from out of state? Do those states come and pick 'em up, or do we have to man those prisons?" (John Commins, Nashville Bureau, Chattanooga Times/Chattanooga Free Press, 1/2/00) We are sad to report that Senator Springer passed away this spring.

- **For Profit:** CCA's Metro Detention Facility is so crowded that the state pulled its papers last week and now CCA is rushing to regain compliance for the facility built to house 892 county and state inmates. When the facility was inspected last month, more than 1,200 inmates were housed there. Warden Tim Wlikinson stated, "Our job is to house the individuals they send to us. Whoever they send, we accept." (Nashville, TN, msnbc.com/local/wsmv, 1/20/00)

- **Cost Savings/Politics:** Cost-cutting measures at the privately-run West Tennessee Detention Facility have resulted in chronic understaffing, high employee turnover rates and dangerous conditions for workers and inmates. A report indicated that in some cases inmates have been denied medical treatment because of costs, and that one doctor's payments were cut by 20 percent for failing to keep costs below an average of $3.07 a day per inmate. The prison is owned and operated by Corrections Corporation of America, whose top executives and spouses have contributed tens of thousands of dollars in political donations to state officials, including Gov. Don Sundquist. (Larry Bivins, Tennessean Washington Bureau, 2/11/00)

- **Death/Law Suit:** The family of a man who hanged himself at the Siverdale Workhouse in October is seeking $26 million from Corrections Corporation of America and Hamilton County. The plaintiffs claim that the defendants were negligent and violated the civil rights of James Lebron Hurt, including the right to receive necessary medical treatment. (Chattanooga times/Chattanooga Free Press, 2/29/00)

- **Good Jobs?:** More than $6.5 million of Metro employees pension money is invested in a poorly performing fund headed by two ousted executives of Prison Realty Trust. Principals of DC Investment Partners sent Metro a draft memo that says they will "terminate" the firm's Opportunity fund, days before the Metro Employee Benefit Board was to decide whether to unload its investment in it. (The Tennesseean, 2/27/00)

For Profit: Private prisons are making Tennessee a repository for violent criminals exported from overcrowded public prisons in other states. For example, the only government controls in Whiteville are local zoning laws and building codes. As a result, Tennessee has no power to control the flow of inmates into that prison or the one in Mason. Yet the state is home to nearly 90 percent of Wisconsin's exported first-degree murderers serving life sentences, as well as hundreds of its sex-offenders. Because Tennessee law has no reporting requirements, nor addresses the regulation of private prisons, specific information about such inmates has surfaced only by accident as a result of riots or escapes. (The Commercial Appeal, 5/21/00)

- **Staffing:** The state Corrections Institute Board of Control is scheduled to meet on June 8 to evaluate information from a February inspection of CCA's jail in Hamilton County. In December, an inspection revealed that the jail was understaffed by more than 70 positions and overcrowded. The jail has a capacity of 478 inmates, but the population averaged between 525 and 540 in mid-February. (Ronnie Moore, Staff Writer, Times & Free Press, 6/2/00)

- **For Profit:** An incentives contract between CCA and the physician who treats inmates at the South Central Corrections Facility is unconstitutional and must be stopped, according to U.S. District Court Judge William J. Haynes, Jr., though he did not overrule jurors who absolved CCA, Dr. Robert Coble and other defendants of any wrongdoing in the 1997 death of inmate Anthony Bowman. In ruling on a lawsuit filed by Bowman's mother, Patricia, Haynes ruled that CCA, Coble and the other defendants were "deliberately indifferent" to her son's "serious medical needs" which violated the U.S. Constitution's Eighth Amendment prohibition against cruel and unusual punishment. He added, "In addition, the undisputed facts reflect a reduction in CCA's prescription drug costs from $108,751 in 1994 to $74,660 in 1997, despite an increase of 170 inmates" at South Central Corrections Facility. (Jim East, Staff Writer, through Rsccpoa, 6/26/00)

- **For Profit:** Tennessee's Whiteville prison, run by Corrections Corporation of America, houses as many Wisconsin murderers serving life sentences as any of the Badger State's own prisons, public records s Since the first private prison opened in the state ten years ago, Wisconsin, Hawaii, North Carolina, Montana and Washington, D.C., have exported felons to the state. CCA has evaded regulatory reforms in its home state of Tennessee and as a result, the state has no power to control the flow of inmates into either prison from states battling crowding in their own prisons, (Corrections Professional, 9/22/00)

- **Escape:** "*All told at least 25 convicts have escaped from Transcor vehicles since CCA acquired the company (1994).* Nearly a dozen more have escaped from other for-profit firms. Reported escapes over the same period during transit by the U.S. Marshalss Service, which moves twice as many prisoners as private firms every year: zero." (Mother Jones, Foundation for National Progress May 1, 2000)

- **Mismanagement Alleged:** The head of TransCor America Inc. resigned Tuesday, a day after an internal report assessing the subsidiary's operations was submitted to management of parent company Corrections Corporation of America. John Zeirdt Jr. had been president and chief executive officer of TransCor since 1995. T. Don Hutto, A CCA co-founder who is currently a consultant with CCA, will head TransCor on an interim basis until a new CEO is found, according to CCA Chief Executive Officer John D. Ferguson. Ferguson also confirmed the resignation of Valerie Van Eaton, CCA's vice president of portfolio development. He said, "We're going to be assessing the structure of the company and how everybody fits in. It (TransCor) has not been performing like we hoped it would." (The Tennessean, 10/12/00)

- **Contract Canceled:** Tallahatchie County Correctional Facility employees have been told their jobs will end in 90 days. Corrections Corporation of America, which owns and operates the year-old, 1,000-bed medium-security prison, said workers are being sent home because inmates from Wisconsin, the prisoners housed there will soon be moved. The decision was made by the Wisconsin Department of Corrections. (Associated Press, Tutwiler, Miss., 2/10/01)

- **Negligence/Law Suit:** Along with $235,000 in damages, an eight-member federal jury scolded private prison company Corrections Corporation of America for not properly tending to the medical needs of inmate Charles Roy Degan. The jury wrote, "That message is that the medical needs of those you serve is a right not to be forgotten, omitted, lost, delayed or otherwise denied. This is a basic human right, as important as providing nourishment or shelter to those entrusted to your care." Degan's broken jaw was wired shut but he sued the company after the wires were left in too long. (The Commercial Appeal Memphis, TN, 3/24/01)

- **For Profit:** Officials at Corrections Corporation of America say they are unaware of a U.S. Justice Department investigation against the company. A federal court filing claims the Justice Department is exploring whether CCA has coerced inmates to waive their rights to sue over injuries suffered while in custody. Former CCA inmate Ricky Lee Thompson claims that after he was attacked by inmates, CCA prison officials used solitary confinement to try to persuade him to sign a settlement. (Amber Austin Associated Press, 5/9/01)

- **Negligence/Law Suit:** A jury determined that a male inmate at a private prison in Tennessee run by Corrections Corporation of America suffered emotional distress and a mouth injury when he used a pair of nail clippers to remove wires from his jaw. The wires had been used to wrench his jaw shut after a fellow inmate fractured it. Andrew Degan contended that CCA employees, including corrections officers corrections medical employees, failed to allow him to get necessary assistance with removing the wires

from his mouth. He also claimed the same employees failed to provide him with appropriate medical care, they violated his civil rights and their negligence caused him much pain and discomfort. CCA employees denied liability but a jury agreed that the prison employees' actions, or lack thereof, amounted to a civil rights violation. The jury awarded Degan $35,000 in compensatory damages and $200,000 in punitive damages. (Corrections Professional, 6/8/01)

- **Inmate Death:** The death of inmate Tom Harris, 54, at the South Central Correctional Center, operated by **Corrections Corporation of America**, is being investigated as a possible homicide. Harris was found dead in his cell by another inmate, but the cause of death was not released. (The Associated Press, Clifton, TN, 7/12/01)

- **Inmate Death:** Authorities are investigating the death of a Honduran citizen who suffered a series of unexplained ailments while incarcerated at the West Tennessee Detention Facility, operated by **Corrections Corporation of America**. An anonymous tipster informed The Commercial Appeal, a day before the death of Marvin Borjas Diaz-Perez, that the inmate might be receiving inadequate medical treatment. (Marc Perrusquia, The Memphis Commercial Appeal, 10/5/01)

- **Inmate Assault/Guard Sentenced:** Jason Wade Driskell, a Texas probation officer who formerly worked as a supervisor at the Whiteville Correctional Facility, faces up to 10 years in prison after pleading guilty to obstruction of justice. He admitted to persuading another employee of **Corrections Corporation of America** to file a false report after he struck an inmate at the prison in 1999. In addition, Driskell could be fined up to $250,000, and is never again allowed to work as a correctional, law enforcement or probation officer. (Associated Press State & Local Wire, Memphis, TN, 10/26/01)

Politics: Department of Correction officials are expecting about 2,700 new inmates by 2005, and Gov. Don Sundquist says he hopes to know by early next year where to put them. Among the options being considered is an offer by Hardeman County to house up to 1,024 more state inmates at the Whiteville Correctional Center, which is owned and operated by **Corrections Corporation of America**. While some legislators heard of Hardeman's interest, they criticized the administration for not building a $69 million prison they approved three years ago. They accused the corrections department of continuing to look at CCA facilities and at West Tennessee for new space, when officials in two East Tennessee counties have sought expanded prisons there for years because of the jobs they would bring. (Associated Press State & Regional, Nashville, TN, 12/2/01)

- **Good Jobs:** The state of Wisconsin plans to move all its inmates from a privately operated prison in West Tennessee to prisons in Wisconsin and Minnesota by next year, leaving vacancies that some fear will mean layoffs. Nashville-based **Corrections Corporation of America** housed 1,515 Wisconsin prisoners last year but now houses about 840. CCA has contracted with Tennessee for more than a decade to operate the state-owned South Central Correctional Center in Clifton. Three years ago the company made a proposal to assume operation of the entire 17,500-bed Tennessee prison system, but the plan failed in the General Assembly. (Associated Press Newswires, Memphis, TN, 12/6/01)

- **Lawsuit:** Corrections Corporation of America began distributing $30.1 million in cash and more than 3 million shares of stock to shareholders to settle lawsuits flied over a slide in stock value under a previous corporate and management structure. The settlement was approved last February by U.S. District Judge Todd Campbell. CCA said it already has paid plaintiff's $17.1 million from insurance proceeds and issued them approximately 1.6 million shares of stock. Shares of CCA stock closed Wednesday at $18, down 56 cents on the New York Stock Exchange. (Karin Miller, The Associated Press, Nashville, 1/2/02)

- **Inmate Murder, Staff Assaulted:** One inmate was stabbed and a Corrections Corporation of America employee was beaten in separate incidents Friday at the South Central Correctional Center, a medium-security facility in Clifton. The incidents followed Thursday's death of Delbert Steed, a CCA prison counselor who was stabbed to death by an inmate at the Hardeman County Correction Center. (Natalia Mielczarek, The Tennessean Staff Writer, 1/20/02)

- **Inmate Murdered:** Inmate Steven L. Hugueley, serving two life sentences for murder convictions, has admitted to stabbing 57-year-old counselor Delbert Steed to death last week at the Hardeman County Correctional Facility. The medium-security prison is managed by Corrections Corporation of America. The death is the third at a CCA prison in Tennessee in the past six months. (The Associated Press, Jackson, Tenn., 1/28/02)

- **Safety:** A Hardeman County prison inmate, Marty Vincent Bell, will be held in segregation while authorities look into his threat to kill someone if he isn't transferred. Bell, a convicted rapist serving 25 years, wrote to Corrections Commissioner Donal Campbell and the Commercial Appeal newspaper, "I'm giving you fair warning that I will kill someone if I am not transferred away from H.C.C.F. It may be my cellmate or a nurse, officer. It do not matter, but you have been warned." The facility, run by Corrections Corporation of America, is the same prison where a prisoner killed a counselor last month. (Bartholomew Sullivan, sullivan@gomemphis.com, 2/26/02)

- **Good Jobs:** Corrections Corporation of America last week gave layoff notices to about 90 employees at a Mason, Tenn., prison as some inmates are moved to another facility. About 350 Wisconsin inmates are being relocated from the West Tennessee Detention Facility to a CCA prison in Whiteville, Tenn., to consolidate that state's inmates housed in Tennessee into one site. Separately, Wisconsin last fall began moving inmates from Whiteville back home or to a CCA prison in Appleton, Minn. (Getahn Ward, The Tenneseean Staff Writer, 3/8/02)

- **Lawsuit, Abuse-Negligence Alleged,:** On May 26, 2001, Memphis attorney Jeff Rosenblum filed a $22 million lawsuit against Nashville-based Corrections Corporation of America, which owns and operates the Shelby Training Center. Steven Moore, a 15-year-old juvenile, attempted suicide at the center by hanging himself with a bedsheet after refusing to take his medication. When an emergency code was called, the center's unit manager Robbie Webb was heard in a dispatch to say, "Just let him hang himself." This led to Webb's firing. When Webb and another staff member arrived at the boy's cell, they found a CCA resident supervisor staring at the boy still hanging from the ceiling, and next to her were two guards who were responsible for watching Moore but left their post to play cards in a nearby kitchen. Webb got some scissors, cut the boy down and performed CPR as paramedics were called. In the mean time, other violent juveniles were banging on their cell walls and doors, causing a disturbance. When Moore was treated at a local medical center, he was diagnosed with Anoxic Brain Injury. Rosenblum stated, CCA failed to take any action to prevent this tragic incident despite Steven's repeated cries for help. They were deliberately indifferent." The suit is one of many across the nation challenging CCA's competency. ("The High Price Of Privatization, 6/7/00" Ashley Fantz in the Memphis Flyer, 3/16/02)

- **Lawsuit:** Corrections Corporation of America said its inmate transportation unit had reached an agreement to settle a lawsuit by two female detainees who claimed they were sexually assaulted by employees. The plaintiffs had claimed the abuse occurred in 1999 while they were being transported to a Texas prison by CCA's TransCor America LLC subsidiary. The company would not specify the amount but said a formal settlement was being negotiated. (Getahn Ward, The Tennessean Staff Writer, 4/16/02)

- **Riot:** A fistfight between two inmates at the Metro Detention Facility on Harding Place kept nearly 160 other prisoners from calling home on Mother's Day. The fight broke out in a day room shared by a group of 160 inmates. All the inmates in that group were on lockdown through yesterday, which is normal procedure when inmates fight. Metro contracts with **Corrections Corporation of America** to house local female inmates and pretrial detainees in the state-built facility. (Christian Bottorff, Staff Writer, 5/14/02)

- **Cost Savings:** In 1984, the Hamilton County Penal Farm shifted from public to private management. The private contractor's claim to lower operating costs while renovating the physical aspects of the facility, expanding inmate capacity and improving the quality of correctional services was tested. The Hamilton County auditor supplied the data for the study and also assessed hidden costs. **Corrections Corporation of America** was able to demonstrate an overall savings - 4 percent - although less than the 15 percent it had stated. But a second study in 1989 reached a different conclusion - that the cost of the private prison and the public facility were almost equal. (Corrections Professional, 7/26/02)

- **Mismanagement:** Despite a prohibition on drugs, tobacco and cash at the Silverdale Workhouse, run by **Corrections Corporation of America**, eyewitnesses said the county-level jail is home to a thriving contraband market. "The whole drug situation inside Silverdale is outrageous," said former inmate Walter Allison. "Anything that you want on the street you can get in there, mainly marijuana, crack, pills like Valium or Xanax, or stuff like that." Steve Owen, spokesman for **CCA**, which has managed Silverdale since 1984, said contraband is a reality for all corrections facilities, and Silverdale is no different. Sessions Court Judge Ronald Durby said the allegations about Silverdale deserve closer scrutiny, stating, "I've heard rumors such as that over the years. It appears that there may be enough allegations to sustain an investigation." (Chris Joyner, Chattanooga Times/Chattanooga Free Press, 10/20/02)

- **ESCAPE:** Two officials at the Silverdale Workhouse have been fired following the escape of two prisoners and allegations of illegal drug use at the facility. Officials with **Corrections Corporation of America**, which operates the facility, said that Alan Bargery, warden of Silverdale since 1999, was fired for "violation of corporate policy," and security chief Glenis Henson was fired, also for policy violations. **CCA** spokesman Steve Owen said corporate officials who arrived at Silverdale to investigate the escapes of two inmates last week discovered that Bargery was unable to produce records of drug seizures to meet the county's request. Owen said, "The accountability lies with **CCA** ultimately, and we accept responsibility for it." Corporate policy dictates that when illegal drugs are taken from inmates, they are supposed to be placed in a lockbox and later transferred to the narcotics unit of the Hamilton County Sheriff's Department. (Chris Joyner, Chattanooga Times/Chattanooga Free Press Staff Writer, 11/9/02)

- **Negligence/Law Suit:** Wesley Taylor, and inmate at **CCA**-South Central in Clifton, TN, was ordered to do some painting atop a 20-foot ladder which was placed on a polished concrete floor. The **CCA** employee who ordered him to do the painting walked off and left the ladder unattended. The ladder then fell and Taylor suffered back and neck injuries. After returning to the hospital, he did not receive physical therapy and there were delays in receiving pain control medication. After a trial, a jury verdict found in favor of the plaintiff and judgment against **Corrections Corporation of America** was ordered in the amount of $50,000. The jury also found that the plaintiff was entitled to $350,000 on his negligence claim. The jury also returned a verdict in favor of defendant Dr. Robert Coble and dismissed the plaintiff's complaint against him. (Tennessee: Judgment against CCA, ken@flpba.org, 12/11/02)

Texas

- **Abuse Alleged:** A government audit resulted in a highly critical report of two CCA run facilities in Texas. The report found that inexperienced employees had resulted in the use of excessive force on inmates. The headline read, "Private Prison Faulted on Services, Discipline". (Austin American-Statesman, 5/16/90)

- **Riot:** A twelve hour uprising at the Eden Detention Center, a CCA run West Texas prison, resulted in the removal and transfer of some 120 "perceived troublemakers" (?) to the Bell County Jail. "We don't have anything clearly defined as to why they did what they did." said CCA spokeswoman Susan Hart. However, "..Officials first said that the inmates were upset about their food selection, clothing and lack of crafts." ***The Public Safety Department sent in two riot squads and the Board of Prisons was forced to bring in a SWAT team to quell the disturbance that left 14 inmates and 3 guards injured.***

  Add to that is the escape of two convicted Oregon sex offenders from another prison operated by the for profit private corporation which resulted in the removal of 80 Oregon inmates, CCA spokeswoman Susan Hart called the two violent incidents in two weeks "... very atypical." (**"Government to Investigate West Texas Prison Uprising"** Corrections Digest, Vol. 27 No. 35, 8/30/96)

- **Escape:** "Two Oregon sex offenders, arrested after escaping from a private prison in Houston, apparently cannot be prosecuted for escape in either Texas or Oregon." Inmate Richard Wilson, 19, was serving 54 months for **sexual abuse** and inmate Walter Hazelwood, 20, was serving 234 months for **rape** at the time of their escape from the private prison run by Corrections Corporation of America.

  "***Until the escape local officials were unaware that the facility was housing 244 violent out-of-state prisoners.*** It was designated to house immigration detainee's." Texas officials cannot prosecute them because the term 'custody' in Texas means, "...under arrest by a peace officer or under restraint by a public servant pursuant to an order of the court." Private CCA guards are neither and therefore Texas cannot prosecute according to District Attorney John B. Holmes. (emphasis added) "Perrin Damon spokesperson for the Oregon Department of Correction, said the two could not be prosecuted for escape in Oregon because they didn't escape from Oregon, they escaped from Texas." ***"It was pretty shocking, I have in the sternest of terms conveyed to CCA what a mistake they made."Senator John Whitmore (D-Houston).*** **(TDCJ Board Chairman Says He's Fed Up With Private Prisons After Escapes, Riots** Corrections Digest, Vol. 27 No. 36, 9/6/96)

- **For Profit:** "We have a phenomena now in the state of Texas that we've never had before... That is the proliferation of private companies holding out-of-state inmates, and county and city jails holding out-of-state inmates, without any kind of regulation on the part of the state. That has to change....There is no question the state is going to have much tighter regulation on private facilities operating here, especially when it comes to bringing in out-of-state inmates....Texas is becoming a dumping ground for the worst criminals from prison systems in other states." **Allen Polunsky, Chairman Texas Bureau of Criminal Justice** Corrections Digest, Vol. 27 No. 36, 9/6/96

- **Legislation:** "Stringent regulations on private prison operators came into force on September 1, 1997 in Texas. ***Legislators have acted following a series of escapes, riots and other disturbances, including rape and murder in private prisons located in the state,*** "Changes included: to prevent speculation, companies will have to have a contract with a city or county before building a prison; it will be a crime to escape from a privately run prison; guards employed by private companies will have to be licensed by the Texas Commission on Law Enforcement Officer Standards and Education; ... out of state prisoners must be returned to their home states before being set free; other states will be charged additional costs incurred in quelling riots or rounding up escapees; ..." The Chairman of the Texas Senate Criminal Justice

Committee conceded that, "unfortunately, nothing is going to prevent abuse.", (Texas Adopts Stricter Standards for Private Prisons, Prison Privatization Report International, Issue No. 13 - September 1997.)

- **Corruption Alleged:** Roy Rios a CCA inmate case manager was indicted on federal charges on November 22, 1996. Rios worked at the Eden Detention Center in Texas, a CCA run facility. He is charged with providing drugs, alcohol and food to the inmates. Prison Legal News, February 1997.

- **Contracts:** CCA has dramatically decreased their empire in Texas as a result of disclosure and monitoring legislation passed there. They have terminated their contract with the Texas Department of Criminal Justice for one facility and will not renew two additional contracts which expire this year. Three others, do to expire in 1999 are being re-evaluated. New performance guidelines issued by the TDCJ are reducing the profit element in Texas. (PPRI Nov/Dec 1998)

- **Riot:** Laredo, Texas November 24, 1998: "More than 75 U.S. Boarder Patrol agents surrounded an immigration detention center here Tuesday as guards in black riot gear used tear gas and brute strength against a group of nine Central Americans wanting to return to their hurricane-ravaged country." The INS detention center is run by CCA.

- **Contract Canceled:** ***CCA*** has begun to "pull up stakes" in Texas. It voluntary gave up operation of three facilities and is considering not renewing their contract on two others. {The Times Picayune, 12/31/98}

- **Escape:** "A Cuban national described by authorities as an "aggravated felon" continued to elude capture Monday after escaping from an immigration detention facility in north Harris County. Joaquin Aguila Echenique, 43, overpowered a guard about 7:20 p.m. Saturday night at the facility...." He had served 15 years in a Texas prison for burglary of a habitation with intent to commit aggravated rape with a deadly weapon. The INS Center is run by ***CCA***. {The Houston Chronicle, 3/2/99 pg. 15} The inmate was captured 13 days later by the INS in Houston.

- **Escape:** A jail escapee who had been missing for five days was recaptured. Adam Williams broke out of **CCA**'s Liberty County Jail after he and another inmate pried open an air vent in a bathroom, wormed through an attic and escaped through a roof vent. (The Houston Chronicle, 9/4/99)

- **Escape:** Two inmates who are considered dangerous used a pair of stolen wire-cutters to escape from the **CCA**-run minimum security Bartlett jail in Williamson County. Officials said they knew the breakout occurred at 4:51a.m. but it took additional time to determine who had escaped. The search consisted of tracking dogs and members of the state justice department's Special Operations Response Team. (Austin American-Statesman, 9/28/00)

- **Escape/Negligence Alleged:** No one was watching surveillance monitors when two prisoners escaped from **CCA's** Bartlett State Jail last summer, and when an alarm sounded, an employee ignored the warning, according to a report from the Texas Department of Criminal Justice. **Jail staff members told a panel investigating the incident that they were not trained in escape procedures, the unit emergency plan and surveillance monitoring.** Last September, the department reviewed the jail's procedures after an inmate was killed, and also found that an officer was not watching surveillance monitors. An officer was assigned to the post in January but sometime between January and the escape, jail officials fell back into their old ways. (Monica Polanco, American-Statesman Staff, 10/18/00)

- **Assault/Inmate:** Five inmates were injured after a fight between two prisoners at **CCA's** Bartlett State Jail in Williamson County escalated into a larger disturbance which eventually involved 13 prisoners before it was brought under control. Five prisoners were treated for smoke inhalation after a mattress was set on fire (Associated Press, Austin, Texas, 11/9/00)

- **Mismanagement Alleged:** Webb County Commissioners received notice Monday of failure of inspection at the Webb County Jail from the Texas Commission on Jail Standards. The news, along with information that **Corrections Corporation of America** was canceling its contract, came to commissioners during their regular meeting. The failure of inspection letter from the jail standards commission said the Webb County jail 96-bed retrofit did not meet minimum jail standards and directed that Webb County "not occupy any part of the new addition until accomplishing resolution of all discrepancies." The discrepancies included bar grating not reinforced, shower floors not properly pitched to drain, mirrors located on a wrong lavatory, plumbing access doors not equipped with maximum-security locks, non-secured electrical and telephone junction boxes, and smoke and fume removal system not equipped with manual activation means. (Chuck Owen, Times Staff Writer, 6/26/01)

- **Sexual Assault/Guard Sentenced:** A former driver for **TransCor America**, the private company hired to transport Harris County jail inmates, was sentenced to 10 years in prison and fined $5,000 for sexually assaulting a female inmate he transported two years ago. Michael Jerome Edwards was convicted of sexual assault and improper sexual contact with a person in custody. One male and two female inmates testified that Edwards pulled over at one point and threatened the inmates by saying they would release them and shoot them, and claim later that the inmates tried to escape. (Houston Chronicle, 10/6/01)

- **ESCAPE:** A sex offender and a second man held on narcotic charges shimmied through a jail vent system to freedom from the Liberty County Jail. The facility, operated by **Corrections Corporation of America** does not have jail certification because of a deficient detection system. (Christy Hoppe, The Dallas Morning News, 10/23/01)

- **Inmate Murder:** "Robert L. Moore didn't like the TV show his fellow inmates had voted to watch at a Mineral Wells private prison Sunday afternoon, so he started an argument, Texas Department of Criminal Justice officials said Thursday. A disagreement erupted and then it became a fight among some of the offenders. Moore was struck, went down to the ground, striking the back of his head on the concrete floor." Three days later Moore died of the injuries he sustained in the fight. "The Mineral Wells Pre-Parole Transfer Facility is operated by **Corrections Corporation of America."** (Fort Worth Star Telegram, Bill Hanna, 5/31/02)

Washington

- **For Profit:** Washington is planning on exporting up to 500 inmates out of state until a new 1,936 bed state facility is complete in early 2000. They are looking at two ***CCA*** facilities in Colorado to relieve the pressure of overcrowding. "Breaking family ties by sending inmates far away from Washington could do real harm. Severing family ties could hurt the chances that an inmate could be rehabilitated and integrated into the community", said University of Washington Sociology Professor George Bridges. {Seattle Post Intelligencer, 12/18/98 pg. A1}

For Profit: 260 Washington inmates will be shipped out of state to the ***CCA*** operated Crowley Correctional Center in Colorado. This is the first time Washington inmates will be transferred to an out-of-state prison. {The Spokesman Review, 3/2/99}

Washington, D.C:

Negligence Alleged: "The story sounds like typical D.C. dysfunction: A terminally ill inmate neglected by a government to inept, uncaring and corrupt to help. But this time the District was not responsible for Morris' suffering - at least not directly. Kosh's aunt was under the care of the Corrections Corp. of America (CCA), a national prison company that was supposed to bring private-sector magic to the District's ailing correctional system.

"'....Everyone from the D.C. Council to the control board cheered the mayor's proposal to plop the facility in the hands of CCA.... ***Instead four months after CCA took over, some of the problems at CTF are, unbelievably, even worse than they were under District management, according to doctors and lawyers who work with the Corrections system.***

"According to Dr. Andrea Weisman, director of mental health services at D.C. jail, which sends patients to the infirmary at CTF, the facility no longer has a psychiatrist on call 24 hours a day for emergencies, something it had under District management. Now, the only psychiatrist at CTF is a doctor from Weisman's staff at D.C. Jail who works at CTF four hours a week..."**Certainly I think that people are not getting the care they need. There are lots of problems.**", said Dr. Weisman. She goes on to say that ***CCA has instructed the CTF psychiatrist not to prescribe certain medications because of their cost***. The District is now stuck with a 20-year contract that allows all the CTF medical staffing levels to be determined by profit-driven CCA, which has a huge financial incentive to skimp on medical care." (The District Line, Washington City Paper, D.C., July 25, 1997 by Stephanie Mencimer.)

- **Escape:** A convicted killer in a D.C. jail run by CCA climbed out a window undetected before falling eight floors to his death. Guards didn't even notice anything amiss when an unidentified woman loaded the inmate's body into her car and drove him to a hospital. (Eric Bates byline,The Nation, 6/7/99)

Staffing: The D.C. Dept. of Corrections is trying stopgap measures to avert a $26 million budget overrun while the District's overall finances continue to run vast surpluses. While the department was losing money in June, 1998, it forgave more than $1.3 million in health- and safety-related fines against Corrections Corp. of America. The largest fine, $762,000, was for the shortage of guards at the facility. Inspectors found at least 1,270 posts filled at the last minute by guards who had already worked a shift during a three-month span in 1997. CCA has about $1.2 million in fines this fiscal year. (The Washington Times, 7/16/99)

- **Politics:** John Ray, a former D.C. Council member now representing CCA, said his firm is pursuing the Southwest prison plan and intends to appeal the Zoning Commission decision in court. But Del. Eleanor Holmes Norton, (D-D.C.), and Mayor Anthony A. Williams said this week that as far as they are concerned, no prison will be built in the city any time soon. (The Washington Post, 7/17/99)

- **Escape:** ***District officials are trying to determine how two D.C. inmates serving time for murder were able to escape from two guards who were driving them back to a Virginia prison from a court appearance in Tennessee.*** According to a CCA official, the inmates fled after the guards failed to notice that the prisoners had freed themselves from their leg irons and then left open a door to the van after stopping for breakfast. (The Washington Post, 7/29/99)

Mismanagement Alleged: Former D.C. Dept. of Corrections Director Margaret A. Moore knew for months that violent criminals were being housed inappropriately with less violent offenders at a privately run Ohio prison but did nothing to correct the situation until after the deaths of two District inmates, according to a sworn affidavit. Moore was told that the "wrong mix of prisoners" was at CCA's facility in Youngstown.

Good Jobs: More than $6.5 million of Metro employees'pension money is invested in a poorly performing

fund headed by two ousted executives of Prison Realty Trust. Principals of DC Investment Partners sent Metro a draft memo that says they will "terminate" the firm's Opportunity fund, days before the Metro Employee Benefit Board was to decide whether to unload its investment in it. An original $7.5 million stake in DC Investment Partners has lost some $800,000 in less than two years of booming financial markets. (Thomas Goldsmith, staff writer, The Tennessean, 2/27/00) Note: see *Tennessee 2/27/00*

- **Politics:** District officials are disturbed over Ohio congressman James Traficant's effort to use $7 million of the District's emergency reserve fund to move 500 city inmates to a private prison in his home district, the Northeast Ohio Correctional Center, operated by **CCA**. Del. Eleanor Holmes Norton (D-D.C.) stated in a letter to House and Senate leaders that, "The District's reserve fund, which Congress has insisted be a true rainy day fund, should not be used in any way to fund the closure of the Lorton Correctional Facility in Fairfax County." (Carol D. Leonnig, Washington Post Staff Writer, 7/12/00)

- **Legislation:** The House passed legislation last week sponsored by Sen. Byron Dorgan, D-N.D., establishing federal regulations for private prison transport companies that ferry violent inmates. The legislation, called "Jeanna's Bill," calls for pre-employment drug testing and criminal background checks for prospective employees, and also sets training standards for guards and requires prisoners to wear bright jail clothes during transport. The Senate passed it in October. The bill was in response to the Oct. 13, 1999, escape of convicted child killer and molester Kyle Bell from a **TransCor America Inc.** van in New Mexico. Dorgan stated, "Those hauling toxic waste or circus animals have to meet some basic standards, but there are none for transporting violent offenders." (The Associated Press State & Local Wire, Washington, D.C., 12/12/00)

- **Corruption Alleged:** Six former corrections officers pleaded guilty this week to federal bribery charges after an FBI sting operation in which they accepted money in return for smuggling cash and pagers to inmates at the District's Correctional Treatment Facility. All have either resigned or been fired from **Corrections Corporation of America**, the private contractor that operates the jail. (The Washington Post, 6/29/01)

- **For Profit:** The Lorton Correctional Complex in Fairfax County closed for good in November and moved more than 6,400 D.C. inmates to 77 federal prisons nationwide, according to the Federal Bureau of Prisons. Since moving far from the District, these prisoners have become more susceptible to prison abuse. About 1,700 of these inmates were sent to the Northeast Ohio Correctional Center in Youngstown, operated by **Corrections Corporation of America**. Two inmates were fatally stabbed, 40 assaults were reported, six prisoners escaped in 1998, and in 1999, inmates won $1.65 million in a class-action suit accusing guards of excessive force. (The Washington Post, 3/21/02)

- **Corruption Alleged:** Four corrections officers at the privately run Correctional Treatment Facility in Southeast Washington have been indicted on charges that they smuggled drugs, papers and cash to inmates in exchange for bribes offered by undercover FBI agents. Three of the four were employees of **Corrections Corporation of America**, which runs the facility under a contract with the city. The fourth, whom prosecutors described as a former **CCA** employee at the facility, allegedly served as a go-between for one of the others in his dealings with an FBI agent posing as an inmate's girlfriend. Steve Owen, a spokesman for **CCA**, said that only one of the four was still an employee of the company, though he did not know which one. However, that man "would in all likelihood be terminated" after the indictment. In a similar investigation at the Correctional Treatment Facility last year, 10 corrections officers were indicted on bribery charges, including nine from **CCA**. All 10 were convicted of various charges. (David A. Fahrentold, Washington Post Staff Writer, 11/8/02)

Wisconsin

- **Corruption Alleged:** Wisconsin prison chief Michael Sullivan has demanded the investigation of a CCA run prison in Whitesville, TN. Sullivan is accusing CCA of covering up incidents of "inappropriate force" being used against his inmates housed there. Wisconsin leads the nation in "inmate exports" according to the Milwaukee Journal Sentinel with nearly 2,600 inmates housed out of state.

- **Abuse Alleged:** Sullivan stated on November 11, 1998 that 15-20 inmates had been abused and that seven of the prisons' employees, including the security chief, were fired. ***"Employees banged inmates at the private prison in Whiteville, Tenn., against walls and zapped at least two prisoners with either a stun gun or stun shield."***

- **Politics:** Doctor Crants (CCA President) contributions began to flow into the campaign coffers of Wisconsin officials just weeks after the Aug. 5 near-fatal assault on a guard who was supervising Wisconsin inmates at ***CCA***'s Whiteville Tenn., prison. Shortly thereafter Wisconsin inmates told state corrections officials that they were beaten, shocked with stun guns and sexually abused by ***CCA*** staff investigating the assault. **Eight employees were dismissed after the state discovered evidence of inmate abuse."** {Milwaukee Journal Sentinel 2/18/99 pg. 2}

- **Escape:** "Five Wisconsin inmates tried to ***ESCAPE*** from a private (***CCA***) prison in (Whiteville) Tennessee last week, a state corrections official confirmed this morning....The five inmates are: Shannon Surprise, serving a 47-year sentence on several criminal counts, including burglary and arson; Jeremy Bryge, ***serving a life sentence for murder***; Jesse Erdman, **serving a 20-year sentence for battery and *sexual assault of a child;*** Douglas Stream, **serving a life sentence for murder**; and Matthew Derosch, **serving a 129-year sentence** on several counts, including armed robbery." Wisconsin has 3,700 inmates in out-of-state prisons; 1,493 in Whiteville; 996 in Oklahoma; 737 in Texas; 349 in Minnesota and 162 female inmates in West Virginia. {Capital Times, Madison Wisconsin, 5/27/99 Pg. 9A} *Note: see Tennessee 5/27/99)*

- **Politics:** In Wisconsin, which has shipped more than 2,100 inmates to CCA prisons, the governor and six key legislators received $4,000 in campaign contributions from company chairman Doctor R. Crants. In Youngstown, Ohio, the governor's brother received the contract to build the CCA prison. (Eric Bates byline, The Nation, 6/7/99)

- **Law Suit:** Attorneys for a Wisconsin inmate held in a private prison in Tennessee filed a federal lawsuit accusing Corrections Corporation of America, owner of the facility, of torture, civil rights violations and racketeering. The suit claims that CCA has been able to corner the market in the private prison industry with a corporate policy of violence or the threat of violence against inmates. It also claims that CCA has managed to cut costs and increase profits by inadequately staffing its prisons with poorly trained guards. (Milwaukee Journal Sentinel, 7/24/99)

- **Law Suit:** At least 45 Wisconsin inmates held in Whiteville prison have filed federal lawsuits against CCA alleging torture, civil rights violations and a corporate policy of unlawful violence. Robin Shallow, a Milwaukee attorney representing 14 of those inmates, compared the alleged abuse to the violent act by Serbian soldiers against Croatians and human rights violations in Chile and China. CCA spokesperson Susan Hart could not be reached for comment, but when the first lawsuit was filed last month, she defended the corporation, saying that its guards meet national and Wisconsin training requirements and they only use force when necessary. (Milwaukee Journal Sentinel, 8/12/99)

- **For Profit:** A prison critic called for an independent audit of the state's $45 million-a-year contract with CCA, which runs the Tennessee prison and another in Oklahoma that together house nearly 3,000 Wisconsin inmates. Sen. Gwendolynne Moore, D-Milwaukee, lamented the "growth of a prison-industrial complex where even lax privateers can make a fast buck off the state's taxpayers." (Wisconsin State Journal, 12/2/99)

- **Politics:** Two Democratic senators hit what they called an apparent conflict of interest between the state and the private prison industry. Sen. Gwen Moore, D-Milwaukee, cited a report that the State Investment Board owns 200,000 shares of Prison Realty Trust, which acquired Corrections Corporation of America last year. Wisconsin now contracts with CCA to house hundreds of its felons. Sen. Fred Riser, D-Madison, noted the new state budget calls for spending $850 million for prisons in 2001. (Capital Times, Madison, WI, 1/24/00)

- **For Profit:** State Attorney General James Doyle quoted, "The thought of private prisons in this state is so antithetical to what you need for a good corrections policy. Among the very few functions that we should insist is done by the state, it should be imprisoning other human beings....It is the ultimate exercise of authority by the state to say you have violated our laws and we are now going to punish you by imprisoning you, and it should be the state that in fact, then, imprisons people."

  Attorney Richard Crane, general counsel for CCA until 1987 who specializes n helping states write contracts with private prison companies, said, "I read a financial article where some analyst said CCA's problem was that they're not ramping up fast enough. I felt like saying, 'Who the hell are you? All you know is money.' We're talking about safety and security." (Mary Zahn and Richard P.Jones, Journal Sentinel staff, 1/24/00)

- **Assault/Staff:** Wisconsin exports more than 4,500 inmates to prisons in other states, far more than any other in the country. Two prisons, one in Whiteville,Tenn. and the other in Sayre, Okla., house nothing but Wisconsin inmates, about 3,000, and a third in Tutweiler, Miss., will do the same when it opens later this year. All are owned and operated by Corrections Corporation of America. To date, Wisconsin has paid more than $45 million to CCA. At the prison in Whiteville there have been at least one hostage situation, a coverup involving guard abuse of inmates, periodic security concerns and a turnover rate among officers of almost 50 percent. State Sen. Gwen Moore, D-Milwaukee, said, "We would not accept such conditions in Wisconsin prisons, yet we pay private agencies not to adhere to the standards they agreed to in the contracts."

  Working alone with no radio to call for help, and a surveillance camera which was supposed to be monitored by security staff covered by a T-shirt, former Tennessee prison guard Jerry Reeves was beaten by Wisconsin inmates on August 5, 1998, to the point that he now has almost no short-term memory, severe headaches, constant pain and little hope of ever working again. Wisconsin records show that the medium-security facility was housing 559 maximum-security prisoners in addition to 935 medium- and six minimum-security inmates. Seven of the prison employees, including the security chief, were fired. (Mary Zahn and Richard P. Jones, Journal Sentinel staff, 1/24/00)

- **Finances:** Wisconsin's state Investment Board has sold the last of its stock in CCA, hailed as good news by Sen. Gwen Moore, D-Milwaukee. She stated, "The prior investment gave the appearance that there was a financial incentive for Wisconsin to contract for private prison beds at Prison Realty facilities because of the state's stake in the corporation." Board spokeswoman Vicki Hearing said the decision to get out of the stock had nothing to do with prison policy or politics but instead had to do with the failing fortune of CCA and its new parent. (The Wisconsin State Journal, 2/22/00)

- **Finances:** Corrections Corporation of America reported this week a net loss of $254 million for the third quarter, and its stock fell 32%, hitting 31 cents a share. To ease overcrowding, Wisconsin has more than 4,300 inmates in five CCA prisons in Minnesota, Mississippi, Oklahoma and Tennessee, paying the company a daily rate of $42 per inmate. Sen. Gwendolynne Moore (D-Milwaukee), a frequent critic of the Department of Corrections and CCA's operations asked, "What would happen to Wisconsin's prisoners sitting out of state should CCA file for bankruptcy?" Rep. Scott Walker (R-Wauwatosa), chairman of the Assembly Corrections and Courts Committee, added, "It looked like there were enough investors to keep them afloat," while acknowledging the company's third quarter losses. It certainly does pose a problem for us." (Dennis Chaptman, Journal Sentinel Staff, 11/18/00)

- **Law Suit:** Alleging cruel and inhumane treatment, 39 Wisconsin inmates filed a federal lawsuit protesting their transfer from an overcrowded state prison to a CCA prison in Sayre, Oklahoma. They are seeking more than $75,000 in damages, naming the Department of Corrections, CCA and subsidiary TransCor America as defendants. They claim that they were forced to travel on a bus with no heat and no working toilet for 31 hours. (BC cycle, State and Regional, Madison, WI, 11/21/00)

- **Escape:** Terror struck the citizens of Youngstown, Ohio, home of Northeast Ohio Corrections Center, when word leaked that six prisoners had escaped in broad daylight through a four-foot hole in the prison's fence during outdoor recreation. Instead of immediately notifying police, CCA sent its own untrained troops through the town. Once they realized they needed help, they decided to call the local police, whose dispatcher called the situation "a state of mass confusion." Had this been an isolated incident, it could have been overlooked, but the problem is that CCA just refuses to learn from its mistakes. One survey showed that, nationwide, at least 79 inmates fled CCA prisons from 1995 to 1998, a number which is atrocious when compared to the nine escapes from government-run California prisons, which hold more than twice as many inmates. Contrary to corporate rhetoric, research also shows that governments save little or no money by contracting out their prison business. (Eric C. Lynch, The Daily Cardinal, U. Wisconsin, 11/30/00)

- **For Profit:** Beyond economics, corrections officials in Wisconsin, and many other states say that moving inmates far away from their families and communities has a serious social consequence, making it less likely that released prisoners will rejoin society as law-abiding, productive citizens. Wisconsin has declared that it plans to bring all of its prisoners residing in out-of-state prisons back home. The state had struck a deal with Corrections Corporation of America to transfer a growing number of inmates to Tennessee, CCA's home, and other states. AFSCME, the union representing prison guards in Wisconsin, fretted that jobs were flowing to Tennessee, but agreed to go along with the arrangement in exchange for assurance from state politicians that private-prison companies wouldn't be allowed to operate lockups within Wisconsin. (Nicholas Kulish, The Wall Street Journal, 12/20/01)

FEDERAL SYSTEM:

- **For Profit:** County jailers have known that housing INS detainees pumps easy income into the coffers. Nearly 900 facilities around the country provide beds for the INS, and in interviews over the years, several county sheriffs and wardens have described such detainees as a "cash crop." The state of Nebraska collects $65 per detainee per day from the INS, raking in more than $1 million a year over and above the cost of running the place. Passaic County Jail in New Jersey received $77 per day per detainee, compared to New Jersey reimbursements of $62 for state prisoners, totaling some $3 million in INS payments last year. Presenting themselves as a solution to overcrowding in jails bulging with drug offenders serving increasingly strict sentences, Corrections Corporation of America, Wackenhut and others promised to build prisons faster and to run them more cheaply than the state could. But by the late 90s, the flaws that anti-privatization activists had long decried began to glare. In 1996 a General Accounting Office survey

concluded that private prisons were no more economical than public ones. Meanwhile, scandals such as prisoner escapes, abuses by guards, inmate riots over substandard conditions further tainted the industry. In a comprehensive article published in The American Prospect early last September, Judith Greene detailed Federal Bureau of Prisons calls for contractor to build facilities specifically to meet its "criminal alien requirements" (CAR). Under the first CAR contract, CCA turned an albatross into a cash cow as the feds signed up its prison in California City. Most astonishingly, the FBOP promised CCA a 95 percent occupancy rate, meaning the federal government would pay for 95 percent of the bed capacity at all times, no matter how many were actually there. Matt Wilch, director of asylum and immigration concerns at Lutheran Immigration and Refugee Service, said, "We have already seen how destructively the profit motive can undermine justice. We've seen that trying to keep costs low means setting up in isolated, rural areas, far from attorneys and support networks, avoiding expenses for special medical or dietary needs, and attracting low-wage employees who aren't sufficiently professional." (Alisa Solomon, The Village Voice, "The Gatekeeper: Watch on the INS," 8/14-20/02)

- **IRS Troubles:** Corrections Corporation of America announced it will pay $54 million to settle a dispute with the Internal Revenue Service over its 1997 taxes. CCA said it would pay "substantially all" of the $54 million settlement, covering federal and state taxes and interest, in the fourth quarter using cash on hand. The company had a consolidated cash balance of $101.8 on Sept. 30. CCA, which had previously announced the IRS audit, is continuing to appeal the tax agency's findings from audits of the company's 1998 and 2000 tax returns. (The Associated Press State & Local Wire, 10/28/02)

AROUND THE WORLD

AUSTRALIA

- **Contract Canceled:** The Victorian government seized control of one of the state's three private prisons, citing continuing security lapses and drug problems. After repeated warnings, the government moved its own management team into the Metropolitan Women's Correctional Centre. The maximum-security facility, run by Corrections Corporation of Australia (CCA), had received three default notices from the government this year for serious breaches of contract obligations. A report by Correctional Services Commissioner Penny Armytage concluded that there were fundamental security failures which present a clear risk to the safety of the community, to the safety of the prisoners and the staff inside the prison. (AAP NEWSFEED, Melbourne, Australia, 10/3/00)

- **For Profit:** The Queensland government was powerless to order a police investigation into allegations of corruption, theft and intimidation of some staff at Borallon prison, parliament was told today. Corrective Services Minister Tom Barton said because the prison was privately-run, police could not investigate the claims unless a complaint was laid by the owners, under Queensland law. The Borallon prison is currently being taken over by a United States-based company, Management and Training Corporation. Barton said that it was up to the outgoing owners, Corrections Corporation of Australia, to "clean up its act" before the new contractors officially took over. (AAP NEWSFEED, Brisbane, Australia, 10/3/00)

- **Politics:** A private prison operator secretly discussed parliamentary tactics with the State Opposition and provided it with confidential government information in a failed attempt to retain management of Deer Park Women's Prison, according to confidential documents. The Age has obtained company documents detailing meetings between opposition corrections spokesman Kim Wells and a Corrections Corporation of Australia representative. Despite the campaign, the government sacked CCA as the operator of Deer Park earlier this month after receiving reports of major security and drug problems. (Mark Forbes http://www.theage.com.au.news/20001024/A3380-2000Oct23.html)

- **Escape:** A potentially dangerous man serving a six-year jail sentence for various theft offenses escaped from a prisoner-transport van between the Casuarina Prison and the West Australian Supreme Court. David Graeme Hintz fled from the back of a Corrections Corporation of Australia (CCA) security van as it traveled down a busy street en route to court. The Ministry of Justice said the escape was the third from CCA custody since July 31, when the private contractors took over the service. Ministry spokesman Robert Harvey said CCA would be fined $25,000 for the breach of service. (AAP, 12/6/00)

- **Mismanagement Alleged:** A report from the Australian Correctional Services Commissioner on CCA's Metropolitan Women's Correctional Centre's compliance with its contractual obligations and prison services agreement indicates the following: prisoner assaults on staff are almost double the maximum allowed benchmark, prisoner on prisoner assaults are significantly in excess of the maximum allowed benchmark, there are inconsistent management practices and poor leadership, lack of operational procedures, guidelines and on the job support and training for staff, plus staff shortages and budget constraints. (www.flpba.org/_private/VIC_CCA.htm, 10/23/00)

Noteworthy

- **Law Suit:** *CCA* sued the state of New Mexico for failing to "sign a new contract on deadline. The state countered by saying it wanted to re-negotiate the contract's rental rate. The suit was settled out of court." {Albuquerque Tribune, 5/26/99}

- **Mismanagement Alleged:** "The lack of training for guards and the lack of programs for inmates in private prisons exacerbate violence. In Tennessee a prisoner transferred from Youngstown was stabbed and killed last August by another inmate shipped from Ohio. At another prison in Tennessee *CCA* covered up abuses of inmates transported from Wisconsin, who were thrown against walls and zapped with stun guns. Eight company employees, including the security chief, were fired after the incident became public. In New Jersey the company improperly restrained and forcibly sedated immigrants awaiting hearings; in Arizona inmates demonstrated at a *CCA* prison to protest the lack of recreation and educational programs.

  Lax security at *CCA* prisons across the country has enabled an unusually high number of escapes. At the company's South Central prison in Tennessee four prisoners cut through a fence last October with a bolt cutter they received in the mail; a guard who heard the alarm simply shut it off without investigating. In January a convicted killer walked out the gates dressed in a guards uniform given to him by a female employee. A Cuban immigrant overpowered a guard and fled from a *CCA* lockup in Houston, and a convicted killer in a DC jail run by the company climbed out a window undetected before falling eight floors to his death. Guards did not even notice anything amiss when an unidentified women loaded the inmate's body into her car and drove him to the hospital." {The Nation, June 7, 1999 Pg. 22}

- **Politics:** Michael J. Quinlan replaced Doctor Crants as new President and Chief Operating Officer. The change came amid over a dozen lawsuits filed against the company over its merger with Prison Realty Trust. Quinlan is the former head of the Federal Bureau of Prisons. {The Akron Beacon Journal, 6/16/99}

- **?????:** Justice Dept. employee Steven McPeek filed a lawsuit against former Bureau of Prisons director J. Michael Quinlan, alleging he was denied promotions and was subject to both ridicule and humiliation in retaliation for a sexual harassment complaint he leveled against Quinlan. The harassment complaint, which accused Quinlan of making advances towards McPeek in hotel rooms and on airplanes while the two were on government travel, was settled in 1992. Quinlan, who is now president of Corrections Corporation of America, denied any sexual contact with McPeek. (USA Today, 2/4/00)

- **Finances:** Standard & Poor's lowered its corporate credit and bank loan ratings for **Prison Realty Trust, Inc.** to single 'B'-plus from double- 'B'. The ratings remained on CreditWatch, however the implications are revised to negative from developing. The rating action reflects **Prison Realty Trust's** deteriorating credit quality, as evidenced by the company's expectation that it will not be in compliance with its existing bank covenants on March 31, 2000. Additionally, the company's primary property operator and largest tenant, **Corrections Corporation of America (new CCA)**, has had to defer a part of its rental payments to **Prison Realty** since it is operating at a loss. (Business Wire, 3/8/00)

- **Finances:** CCA is facing increased scrutiny by federal and state authorities who are concerned that the company's default on its debt could leave the largest U.S. private prison operator unable to pay guards and meet other expenses at its 80 jails. Along with sister company **Prison Realty Trust, Inc.**, CCA lost a combined $265 million in 1999 and their independent auditors expressed "substantial doubt about the ability of either company to continue as a going concern." (Bloomberg, Nashville, TN, 4/5/00)

- **Cost Savings:** CCA has received excessive payments from a state agency that oversees contracts to private facilities, according to a Florida report. The report, by another agency that analyzes the costs of government programs, criticized Florida's Correctional Privatization Commission for ignoring an earlier recommendation to lower payments to **CCA** to operate Bay Correctional Facility in Panama City, but instead upped the payments by nearly $400,000 for fiscal 1999. (The Wall Street Journal, 6/2/00)

- **Law Suit:** Inmates in seven states are suing over the high cost of making phone calls from prison. Stephen Seliger, a Chicago lawyer involved in class-action suits against three states and CCA said, "It's gouging and profiteering." (Associated Press, Indianapolis, 7/7/00)

- **Law Suit:** **Correctional Medical Services, Inc.**, has filed a lawsuit in U.S. District Court, Richmond, Va., against **Corrections Corporation of America** and **Prison Realty Trust, Inc.**, collectively for non-payment of services rendered and breach of contract. The amount in controversy exceeds $75,000, exclusive of interests and costs. (Civil action No. 3:00cv498)

- **Politics:** Bowing to pressure from angry U.S. and Canadian students, Paris-based **Sodexho Alliance** has announced plans to sell its 8% stake in the world's largest for-profit private prison company, **Correction Corporation of America**, as soon as **CCA** completes a corporate restructuring. The company was recently forced into an historic settlement with the National Labor Relations Board for violating workers' rights to free speech, and students complained that the company uses exclusivity clauses in its contracts to shut down student-run bake sales and charge campus groups as much as $26 for a pitcher of water. (Press release by campaign, kpranis@nomoreprisons.org, New York, N.Y., 10/1/00)

- **Finances:** During his tenure as CEO of CCA, Doctor R. Crants left his mark on the company. Founded in 1983 as the nation's first private operator of prisons, CCA became a Wall Street darling, trading on May 23, 1996, as high as $84.88 a share. But CCA fell sharply because of management missteps such as the 1999 conversion to a real estate investment trust, and yesterday closed at 56 cents, down 13 cents. Among challenges facing the company is filling about 9,000 empty prison beds in an environment where demand for new beds has slowed in some states. Retired Gen. John Zierdt also resigned last month as head of TransCor America, Inc., an independent CCA unit, one day after CCA CEO John Ferguson received a report assessing operations of the prisoner transport company. (Getahn Ward, Staff Writer, The Tennessean, 11/8/00)

- **Finances:** Corrections Corporation of America yesterday reported a third-quarter net loss of $251 million, or $2.14 per share, reflecting a continuing tough financial situation. The results for the quarter ending Sept. 30 compared with earnings of $46 million or 39 cents a share for the same quarterly period a year ago. The recent quarter's results included noncash charges of $204.9 million, which were partly made up of $109.9 million related to the company's conversion from a real state investment trust to a c-corporation, $75.4 million related to the settlement of shareholder lawsuits and $19.2 million related to the write-down of certain assets. Included in the recent quarter's numbers are September figures from two operating companies CCA plans to merge back into itself by the end of the month. Excluded are results from the company's former primary tenant and main operating company, which separately reported a $77.5 million loss. CCA also said it had a net working capital deficiency of $1.2 billion at Sept. 30, resulting largely from its bank debt being classified as current because the company is not in compliance with certain financial covenants of its amended credit agreement. (Getahn Ward, Staff Writer, The Tennesseean, 11/15/00)

- **Finances:** CCA is in talks to sell up to seven prisons to raise cash toward paying down debt, its chief executive John Ferguson said. The nation's largest private operator of prisons, CCA said it lost $359 million or $2.15 a share for the quarter ending on Dec. 31, compared with a loss of $140 million or $1.20 a share for the year-earlier period. For the 2000 fiscal year, the company said it lost $731 million or $5.67 a share vs. $81 million or 71 cents a share for 1999. (Getahn Ward, The Tennesseean, Staff Writer, 3/15/01)

- **Finances:** From a report released by The Western Prison Project found that in 1998, CCA gave more than $353,106 to 195 candidates in 16 states. CCA also has connections with the American Legislative Exchange Council (ALEC), an organization that pushes for prison privatization and tougher sentencing laws, and whose membership contains more than 40 percent of state legislators. CCA is a big funder of ALEC and has co-chairs on ALEC's task force on criminal justice. (Greg Douros, Kansas: Guest editorial, Lawrence Journal-World, 3/29/01)

- **Abuse Alleged:** Graphic tales of civil rights abuses committed by TransCor America employees against thousands of wanted men and women during extradition transports are becoming commonplace. Two female detainees in Texas say they were sexually assaulted over a five-day period by a driver previously implicated in a New Mexico assault. In Colorado, a mother of four filed a federal lawsuit alleging sexual assaults during a TransCor journey across the West. A busload of Wisconsin inmates sued in federal court alleging the group endured a frigid winter trip to Oklahoma on a TransCor bus that was awash in human waste. (Rob Johnson, Staff Writer, The Tennessean, 4/1/01)

- **Law Suit:** CCA said it is contesting an $8.1 million request for payment from Merrill Lynch & Co. related to its hiring of the investment firm in late 1999 for advice on a company restructuring. In a filing with the Securities and Exchange Commission, CCA also said its insurers have refused to cover damages from lawsuits by employees and prisoners that seek more than $50 million. The suit includes one brought by CCA employees in 1998 seeking more than $30 million related to a stock ownership plan and another by a woman demanding $20 million, claiming she was assaulted by two former employees of CCA's TransCor unit. A third deals with a more than $3 million verdict stemming from charges of mistreatment against juveniles at a South Carolina prison. (Getahn Ward, The Tennessean Staff Writer and Bloomberg News, 4/18/01)

Charles Thomas

- **For Profit:** One of Florida's Correctional Privatization Commission consultants, University of Florida professor *Charles Thomas*, agreed last year to a record $20,000 fine following an investigation by the Florida Commission on Ethics into his lucrative simultaneous relationships with Wackenhut Corrections and Corrections Corporation of America, which run Florida's five privatized adult prisons. Now, the

ethics commission is conducting a widely publicized investigation into allegations against the Privatization Commission's executive director, C. Mark Hodges. According to the Police Benevolent Association, which also brought the case against Thomas, Hodges should not have taken an $1,800 honorarium from one of the agency's contractors and may be using his Florida position to secure consulting contracts of his own in other states. At the Capitol, where **Wackenhut** has made some $200,000 in political contributions since 1996, and **CCA** Chairman Emeritus Tom Beasley contributed $20,000 in Republican "soft money" and $31,000 more directly to politicians in the last election cycle, most legislators might prefer to ignore the charges on the premise that the union representing prison officers is simply opposed to privatization, but there is more at issue. The Florida Corrections Commission has recommended that the Legislature abolish the Privatization Commission for failing to properly monitor the private prisons. "Basically, they're not doing their job," said the oversight panel's executive director, John Fuller. (St. Petersburg Times, 10/27/00)

- "Mr. Thomas's research has already drawn money from the prison industry, Wackenhut Corrections Palm Beach Florida says it has funded Mr. Thomas's research in the past, without going into details. Mr. Thomas acknowledges the funding but says there's no conflict, also declining to say if any other companies have contributed." **"Leading Expert on Private Prisons Criticized for Taking REIT Seat"** Rick Brooks & Karen Tippett, Wall Street Journal, Southeast 4/25/97

- An investigation by the Florida Police Benevolent Association discovered that the "Prison Corrections Project", (P.C.P.), which Dr. Thomas heads at the University of Florida and which is the research engine that the prison privatization industry points to for "expert" analysis in the field, just happens to be totally funded according to the PBA, by the private prison industry itself.

  "As far as the PBA could ascertain, the PCP is totally funded by the corrections privatization industry through unrestricted gifts and donations. These donations (totalling over $275,000 since 1989 according to documents the PBA has acquired, $400,000 according to Dr. Thomas' letter to Ms. Barbara Wingc University of Florida) are given to the University of Florida Research Foundation, a non-profit support organization for the University. Dr. Thomas actively solicits the corrections privatization industry for these funds." **ETHICS COMMISSION COMPLAINT**, Florida PBA, State of Florida Commission on Ethics, 6/30/97

- "So much in any field of research depends on being able to trust the research." Here, "there is at least the appearance of an impropriety." **Jonathan Knight**, Associate Secretary of the American Association of University Professors an academic think tank in Washington, D.C.

- "After reviewing CCA Prison's preliminary prospectus, Irv DeGraw an independent IPO analyst in Sarasota, Fla., says: ***"Prudent prospective investors should consider discounting any positions which rely on {Dr. Thomas's} research."*** **(Prison Guru Criticized Over New Job,** Florida Journal 4/25/97 Karen L. Tippett & Rick Brooks, Staff Reporters Walls Street Journal)

PRISON REALTY TRUST, INC.:

- "The way they disclosed the problem is very disappointing. It raises serious questions about the credibility of the management team. ***People are debating whether these guys are incompetent or thieves."*** Legg Mason Securities Analyst on the *CCA* Prison Realty Trust Merger. {PRNews Wire, New York, 6/3/99}

- As of June 17, 1999, eleven lawsuits have been filed against *CCA* claiming securities fraud as a result of their merger with Prison Realty Trust in January 1999. {AP Reports}

- On January 1, 1999 ***CCA*** merged with its spin off Prison Realty Trust and is now listed on the NYSE as PZN. Stock in the company has fallen to below $10.00 per share as of June 1999 from a high of over $45.00. Suits filed against the company in Tennessee by shareholders are claiming securities fraud over the merger.

- In another suit filed against ***CCA*** in April of 1998 by shareholders the plaintiffs attorneys were awarded $4.5 million as part of the settlement of the case. {The Tennessean, 3/19/99 pg. 4E}

- Debt-laden **Prison Realty Trust, Inc.**, the parent company of the operator of the new Tulsa Jail, plans to sell a $300 million stake in the company to two investment firms, Blackstone Group Inc. and Fortress Investment Group. As part of the agreement, **Prison Realty's** chairman and chief executive, Doc Crants, and other management of the company will step down. (Tulsa World, 12/24/99)

- Shares of prison owner **Prison Realty Trust** fell to a record low yesterday as some investors sold shares, reflecting concerns that a new corporate structure would do away with the hefty dividends that attracted them to the company. Other, however, saw it as a buying opportunity. **Prison Realty Trust** is now coming full circle and once again will be combined into prison manager **Corrections Corporation of America**. Its growth has been affected by a slowdown in demand for new prison beds in some states and resistance from anti-privatization groups to the expansion efforts. Investment manager John F. Ray said of the prison companies' stocks, "The whole industry has been hammered this year." (The Tennessean, 12/28/99)

- **Prison Realty Trust Inc.'s** debt rating was cut two notches by Moody's Investors Service, citing the largest prison owner's deteriorating financial situation. Moody's lowered the company's senior unsecured debt to "B1 from "Ba2", lowered its rating on **Prison Realty's** cumulative stock three notches to "B3 from "Ba3", and on its senior secured credit line to "Ba3" from "Ba1". These cuts could make it more expensive for **Prison Realty** to raise financing in the future as it seeks capital to develop prisons. A Moody's report stated, "These rating actions reflect deterioration in **Prison Realty's** financial situation, reduced operational flexibility, and challenges associated with the company's undertaking of a broad strategic shift." (Bloomberg, Nashville, 1/13/00)

- Veteran value investor David Dreman is the largest among a number of outspoken shareholders who are protesting **Prison Realty Trust's** planned restructuring. With an 11.3% stake in the company, mostly in institutional accounts, Dreman was attracted to the $2-a-share dividend, but last quarter, the company suddenly stopped paying dividends to preserve capital. Dreman said, "When we bought the stock there was never any indication that they would cancel the dividend," adding that he was aware of problems with the company even then. (Crain Communications Inc., Investment News, 1/24/00)

- **Prison Realty Trust** reported a first-quarter net loss of $30 million, compared with a net loss of $24.8 million a year ago. Per share, the struggling company lost 25 cents vs. 23 cents for the 1999 first quarter. (The Tennessean, 5/16/00)

This is just some of the information Corrections Corporation of America hopes you never ind out. The Private Prison Industry hides beneath the corporate veil. Many of the problems hey face never see the light of day. This is what we know, imagine what we don't.

We welcome the opportunity to speak in your community, before your political leaders or th your media outlets. The more the public knows about this industry, the quicker it's demise. ublic safety should never be for sale. Keep it safe, keep it public.

Other privatization publications available from Corrections USA

Community Corrections "What's At Stake" - Rhode Island Brotherhood of Correctional Officers
Cornell Corrections Compendium 1998 – 2001
Prison Privatization Updates I – VI
Prison Privatization: Analysis of the Issues
Prison Privatization: Recent Developments in the United States – Judith Green
Public Safety Threatened: Summary of Recent Escapes – California Correctional Peace Officers Association
Wackenhut Corrections Compendium 1998 – 1999 (updated version through 2001 due December 2001)

CHAMPION, INC.

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August 2, 2004

Presentation:

Task Force For State Of Connecticut Contracting System

Chairman: Senator Donald DeFronzo

Subject: RFP04PSX0033, RFP04PSX0028

A Small Business Bidder's view of the problems in the new Prime Contract Proposal System involving goods in the Food, Janitorial, Health & Beauty Aides and Paper Goods requirements.

CHAMPION, INC.

24 NORTHROP ROAD WOODBRIDGE, CT. 06525 203-387-7458
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August 2, 2004

Task Force
State of Connecticut Contracting System

My name is Barbara Miller. My company is Champion, Inc. of Woodbridge, Ct. We have been in business for over 20 years. We are a woman owned minority small business. I work with my husband Jonas Miller. This business association has been in force for the entire life of the corporation.

Champion focuses our efforts in 2 areas: janitorial products and health & beauty aid (HBA) products. We believe that our bid awards contributed to making Champion one of the top minority businesses in goods in the State of Connecticut.

We are here to bring to your attention some of the problems we believe are now undermining some of the key purchasing goals for the State: to be fair and transparent with qualified small business vendors in the State of Connecticut when they address State presents bid proposals and RFPs.

The prime vendor concept of RFPs was instituted in 1995 and had a positive slant toward small business and the State's requirement for small business purchases. In the beginning of 2003, in an attempt to reduce State expenditures, we found aggressive activities by the Department of Administrative Services (DAS) instituted against our small business which had partnered with a prime vendor as recommended and approved since 1995 on all RFPs on our product areas.

During the first 15 years the bidding structure of the State of Connecticut specified the same commodities in our 2 areas for small business set-aside. Combining Jonas Miller's depth of technical chemical background and his past experience in the 2 product areas noted above, along with my skills in managing the administrative and office requirements, Champion succeeded in obtaining a significant portion of the annual bid offerings in our product lines.

Commissioner Barbara Waters and the Task Force should look at the results that were obtained by the DAS Central Purchasing structure that ran for decades out of Middletown, Connecticut pertaining to the purchase of janitorials and HBAs products. These areas constituted a significant and consistent portion of set aside business with very few vendor or State problems.

In February 2004 DAS generated 2 RFPs. RFP04PSX0033 covered food, janitorial and HBAs while RFP04PSX0028 covered various types of replacement parts such as bulbs and also included the same janitorial and HBAs.

There are two problems here:

First, there was in place a functioning award RFP#00PSX0079 for the food, the janitorial and HBAs. No reason was given to key vendors who were directly involved or were subcontractors and/or minority small business suppliers as to why there was an attempt to replace the old contract. The contract in force still had 17 months remaining

Second to add to the confusion of this action, why was the entire portion of janitorial and HBAs placed on 2 separate RFPs to be opened and negotiated at the same time?

The product demand profile in RFP 0033 has added a confusing grouping called the "miscellaneous items". It groups the paper contract award from RFP#00PSX0079 with the HBA award of RFP#00PSX0079 and leaves open the addition of other "miscellaneous items". In addition to this being a new grouping of 2 groups that were specifically awarded in 1995 and 2000 on the food, janitorial, HBA prime contracts the calculation sheet for this miscellaneous group is misleading and incomplete to the point where the evaluation committee will be unable to make a fair determination of items, volume and cost.

The only reason I can make this statement is Champion was the supplier to U.S. Foodservice for 9 years on both the 1995 and 2000 RFPs in these categories. Champion ordered and controlled the inventory in those areas. Any other vendor who tried to establish a competitive bid on what was presented would be guessing without any actual knowledge of usage.

Since Champion was a significant participant in the mandated small business element as were our vendors we felt the early termination without cause needed direct explanation by DAS.

Prior to this action by DAS at the end of November 2003, U.S. Foodservice after 8 years, abruptly severed their contract with Champion without cause. Champion, as a subcontractor, presented this information to the Commissioner and never received an appropriate explanation for U.S.Foodservice's action nor our request of what constituted the regulations for a subcontractor. The attorney for the Commissioner, James Neil, advised us that written regulations for subcontractors in prime RFP relationships do not exist and still do not exist on the pending RFPs.

In several places in State bid documents it is noted that the Commissioner has the authority to demand a reason for U.S.Foodservice's action. Intervention by Meg Yetishfsky, Director of the Business Connections Unit, who is the small business advocate for a vendor who has acted as a small business provider to the State for more than 20 years was not forthcoming even though we requested her help. In two places in the proposal that preceded this award RFP#00PSX0079 the Commissioner's authority to intervene for a subcontractor was clearly stated. Statutes regulating purchases also allow for that oversight intervention by a Commissioner.

CHAMPION, INC.

24 NORTHROP ROAD WOODBRIDGE, CT. 06525 203-387-7458
Fax 203-387-7304

August 2, 2004

Task Force
State of Connecticut Contracting System

My name is Jonas Miller. I am the Vice President of Champion, Inc. I have an undergraduate degree in Biochemistry and a graduate degree in Chemistry. I have been a principal in business in both Challenge, Ltd. and Champion, Inc. for more than 35 years.

Champion would like to assist the Task Force in understanding some of our concerns as a significant Small Business vendor in the Prime Vendor bidding process that has evolved with the 2 new RFPs RFP04PSX0033, RFP04PSX0028 issued in February 2004. Jonas Miller and Barbara Miller, first with Challenge, Ltd. and then with Champion, Inc., would like to step forward and offer our expertise of 35 years of bidding successfully to the State.

During those 35 years Champion and Challenge have been major contributors to the small business volume in janitorial chemicals and health and beauty aides used by the State. Until now purchasing has focused these requirements toward State certified small business. In the new RFPs the Department of Administrative Services (DAS) has reduced the link of those commodities to small business even though the introduction to these RFPs professes that DAS's objective and goal is to give small businesses more opportunities. Champion was advised that the State would accept a 10% volume for small business on the new proposal award instead of the previous 25%.

The above mentioned RFPs presented in February 2004 were to replace one presently in force, RFP #00PSX0079, even though there were still 17 months to run. No reasons for this action were given to the prime vendors nor to the subcontractors. Many of Champion's suppliers who had committed special 5 year agreements based on the assurances of the prime vendor contract were negatively impacted. Champion and our suppliers requested the reason for the State's action but no specifics were offered.

As we stand here today it is now 5 months after the new RFPs were presented. How critical could it have been for DAS to take action to disrupt the existing contract #00PSX0079 and all those involved with it? The new RFPs are filled with problems and will surely guarantee that, if awarded as presented, they will not be in the best interest of the State or its vendors. I will outline some of the most glaring problems.

There is a lack of transparency needed by vendors to obtain information and guidance essential to understanding the heart of the RFP contained in the introduction (ref:page 5).
On RFP04PSX0033 prospective bidders were "strongly encouraged" to view the State's master contract #00PSX0079. Viewing #00PSX0079 was troubling because of the number of changes in the new proposals. In the introduction on the new proposals on Pages 5 and 6 much of the stated intentions were either not implemented or were poorly followed.

When these new RFPs appeared without the key component of a <u>prebid meeting</u> I immediately feared that access to an open proposal would be severely impacted. It is critical for every member on the Task Force to understand the objectives of a prebid meeting. These prebid meetings were a key part of the structure on the past prime contracts for these groups of products.

The required presence at the prebid provides the meeting ground for all interested parties, both prime vendors and subcontractors, which includes small business. In order to develop the partnerships that the State has encouraged on all the RFPs a prebid meeting is essential. If there is no prebid meeting the information needed to submit a proper bid is greatly reduced.

A new overlapping RFP#04PSX0070 has been presented which does include the prebid meeting but also goes into product areas that are requested in RFP04PSX0033 and RFP04PSX0028. This new RFP covers environmentally preferable cleaners. The consideration of these cleaners in RFP04PSX0033 and RFP04PSX0028 further confuses prospective bidders on all 3 RFPs.

On seeing the introduction in RFP04PSX0033 and with the State admitting that "the timeline for this RFP process is aggressive" (page 7) we felt comfortable that when we forwarded our questions to DAS they would allow a longer timeline in order to clarify not only the above issue on the introduction but the many that followed in the body of the RFP. This was turned down. Not extending the timeline worked against any possibility of developing a successful partnership with a significant prime vendor.

In reviewing other responses besides the timeline question it was clear that too many of the answers were circumventing the questions submitted by potential bidders. Frequently "best interest of the State" was the response. This was not helpful to a potential bidder. Information that should have been available to DAS in their files from the management program of RFP #00PSX0079 was not provided. One of the answers to a question was to go to the Freedom Of Information Act.

The information given to the bidders in RFP04PSX0033 and RFP04PSX0028 is inaccurate, incomplete and confusing. We offered to put all this information on the table at DAS but we were rebuffed.

The volume figures offered to the prospective bidders are inaccurate.

The products DAS claims are "those used most frequently by the State and are generally branded products" are incorrect.

The names and code numbers for the products are incorrect.

Given the above misinformation the Criteria Committee cannot possibly make a correct determination on the RFPs.

Remember the phrase: <u>ADD-ONS</u>. The greatest impropriety is the omission of large use items that had been required as fixed price items in the past. A significant part of the volume for all the janitorial, HBA and miscellaneous products will be generated by this group. This will allow the vendor chosen to supply these omitted products and add-ons without any fixed price control by the State of how much the State will pay and how much profit the supplier will reap. This is key example of the numerous potential bid steering methods that appear in these RFPs.

Another potential and dangerous way to steer this proposal is by eliminating the <u>ABL</u>'s. A 50 year guideline of product quality and efficiency was removed by DAS at the end of 2002. This removes the product guarantees so necessary to items that are potentially hazardous to clients and employees of State facilities. It also allows products which have a high potential for State liability exposure.

CHAMPION, INC.

24 NORTHROP ROAD WOODBRIDGE, CT. 06525 203-387-7458
Fax 203-387-7304

August 2, 2004

Additional notes for the Task Force For State of Connecticut Contracting System

It appears that in the past "competitive bidding" proposals were used to obtain a contract. The new proposal directs the bidders to the fact that this is a "competitive negotiation". This was not found in the past proposal in 2000. The negotiation format opens an evaluation to subjective rather than objective criteria during decision making.

- Initiative 1: Maintain or extend current service and quality levels.
  One of the most significant areas of compromise on this initiative is that the "key man" requirement and the ABL and Specifications in the chemical and toiletry areas have been gutted. They have not been replaced with a definitive objective measuring apparatus necessary with products made up of a wide spectrum of chemicals that could have adverse personal, environmental and product deficiency consequences. There is no technical information required from the bidders for the Selection Committee so that they can competently review and score the products in the Janitorial and HBA segments. The Commissioner through her program with Barbara Moser of DAS knows the potential danger with these products.

- Initiative 2: Insure that Connecticut based vendors as well as small and minority owned businesses have adequate opportunity to participate in this process.
  A clear statement of commitment required of a prime vendor accepting RFP00PSX0079 has been replaced with weak non-specific requirement goals of the prime vendor to Certified Small Businesses. Clarification was requested on what a "subcontractor or partnership relationship" with a prime vendor meant to DAS. DAS has not explained who is a subcontractor and what the inter contractual relationship is between DAS, the prime vendor and the subcontractor.

- Initiative 3: Consolidate the State's vendor base to offer vendors access to larger volumes of business and long term contracts.
  The prime vendors, subcontractors and their suppliers found that their long term commitments to RFP00PSX0079 were being compromised by the action of the prime vendor and the State with the new RFPs. Approximately 18 months of the binding State contract was broken without any foundation being given by either the State or U.S. Foodservice. How can a vendor or subcontractor believe that a creative selling agreement as requested in the new RFPs would be treated as a firm commitment? When asked for a reason for termination of RFP00PSX0079 DAS responded once again with termination can be at any time for the "best interests of the State". Since a vendor or subcontractor is not assured that the length of a long term contract will be honored or even awarded there is reduced incentive for vendors to respond to an RFP.

During the allowable question period an attempt was made to get the time lines for the RFP04PSX0033 and RFP04PSX0028 extended. *Refer to Questions #18* The State's response to the question was that this RFP is similar to the previous RFP of May 2000. We disagree with that response. We also question whether 2 complete and 1 partial bid submissions constitute "ample qualified responses". One of the 2 complete responses was from Royal Ahold/U.S. Foodservice which is a corporation that has been under extreme legal and financial scrutiny by our Federal Government as well as numerous European entities for the past 18 months. Their financial stability and ethical credibility is highly suspect.

On page 19 it is not clear how DAS intends to enforce General Statute 4A-60G which states the guidelines for the amount of business to be set aside for certified small businesses. A prime vendor who acts to follow the 25% guideline will incur additional cost of goods. This is in conflict with a critical motive for this RFP which is to save money for the State. The result could be a compromise in quality of goods in order to save money which would impact the safety of the citizens and clients who use State facilities.

DAS engaged in activity in #00PSX0079 to lower costs by focusing their price savings against small business through the prime vendor. Even though Champion as the SBE was singled out, we reduced our prices and developed a program which DAS thought was a good way to continue to obtain price reductions. The prime vendor fired Champion with whom they had partnered for the 8 1/2 years of the prime vendor program without reason. This action reduced their cost by approximately 20% which was the profit and cost of doing business for the SBE.

The "Product Demand Profile" in RFP04PSX0033 has added a confusing grouping called the "Miscellaneous Items". It groups a paper contract award from #00PSX0079 which was given to a bidder who was not the low bidder, did not use SBE purchasing and combined their commodities from #00PSX0079 with HBA among others and are areas in which they have no experience. In RFP04PSX0033 the calculation sheet for this group called the "Miscellaneous Supplies Contract List" is misleading and incomplete to the point where the evaluation committee unable to make proper determinations.

In the case of the current prime vendor, when DAS suggested saving money on the janitorial and HBA purchased through SBE vendors, both DAS and the prime vendor approached Champion, the SBE, to save them money. At the 1/15/04 meeting DAS noted that Champion had performed very well over the years but they were requesting we roll back prices. Champion responded by instituting price roll-backs and a plan for developing a complete line of safe and effective products under the Champion, Inc. label which would also be price sensitive. DAS responded with a note of appreciation for both the immediate price reductions and the concept for a projected new line of products.

After responding in a proactive way on the issue U.S. Foodservice determined that another way to save additional monies was to remove their major SBE provider, Champion, and present their cost of doing business and profit as a savings.

165 Capitol Avenue
Hartford, CT 06106-1658

December 11, 2002

US Foodservice
Marty Samuels
Christine Harrison

Re: Sourcing out for Additional Savings

Christine, Marty,

It is DAS/Procurement Services concern due to the serious budget crisis facing the State of Connecticut that USFoods search out cost effective alternative product lines. Our goal is to accomplish this without compromising quality. At this point we are not tied into the Acceptable Brands List, which would limit the scope of products we have purchased and used in the past. We had originally targeted janitorial and cleaning supplies, but not exclusively. Please continue to source out all products currently under contract for the best prices to pass on to our end users.

It is DAS/Procurement Service's request that US Foodservice continues to pursue Small Businesses on the Contract for the Purchase and Delivery of Food & Toiletry Supplies, Chemicals, Sanitary Paper Products & Disposable Food Service Products, contract award: http://www.das.state.ct.us/Contracts/990_0076.pdf, this is pursuant to C.G.S. 32-9e that requires State Agencies to set-aside at least twenty-five percent of all contracts available for the purchase of goods and services from certified small business.

We would like to meet with you in the near future discuss further savings opportunities,

Sincerely,
Jim Gotta
Contract Specialist
State of Connecticut
DAS/Procurement Services
860-713-5074 or e-mail: mailto:jim.gotta@po.state.ct.us

State of Connecticut RFP #04PSX0033

Miscellaneous Supplies Contract List

Vendor Name: [redacted]

Instructions:

*1) Please enter information in cells shaded in **YELLOW, BLUE, AND GREEN***

*2) Please enter your proposed price for identical products in the columns K through Q, labeled **"Vendor Proposal for Identical SKUs"***

*3) Please enter your proposed price for a functional equivalent in the columns S through Y, labeled **"Vendor Proposal for Functional Equivalent SKUs"***

*4) Please enter your proposed price for a functional equivalent in the columns AA through AG, labeled **"Vendor Proposal for Additional Substitute SKUs"***

*5) Empty cells will be considered **"No Response"***

	State of Connecticut Contract List					
Line #	Manufacturer Name	Manufacturer Part Number	Product Description	Unit of Measure (UOM)	Total Estimated Annual Quantity	Manufacturer Name
1	HOSPT	MTB500	TAMPON,TAMPX WRP BLK	500 CT	825	EASTERN
2	HOSPT	MT-8	SANI NAPK,MAXITHIN#8	250 CT	1,439	EASTERN
3	Private Label		DEODORANT,SOL UNSCNT	12-2.7Z	677	CHAMP
4	BIC		RAZOR,DISP	72-10CT	234	CHAMP
5	COLGT	COLGATE 55	BRUSH,TOOTH ADLT SFT	2-36 EA	81	CHAMP
6	DMCRY	05714	KIT,BLU SUG/S&P	250 CT	309	EASTERN
7	Private Label	808970	BRUSH, TOOTH	12 EA	161	CHAMP
8	AMCMB	2538 BLK	COMB,HAIR PCKT 5"S/E	12 CT	1,022	CHAMP
9	AMCMB	2725 BLK	COMB,HAIR 8" S/E	12 CT	674	CHAMP
10	SFREE	MT4 STA	SANI NAPK,MAXI	250 CT	126	EASTERN
11	BIC		RAZOR,SENS DBL EDGE	6-120CT	20	CHAMP
12	FJCOM		TISSUE,T 2P WHT RL	96 CT	35	EASTERN
13	Private Label		HOLDER,TOOTHBRUSH	12-12DZ	15	CHAMP
14	HOSPT	TAMPX	TAMPON,SANI	500 CT	25	EASTERN
15	FJCOM		TISSUE,T 1P RL MLTX	96-1000	21	EASTERN
16	Private Label		CHARCOAL	20# BG	92	CHAMP/E
17	FJCOM		TOWEL,RL WHITE	12-350'	30	EASTERN
18	FJCOM		TISSUE,T 2 PLY JUMBO		22	EASTERN
19	FDHND		GLOVE,LATEX LRG DSPF	10-100C	14	EASTERN
20	FJCOM		TISSUE,T 2P RL 4X4.5	96-500	14	EASTERN
21	FJCOM		TOWEL,MULFLD NATL	4000 CT	27	EASTERN
22	FJCOM		TOWEL,SNGFLD WHT	4000 CT	14	EASTERN
23	FJCOM		TOWEL,C-FOLD BLCH	2400 CT	23	EASTERN
24	Private Label		MISC, DEPOSIT CO2 TK	1 EA	0	
25	C/LMP		FUEL,SAFEHEAT 6HWICK	24 CT	17	EASTERN
26	FJCOM		TISSUE,FAC POMET WH	30-100	19	EASTERN

9 – CHAMPION
16 – EASTERN

General Questions

18. Q: We have received your RFP04PSX0033. After reviewing the request for proposal we have determined that the time schedule for response should be reviewed by DAS. The various elements required, from a Small Business perspective, to present the best program to fulfill the objectives of the State of Connecticut's "Buy Smart...Buy Together" initiative that prompted this proposal will require more time to do justice to this effort.

As suggested in past Prime Vendor bids and again in this new RFP, the State recommends that the most effective way to be successful with the State's new concept is to have a large company partner with an SBE or MSBE. The State "strongly encourages" vendors to view the State Master Contract. With this in mind SBE has to locate a partner and negotiate their inclusion. In order to do this any SBE, must explore and obtain a significant variety of products and then study possible substitutions and samples for more effective prices as requested by the proposal (RFP:pg.34-35, Item A) and then both parties in this partnership must review the present State Master Contract. Time will also be needed to fulfill your request for environmentally preferable cleaners. (RFP:pg.15, Item I)

The formulation of questions on the RFP and the response from the State will prolong the development of a complete proposal since some of the questions and your responses will require further adjustment of how we offer products, terms and prices. There will only be 5 working days after the questions are answered to submit a final bid proposal. There are only a total of 15 working days to complete all the activities involved with this RFP. We feel certain that we have the expertise to suggest that the time frame should be significantly extended in the interest of pursuing an arrangement, which will be in the best interest of the **State's** effort.

It is our understanding that the RFP currently in effect is satisfying the needs of the State at this time and it would be an advantage to allow enough time for the new initiatives to be maximized. A prompt response to our request for extension is needed.

A: We have reviewed the time schedule for the above referenced Request for Proposal (RFP). Based on our past experiences with RFPs of this size and scope, we believe that the deadlines provided for within the RFP give sufficient time for qualified suppliers to respond. In the last solicitation we conducted for these very same services back in May of 2000, we used nearly identical timeframes for solicitations and received ample qualified responses. We believe that suppliers who are experienced in this industry will have available the required prices, specifications, performance information and MSDS sheets necessary to respond, as this is routine information typically required in RFP's of this type.

Please be aware that it is not a requirement that SBE/MBE suppliers team up with large distributors to respond to this RFP, certainly proposals made directly to the state for the product lines you represent if they can meet the specifications/requirements and terms and conditions. It is a requirement though, that the prime vendor (or supplier who responds directly to this RFP who is not an SBE/MBE) comply with supplier diversity goals and reach out to SBE/MBE vendors through their subcontracting efforts to assist the state in meeting their supplier diversity goals. DAS has included links within this RFP to identify all certified SBE/MBE suppliers who can support this effort. We expect that those prime vendors will be reaching SBE/MBE suppliers throughout this RFP effort. We have reviewed the time schedule for the above referenced Request for Proposal (RFP). Based on our past experiences with RFPs of this size and scope, we believe that the deadlines provided for within the RFP give sufficient time for qualified suppliers to respond. In the last solicitation we conducted for these very same services back in May of 2000, we used nearly identical timeframes for solicitations and received ample qualified responses. We believe that suppliers who are experienced in this industry will have available the required prices, specifications, performance information and MSDS sheets necessary to respond, as this is routine information typically required in RFP's of this type.

STATE OF CONNECTICUT
PROCUREMENT SERVICES
NEW/REVISED CONTRACT AWARD SCHEDULE

SP-39E REV. 7/98

CONTRACT AWARD NO.: RFP990-A-01-0076-C

Contract Specialist: Carol Wilson (860)713-5093

Contract Specialist: Linda LoSchiavo (860)713-5112

ITEM #	DESCRIPTION OF COMMODITY AND/OR SERVICES	QTY.	U/M	UNIT PRICE	TOTAL PRICE
	PART A - Sanitary Paper Products **EASTERN BAG & PAPER (ITEMS 0001-00086)** Quantities listed are for a one (1) year period and are based on sales for 1999.			**EASTERN BAG**	
0001.	TOWELS, HAND, PAPER, C-FOLD, min. basis weight 26 lbs., dimensions: Open 10 ½ plus or minus ½ x 13 ½ plus or minus ½. Min. area: 130 sq. in., 2400 towels/case.	10,886	Case	$11.34	$123,447.24
				Mfr: Putney Product #: P100 No. to Pkg: 150 No. to Case: 16 2400/cs	
0002.	TOWELS, HAND, PAPER, MULTIFOLD, min. basis wt. 26 lbs., min. area 85 sq. in.; dim. Folded 9 ¼" plus or minus ½ x 3 1/8" plus or minus 1/8" (Fits NIERCC Style cab.) Approx. 4000 towels/case.	6661	Case	$15.97	$106,376.17
				Mfr: Kimberly Clark Product #: 1804 No. to Pkg: 200 No. to Case: 20 4m/cs	
0003.	TOWELS, HAND, PAPER, MULTIFOLD, NARROW, min. basis wt. 26 lbs.; min. area 130 sq. in. dimensions Folded (9 ¼" plus or minus ½ x 2 5/8" plus or minus 1/8"); (Fits ONLIWON Style cab.), Approx. 4000 towels/case.	231	Case	$51.98	$12,007.38
				Mfr: Fort James Product #: 224-04 No. to Pkg: 200 No. to Case: 20 4m/cs	
0004.	TOWELS, HAND, PAPER, SINGLE-FOLD, based wt. 26 lbs., dimensions Open 9 ¼" plus or minus ½ x 10 ½ plus or minus ¼"; Min. area 90 sq. in. Approx. 4000 towels/case.	1487	Case	$13.45	$20,000.15
				Mfr: Putney Product #: P600B No. to Pkg: 334 No. to Case: 12 4m/cs	
	Standard Spec. 0075-072-T-369 of latest issue applies to Part A, Items 0001-0004.				
0005.	TOWEL, PAPER, ROLL, HOUSEHOLD TYPE, 2 PLY, min. basis wt. 25 lbs. (24 x 36, 500) – fully bleached single ply min. are 99 square inches, roll of 90 towels – each towel perforated to conform to min. width and area specified. Min. Percentage of Post Consumer Waste	225	Case	$15.75	$3,543.75
				Mfr: Bay West Product #: 410 No. Towel to Roll : 90 No. Rolls to Case: 30	
0006.	PAPER, TOILET TISSUE, ROLL, 1 PLY, 1000 SHEETS, single sheets (approx. 4 ½ x 4 ¼") to the roll, with pasteboard core. Min. of 11 pound basis weight. 96 rolls/case per ABL-0075-072-P-122 of latst issue	19326	Case	$35.48	$685,686.48
				Mfr: Georgia Pacific Product #: TS1630E	

RFP04PSX0033

Request for Proposal

Food Distribution

Introduction

The State of Connecticut spends roughly $2.6 billion on purchased goods and services. In an effort to achieve cost savings in today's adverse economic environment, the State recently initiated a spend management initiative named *Buy Smart...Buy Together*. The goals of the initiative are as follows:

- Leverage the considerable purchasing volume across the various State agencies, political subdivisions, and not-for-profit organizations to secure the most competitive pricing structure available
- Consolidate the State's Vendor base to offer Vendors access to larger volumes of business and longer-term contracts, thereby resulting in competitive pricing based on the economies of scale involved
- Maintain or exceed current service and quality levels
- Facilitate and increase the use of state contracts by improving their value and benefits
- Ensure that Connecticut-based Vendors as well as small and minority-owned businesses have adequate opportunity to participate in this process

Based on a review of the current Food Distribution contract (#00PSX0079), aggregate spend, and Vendor base, the State of Connecticut has decided to include Food Distribution as one of the expense categories in the *Buy Smart...Buy Together* initiative. The purpose of this Request For Proposal (RFP) is to solicit sealed proposals to establish a competitive contract with one Vendor or a limited number of Vendors for Food Distribution. We **strongly encourage** Vendors to view the State's Master Contract and U.S.D.A. warehousing program in total, and offer pricing that allows the State to benefit from such a combination. The intent is to utilize the fewest number of Vendors to the extent possible, to allow Vendors to offer more aggressive pricing due to increases in volume and allow the State to realize the subsequent savings resulting from the decreases in prices and to simplify the billing and administration for the future contract. The number of Vendors will be determined with respect to what is in the best interest of the State.

Currently, Connecticut state agencies spend approximately $15–20 million annually on Food Distribution with one primary Vendor. While there is no firm guarantee that the State will continue to require the same volume of Food in the future, the expectation is that in the near future the volume of purchases should remain constant. Additionally, there is a potentially substantial spend from non-compulsory entities, which include institutions of higher education, political sub-divisions, towns, municipalities, etc., which are not required to use the State contracts. It is the State's goal to encourage these non-compulsory entities to use the competitive contract(s) resulting from this RFP, although their participation is not mandatory.

As a reminder, this is an RFP, not an Invitation to Bid (ITB). Please visit the following link to review the distinction between these two processes: http://www.cga.state.ct.us/2001/pub/Chap058.htm#sec4a-50.htm. We would like to invite your company to respond to this RFP with a proposal, which would encourage the State of Connecticut's agencies and other entities, collectively referred to as the "Contract Users", to transfer to you all or part of their Food Distribution purchasing volume that you are qualified to supply. The pricing, quality, and service levels obtained through this process are expected to be more aggressive than any individual agency may currently have with your company. Although no assurance

can be given that any one Vendor will obtain all of the business from the Contract Users, the State intends to award their business to one Vendor or a very limited number of Vendors that provide the best mix of price, quality, and service. The proposals will be used as the basis for short list selection, negotiations and final Vendor selection. The State may award all or part of this RFP, based solely on the best interests of the State. To maximize your chances of success in this process and to have the opportunity to provide services for Connecticut's business, we **strongly encourage** you to provide an aggressive response to this RFP.

With the future award, the **current contract may be cancelled** if it serves the best interest of the Contract Users and the State.

RFP Definitions/Abbreviations

Whenever the following terms are used throughout this document, the below definitions should be used for interpretation.

The State: The State of Connecticut

Contract Users: All State Agencies, political sub-divisions, and not-for-profit organizations authorized to use the State of Connecticut contracts and contract pricing.

Vendor: Any individual, company, or corporation formally submitting a proposal for the material or work contemplated, acting directly or through a duly authorized representative.

Proposal: The offer of the Vendor(s) submitted on the approved form and setting forth the Vendor(s)'s prices for performing the work or supplying the material or equipment described in the specifications.

Contract: The written agreement covering the furnishing and delivery of material or work to be performed.

FOIA: Freedom Of Information Act.

RFP: Request For Proposal.

DAS: Department of Administrative Services, Procurement Services

ABL: Acceptable Brands List.

USDA: United States Department of Agriculture.

FDP: Food Distribution Program.

RA: Recipient Agency.

This solicitation is for procurement through competitive negotiation, NOT through competitive bidding, in accordance with the Department of Administrative Services competitive negotiation statutes and regulations. Accordingly, all references in this RFP to "bid", "bidder" and like terms shall be disregarded. Instead, such terms shall be read and be deemed to mean, for interpretative purposes, "proposal", "Vendor", and like terms.

RFP04PSX0033

Scope of Products

Food Distribution includes the distribution of food and janitorial items to State Agencies as part of the master contract. The $15 - 20 million in annual Food Distribution spend is in reference to State Agency facilities and locations. Services required for political sub-divisions, schools, towns, and municipalities could amount to a substantial additional volume of services. However, these entities are not obligated to utilize the State Agency contracts to procure their Food Distribution. Furthermore, the State administers a U.S.D.A. warehousing program that provides donated Federal U.S.D.A. food to primarily to schools, but also State Agencies and political sub-divisions.

The State and Contract Users are seeking a minimum contract length of three (3) years. Furthermore, the State will award a contract of greater length if it is in the best interest of the State and Contract Users.

The profile of the State's food purchases is detailed in the Microsoft Excel file titled, "***RFP – Food Distribution – Master Contract.xls.***" Within the Microsoft Excel file, there are several worksheets/tabs that contain the historical usage information with the following details for the nine (9) sub-categories that comprise the Food Distribution category:

- Product Number
- Description
- Manufacturer
- Manufacturer Identification (ID)
- Unit of Measurement (UOM)
- Quantity (for all State Agencies)

"***RFP – Food Distribution – Master Contract.xls***" contains details from historical usage information for State Agencies that purchase off of the DAS contract. While there is no guarantee to maintain these usage levels in the future, the State believes that this will be an accurate representation of the future. Furthermore, as stated previously, additional spend from municipalities, towns, schools, and political sub-divisions could increase the amount of Food Distribution required within the State.

Please refer to the section titled in this document titled "U.S.D.A. Warehousing Program" for the explanation of the program details.

RFP Process and Timing

The timeline for this RFP process is aggressive - with proposals due by **2 PM on Monday, March 2, 2004**. It is the intent of the State to negotiate with qualified and responsible Vendor(s) who submit the proposal(s) found to meet the needs and initiatives of the State.

Vendors are advised to review all sections of this RFP carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal and disqualification of the Vendor from further participation.

Please be aware that the State intends to use the language in the RFP for the final contract, with some of the terms being negotiable.

not limited to any neglect in safeguarding the Work or through the use of unacceptable materials in constructing the Work of the Vendor, and sub-contractor, material men or anyone directly employed by them or any of them while engaged in the performance of the Contract, including the entire elapsed time from the date of the Notice to Proceed or the actual commencement of the Work whichever occurs first until its completion as certified by the State.

K. Property Damage

The Vendor shall make prompt restitution to the Contract User by certified check or replacement, or repairs (subject to the Contract User's approval), in settlement of any damage(s) to the Agency's or tenants' property caused by the Vendor's employee(s).

L. Pest Control

Vendors and their assigns shall have an integrated pest management (IPM) program in place at their establishment, including but not limited to delivery trucks, that is consistent with the requirements of Connecticut General Statutes Section 22a-66l, Application of pesticides by state agencies, and Regulations of Connecticut State Agencies Section 21a-101-5(h), General sanitary requirements.

Vendors shall submit along with their proposal, a copy of a written integrated pest management plan for their establishment that is consistent with the requirements of Regulations of Connecticut State Agencies Section 22a-66l-1. If no such plan exists, Vendors shall provide the name, address and telephone number of their designated contact person and assure that a written integrated pest management plan and program that satisfies the aforementioned criteria will be developed within 45 days of the award of the contract. Such written plan and program will be subject to review and approval of the Department of Environmental Protection Pesticide Management Program and Department of Administrative Services Procurement Services staff. Thereafter, programs that have been implemented by the approved vendor, their subcontractors and pest control service providers must remain in place and will be subject to periodic review throughout the term of this contract.

M. Construction Safety and Health Standards

It is the condition of this contract and shall be made a condition of each subcontract entered into pursuant to this contract, that the Vendor and any sub-contractor shall not require any laborer or mechanic employed in its performance to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health or safety, as determined under the Construction Safety and Health Standards (Title 29, Code of Federal Regulations Part 1518 - published in the Federal Register on April 27, 1971) promulgated by the United States Secretary of Labor, in accordance with Section 107 of the Contract Work Hours and Safety Standards Act 83, Stat. 96.

N. Small and Minority Owned Businesses

Under Connecticut General Statue 4a-60g the State has an established and on-going commitment to provide equal opportunity to small (SBE) and minority owned businesses enterprises (MBE) to contract as a Vendor for Connecticut's purchased goods and services.

The selected prime vendor will be responsible for determining the number of sub-contracted SBE vendors. The prime vendor will, however, be required to comply with contracted supplier diversity goals. The prime vendor will be required demonstrate its compliance of the supplier diversity goals through required, quarterly Microsoft Excel reports to allow the State and Contract Users to meet their supplier diversity goals. Failure to meet the supplier diversity goals of the State may be grounds for contract termination. Additionally, the prime vendor is required to pay SBEs within 30 days, according to CGS 4a-60j.

P. Catch weights

Catch weight products such as pork chops, roasts etc. are ordered by the pound only.

Q. Pricing

Prices shall be guaranteed for seven days from requisition date.

Contract User Specific Clauses

Particular State Agencies have unique specifications and requirements that the Vendor(s) must account for in understanding the scope of service. Contract User Specific Clauses shall supersede any clauses in other sections of this RFP.

A. Secure Facilities

Some Agencies that have facilities to be serviced are secure facilities. An example of this include the Department of Correction (DOC). All of the Vendor's employees who work at these locations will, therefore, be subject to a background check. Prior to commencing work, the Vendor must provide the necessary information required for this purpose, including but not limited to driver's license numbers and DMV license numbers. Only Vendor's employees whose names are on the approved list will be allowed on the sites. Any Vendor employee who is not on the Contract User-approved list will be escorted off the grounds. The Vendor must replace the removed employee with approved personnel within one hour of being notified. Additional Vendor employees can be added with no less than 72 hours of advance notice. The Vendor must notify the Contract User in writing within 24 hours when any approved employee is no longer employed by the Vendor. The Vendor is also required to provide emergency telephone numbers and contact personnel that are available 24 hours, 7 days per week, including holidays.

Product Demand Profile – Master Contract

A. Food Distribution - Master Contract

The Contract Users are expected to spend approximately $15 - 20 million in Food Distribution next year. The key sub-categories of Food Distribution used by Contract Users include:

- Perishables (produce and fresh food)
- Dairy **(excludes items on the dairy contract #03PSX0297)**
- Canned/Dried Goods
- Meat
- Poultry
- Seafood
- Frozen Foods
- Janitorial Supplies
- Miscellaneous items (personal care products, plastic cutlery, etc.) WHERE IS PAPER GOODS?

RFP04PSX0033

Selection Criteria

A selection committee will review and score all proposals. The selection committee will be composed of Connecticut purchasing officials and, where applicable, a selection of key category end-users from across Connecticut government bodies that will review and score all proposals using the following criteria:

A. Cost

- Total cost to the State based on EXACT matches and EQUIVALENT items
- Ability to provide breadth and depth of contract list items
- Lower priced substitutes
- Discount structure

B. Service and Capability

- Geographic coverage
- Reporting capability
- Customer references – large government and private sector accounts
- Experience with other government entities
- Ability to provide Connecticut-based produce
- Ability to partner with SBE(s)
- Implementation/transition plan

C. Business Information

- Account management team
- Qualifications of staff
- Reporting capability
- Business/Financial stability

D. Ability to Service U.S.D.A. Warehousing Program

- Ability and capability to service Connecticut's U.S.D.A. warehousing program
- Experience with providing services for state U.S.D.A. programs

"Perishables," "Dairy," Canned-Dried," "Meat," "Poultry," "Seafood," "Frozen Foods," "Janitorial," and "Miscellaneous" list all of the Contract List or high-volume products used by the State and Contract Users. These prices will be applicable for all locations across the State.

Vendors are strongly encouraged to propose line item pricing for as many items as possible on the contract list.

For all sub-category worksheets except ***"Perishables,"*** please enter the prices for **EXACT** matches in the **YELLOW CELLS** on this Excel worksheet. Should a Vendor have an **EXACT** match, the Vendor shall provide a response for the particular item. These cells have been pre-formatted to provide information in dollars, rounded to the nearest cent. Cells left blank will be interpreted as a "No Response." Recognizing that Vendors will not always be able to provide pricing for **EXACT** items, Vendors that cannot match the identical brand or private label item are requested to provide the Description, Brand Name, Specification, UOM, and Unit Price for an **EQUIVALENT** substitute for the specific line item. These columns are to the right of the current State spending profile in the cells shaded in **BLUE**.

ONLY EXACT matches and EQUIVALENT substitutes will be used as part of the price comparison for items on the contract list. It is at the discretion of the selection committee to determine if a proposed item is an EQUIVALENT substitute to the EXACT item on the contract list.

Furthermore, the State and Contract Users would like to understand what potential cost reduction opportunities there would be for a comparable lower priced product. Once again, please provide the Description, Brand Name, Specification, UOM, and Unit Price for the cost reduction substitute item. These items will be entered furthest to the right in cells shaded in **GREEN**. While Vendors are not required to provide lowered priced substitute items or cost reduction items as part of their RFP response, the State and Contract Users **encourages** respondents to provide the Selection Committee with additional choices, so that DAS and Contract Users can determine what would be in the best interest of the State.

For equivalent substitute items or lower priced products, Vendors MUST provide specification information to determine if the product is comparable to the item on the contract list. Failure to provide specification information may result in the State determining the line item response as "No Response."

In the Microsoft Excel file named ***"RFP – Food Distribution – USDA Warehousing.xls,"*** the worksheet labeled ***"USDA Pricing"*** contains the information needed to provide the State with pricing for pick-up and delivery of USDA Warehousing program depending the RAs volumes. Vendors are requested to propose pricing per case on this worksheet.

B. Pricing – Additional Information

The pricing for the food and toiletry supplies, chemicals, sanitary paper products, and disposable food service products in this contract consist of items that are classified as contracted contract list items and contracted cost plus items.

Contract List Items are those used most frequently by the State and are generally branded products referenced in the description of the line item. These will be items listed on the contract schedule pages with their corresponding specification references and estimated State of Connecticut annual purchase quantities.

Cost Plus Items are all other food, custodial, toiletry items, sanitary paper and disposable food service products, which are not classified as contract list items. Cost plus items will be generally purchased less frequently than contract list items. Cost plus is defined as the most recent cost price as shown on the last manufacturer's (i.e. mill) or redistribution center's invoice received by the Vendor excluding any additional charges (i.e. freight, etc., see paragraph below) plus a markup percentage. The Vendor(s) will be allowed to keep any cash discounts offered by the manufacturer for prompt payment.

Sec. 4a-50. (Formerly Sec. 4-109). Definitions. When used in this chapter, unless the context indicates a different meaning:

(1) "State agency" includes any officer, department, board, council, commission, institution or other agency of the Executive Department of the state government;

(2) "Supplies", "materials" and "equipment" mean any and all articles of personal property furnished to or used by any state agency, including all printing, binding, publication of laws, stationery, forms, and reports;

(3) "Contractual services" means any and all laundry and cleaning service, pest control service, janitorial service, security service, the rental and repair, or maintenance, of equipment, machinery and other state-owned personal property, advertising and photostating, mimeographing, and other service arrangements where the services are provided by persons other than state employees;

*(4) "Competitive bidding" means the submission of prices by persons, firms or corporations competing for a contract to provide supplies, materials, equipment or contractual services, under a procedure in which the contracting authority does not negotiate prices;

*(5) "Competitive negotiation" means a procedure for contracting for supplies, materials, equipment or contractual services, in which (A) proposals are solicited from qualified suppliers by a request for proposals, and (B) changes may be negotiated in proposals and prices after being submitted;

(6) "Bidder" means a person, firm or corporation submitting a competitive bid in response to a solicitation; and

(7) "Proposer" means a person, firm or corporation submitting a proposal in response to a request for proposals.

(1949 Rev., S. 250; March, 1950, S. 90d; 1963, P.A. 66, S. 2; 1967, P.A. 257; P.A. 77-444, S. 1; P.A. 82-99, S. 1, 3; P.A. 88-297, S. 2; P.A. 90-252, S. 1, 10; P.A. 93-42, S. 2, 4; June 18 Sp. Sess. P.A. 97-9, S. 18, 50; P.A. 00-66, S. 10.)

History: 1963 act deleted telephone service from definition of contractual services, see Sec. 3-116; 1967 act redefined "contractual services" to include advertising photostating, mimeographing, key punching and other machine service arrangements not provided by state employees; P.A. 77-444 included janitorial and security services in definition of "contractual services", excluded purchase of space or time from consideration as advertising contractual service and deleted gas, water, electric light and power services from definition; P.A. 82-99 removed former exception of advertising space or time from definition of contractual services; P.A. 88-297 substituted "data entry, data processing" for "keypunching" and added definitions for "competitive bidding", "competitive negotiation", "bidder" and "proposer"; Sec. 4-109 transferred to Sec. 4a-50 in 1989; P.A. 90-252 extended applicability of definitions in this section to Sec. 4a-59a; P.A. 93-42 redefined "supplies", "materials" and "equipment" to include electronic data processing equipment and telecommunications equipment and added "telecommunications" to definition of contractual services, effective May 5, 1993; June 18 Sp. Sess. P.A. 97-9 redefined "supplies", "materials" and "equipment" by deleting "electronic data processing equipment and telecommunications equipment" and redefined "contractual services" by deleting "data entry, data processing, telecommunications", effective July 1, 1997; P.A. 00-66 divided section into Subdivs.

Annotation to former section 4-109:

Cited. 190 C. 212, 216.

RFP 00PSX0011

Contract Terms and Conditions - General

State of Connecticut

CONTRACT TERM: The term for this contract shall be as follows:
November 1, 2000 through June 30, 2005 for Section 1 of this Contract (Food, Chemicals, Toiletries and Sanitary Paper Products), and December 1, 2000 through June 30, 2005 for Section 2 of this Contract (USDA Food Distribution Program). This contract can be extended for two (2) additional one (1) year periods or parts thereof as negotiated with the State.

Unless otherwise previously agreed to in writing by the State, all terms and conditions of the contract, **including pricing structure**, shall remain in force and effect during each extension period, without amendment or modification.

GENERAL INFORMATION: Certain terms and conditions for this Contract are unique for the different commodity areas covered in this Contract [Ex: Section 1 - Food & Toiletry Supplies, Chemicals, Sanitary Paper Products & Disposable Food Service Products; and Section 2 -USDA Food Distribution Program]. The terms for each of these unique sections have been clearly identified in this Contract by Section. Other terms and conditions consistent for all sections of the contract are located either in this section, entitled General, or the section entitled Special Terms and Conditions, or Form RFP19 Standard RFP and Contract Terms and Conditions.

Pricing for each of these contract sections have been included after the terms and conditions sections near the end of this Contract document.

Other documents, i.e., USDA Food Distribution Program Business Rules and RFP Appendices have been incorporated into this document by reference and have been included after the pricing sections.

CONTRACT MANAGEMENT PROGRAM: This Contract includes a structured Contract Management Program designed to monitor the performance of all Contractor(s) to ensure that the State is receiving the products and services at the quality and performance levels specified within the Contract Terms and Conditions. This program is intended to be utilized as a tool to measure the Contractors performance in addition to including specific steps to improve, correct and monitor inferior performance and/or products. This program is designed to also report superior performance as well.

Daily and frequent communications between the Contractor(s) and program customers (Agencies, FDP, Contract Specialists, Inspectors), and feedback is a critical component of this program and is required in order for it to be effective.

Program Highlights: DAS/Procurement will conduct informal Quarterly reviews with the Contractor(s) in addition to **formal semi-annual reviews.** The quarterly reviews will

Contract Terms and Conditions – SECTION 1 - Food & Toiletry Supplies, Chemicals, Sanitary Paper Products & Disposable Food Service Products

5. **Acceptable Brands Lists, Connecticut Specifications, Connecticut Standards:**

When noted Contractors must provide items as specified in the specification references or those branded products listed on the acceptable brands list.

6. **Product Substitutions:**

The Contractor shall not make any unauthorized substitutions, unless or until the contractor has successfully contacted the requesting agency and has received the agency's approval for substituting the contract product for another product.

7. **Discrepancies:**

The Contractor shall resolve all order discrepancies (i.e. shortages, overages, breakage, incorrect items) within five business days from notification. If the discrepancies cannot be resolved in that time, then the contractor shall take all steps which DAS/Procurement Services or ordering agency deems to be reasonably necessary or appropriate, to resolve the discrepancies.

8. **Returns:**

Products returned because of quality problems, duplicated shipments, outdated product, etc. shall be picked up by the contractor within five business days after notification and replaced with the specified products or the agency shall be credited/refunded for the full purchase price.

Products ordered in error by agencies must be returned for credit within 48 hours from receipt. Products must be in re-sellable condition (original container unused). The contractor may not charge for such returns.

There shall be no Restocking Fees to State Agencies.

Contract Terms and Conditions – SECTION 1 - Food & Toiletry Supplies, Chemicals, Sanitary Paper Products & Disposable Food Service Products

* Customer Service Representative: The Contractor shall provide a Customer Service Representative who will be available to State Agency users to provide product information on new items, assistance in resolving customer service problems; visits to end users on a scheduled basis and provide information on special incentive programs. This Customer Service Representative must also assist agencies ordering from this contract.

12. **Reporting:**

The Contractor will be required to submit activity reports to DAS/Procurement Services and each agency, on a monthly, quarterly and annual basis. The reports shall contain the following information:

a) Sales by each account number (Within each account, sales shall be broken out by fixed price items and cost plus items); Reports shall list each item sold, including manufacturer and stock number, description, unit of issue, unit price, quantity sold for the current quarterly report and year to date

b) Quarterly consolidated sales reports summarizing the sales to all State agencies and separate quarterly consolidated sales reports summarizing the sales to all CT political subdivisions and not-for-profit organizations with the same information as listed in item a) above.

* c) Quarterly reports detailing the use of small and minority businesses certified by DAS Business Connections.

d) Fill Rate Reports

e) Other Reports, as requested by DAS/Procurement.

* 13. **Set-Aside Requirements:**

Contractors are advised that they are to utilize small (SBE), and minority (MBE), owned business.

* Contractors must strive to achieve a goal of 25% of the dollars contracted for on an annual basis will be provided by small and minority business enterprises.

In order for businesses to be considered as small business enterprises, they must hold a current certification of eligibility issued by the Department of Administrative Services, Business CONNections, as a small, minority, women or disabled owned business.

RFP 00PSX0079

No attempt has been made, or will be made, by the proposed to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

Offer of Gratuities

The Contractor warrants, represents, and certifies that no elected or appointed official or employee of the State of Connecticut has, or will, benefit financially or materially from this procurement. This Contract may be terminated by DAS if it is determined that gratuities of any kind were either offered to, or received by, any of the aforementioned officials or employees from the proposer, the proposer's agent(s), representatives(s) or employees(s).

Subletting or Assigning of Contract

The contract or any portion thereof, or the work provided for therein, or the right, title, or interest of the contractor therein or thereto may not be sublet, sold, transferred, assigned or otherwise disposed of to any person, firm, or corporation, or other entity without the prior written consent of DAS. No person, firm or corporation, or other entity, other than the proposer to whom the project was awarded is permitted to commence work on the project unless such consent has been granted.

Subcontractors

DAS shall approve any and all subcontractors utilized by the Contractor prior to any such subcontractor commencing any work. Proposers acknowledge by the act of submitting a proposal that any work provided under the contract is work conducted on behalf of the State and that the Commissioner of DAS or her designee may communicate directly with any subcontractor as the State deems to be necessary or appropriate. It is also understood that the Contractor shall be responsible for all payment of fees charged by the subcontractor(s). A performance evaluation of any subcontractor shall be provided promptly by the Contractor to DAS upon request.

The Contractor must provide the majority of services described in the specifications.

Set-Aside Requirements

Contractors are encouraged to partner with certified small (SBE), minority (MBE), women (WBE) and persons with disabilities (DBE) owned business enterprises pursuant to section 32-9e of the Connecticut General Statutes and are advised that a portion of the contract shall be set-aside for certified small (SBE), minority (MBE), women (WBE) and persons with disabilities (DBE) owned business enterprises.

Contractors who have questions about the small business program and the set-aside requirements of this contract, should contact J. Carlos Velez, DAS / Business CONNections at (860) 713- 5092.

Freedom of Information

Due regard will be given for the protection of proprietary or confidential information contained in this Contract. However, proposers should be aware that all materials associated with the procurement are subject to the terms of the Connecticut Freedom of Information Act (FOIA) and all rules, regulations and interpretations resulting therefrom.

DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES
STATE OF CONNECTICUT
165 Capitol Avenue
Hartford, CT 06106-1658

October 14, 2003

Barbara Miller
Champion, Inc.
24 Northrop Road
Woodbridge, CT 06525

Dear Barbara Miller,

I am very pleased to inform you of the State of Connecticut's new spend management initiative – **Buy Smart...Buy Together**. As a valued supplier of MRO to the agencies of the State, we invite you to partner with us in our new coordinated approach to the procurement of our $2.8 Billion in annual spending on goods and services.

In response to these challenging fiscal times, the State of Connecticut has recently embarked on this new project to better coordinate the spending of all the State agencies in order to focus foremost on value – the proper combination of quality, service, and price. Our primary goals with this new initiative are to:

- Leverage our combined Connecticut-wide purchasing power across all agency buyers to achieve best-in-class pricing for our on-going purchases in MRO, while maintaining or improving the service and quality levels needed by each buying group.

- Develop new Connecticut-wide contracts through a centralized collaborative effort that reflects both our total volume and our myriad of individual agency usage requirements. This approach involves achieving new pricing with suppliers based on the aggregate volume of the State, tiered for growth when appropriate. Potential benefits to Champion, Inc. include the opportunity to achieve longer-term contracts, access to larger business volume, and reduced business acquisition and support costs.

  Improve the diversity of our supplier base by achieving improved access for in-state, minority and women owned business enterprises. This is a critical element of the Governor's priorities for Connecticut's spend management initiative.

In order to achieve our goals, we need certain information from you about our historical purchases in MRO. A request for a detailed report of our recent spending history with MRO will be sent to you shortly. As the State is investing a significant amount of time to coordinate this effort, we request that you also dedicate the time to prepare a thorough response to our information request by the deadline specified on the request. Over the course of the project, you should expect further communications from the project team to keep you up-to-date on our progress and to request additional input when needed from your firm.

We value you as a business partner and look forward to your participation in our spend management effort. Should you have any questions, please contact our hotline at (860) 713-5288, or send an email to BuySmart@po.state.ct.us. Thank you for your support.

Sincerely,

Barbara Waters

Barbara A. Waters
Department of Administrative Services, Commissioner
State of Connecticut

Department of Administrative Services News Release
For immediate release/March 23, 2004

Contact:
Adam Liegeot
Phone: 860-713-5199 or Adam.Liegeot@po.state.ct.us

State Improves Opportunities for Small and Minority-Owned Businesses with "Buy Smart" Initiative

Governor John G. Rowland and Department of Administrative Services (DAS) Commissioner Barbara Waters announced today that as part of the state's new "Buy Smart, Buy Together" initiative, DAS is taking a major step toward improving opportunities for Connecticut's small and minority-owned businesses (SBE/MBEs).

Under the Buy Smart initiative, DAS is reviewing the state's major buying categories and examining ways in which buying can be improved. Categories under review include office supplies, advertising, document management services, and waste removal.

Prior to Buy Smart, the majority of the state's spending with SBE/MBEs was going to a very small number of vendors.

For example, under the state's current Document Management Services contract, there are 130 SBE/MBEs registered to do business with the state. Of those 130, 78 vendors (60 percent) received no business at all in fiscal year 2003, while just eight vendors were getting 68 percent of the state's business.

Under the new Buy Smart contracts, the prime vendor that gets selected by the state will be unable to steer subcontracting work to favored subcontractors. That prime vendor must get competitive quotes from a number of other companies when subcontracting out work.

"We are pleased to announce that the playing field has been leveled, and as a result, opportunities for small and minority-owned businesses to provide goods and services to the state will increase," Governor Rowland said. "In fixing this disparity, we are providing more opportunities for these businesses to compete for state work."

States that have implemented Buy Smart programs also have successfully created more opportunities for SBE/MBEs. Delaware saw SBE/MBE participation increase by eight percent, while in Virginia, spending with SBE/MBEs increased from $8 million to $15 million.

"Under Buy Smart, there will be no possibility of prime vendor favoritism in the awarding of subcontracts," Waters said. "All subcontracting will be open, transparent, and recorded. For all subcontracting work, competitive bidding is now required. This is great news for the small and minority-owned business community."

While Buy Smart, Buy Together will expand opportunities for SME/MBEs, it will also save taxpayers money. Waters estimates that the initiative, which leverages Connecticut state agencies' purchasing power, will create $3.75 million in savings for taxpayers in fiscal year 2005 and save millions more over the next several years. For example, the state is already saving over $742,000 annually on its purchase of police cruisers. The cost per cruiser has dropped by about $3000 per cruiser, without sacrificing cruiser quality.

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Walter G. LEGGE Company, Inc.

444 Central Ave., P.O. Box 591, Peekskill, N.Y. 10566

August 2, 2004

Statement for the Task Force For State of Connecticut Contracting System

My name is Larry LaPore and I represent Walter G. Legge Company Inc. of Peekskill, NY in business since 1928.

I am here today because the Vice President of Legge, Jeff Bauer, is a Lt.Commander in the United States Coast Guard on active duty. He would be here today to testify but he is now serving his 3rd call up in less than 3 years to active duty in the Middle East. If his initial orders hold true and he remains safe for the 12 month tour, Mr. Bauer will return in early 2005. He is in touch with us every week from his base and often requests information on the Champion/State of Connecticut contract.

Legge is a privately owned family business.
My position at Legge is VP of Sales. I have worked with Legge for over 20 years
For over 20 years Legge has provided the State of Connecticut. their EPA registered and State ABL approved hospital grade phenolic germicidal detergent and quaternary detergent.

We manufacture all of our chemical products in our facility in Peekskill and we sell directly to the end users. Legge's product base is used in environmental cleaning solutions, disinfecting and static control. The core of our accounts are located in NY, NJ, CT and Mass.

We specialize in servicing hospitals, medical facilities and nursing homes with a complete line of safe, efficient, quality chemical products to maintain all facility surfaces. In the New York and New England areas we service a large number of the most prestigious hospitals. In New York City we provide our products to Belleview, Sloan-Kettering, Jacob, Harlem Hospital, Metropolitan Hospital, Goldwater, Elmhurst, Coler and others.

More than 20 years ago we were approached by Champion Inc. of Woodbridge, Ct. to provide our products to them for testing by the State of Connecticut. for approval to the State's Approved Brands List (ABL). After investigating the technical capabilities of Champion we found that their technical expertise serviced by Jonas Miller, a chemist and chemical engineer, more than met our needs to explore his proposal for a partnership to sell the State of Connecticut.

At that time Champion had been servicing the State of Connecticut with many products including janitorial chemicals. We found that Champion was a financially stable company. This was important for Legge which is also a small business. Champion has proven to be a superior partner from both a financial and service aspect.

In the initial stages of our relationship the State of Connecticut would issue a bid for our category of products annually. On all but one of the bids in the more than 10 years that this procedure was used, Champion/Legge was the approved supplier with the lowest price. During those years the State had always been satisfied with the products from both a quality and service standpoint.

This business with the State of Connecticut represents more than 5% of Legge's sales volume.

In 1995 Mr. Miller advised us of the development of a new purchasing program by the State of Connecticut which eliminated Central Purchasing at Silver Street, Middletown. Along with that action the State would be closing down the central warehouse and disbanding the use of their vehicles to deliver product to the individual agencies.

We were told that the new program was called a Prime Vendor Agreement and that Champion would be working with a "Prime Vendor" to solicit the janitorial items used by the State. In 1995 Champion told Legge that they would be working with Arrow Paper & Supply Company of Norwich, Connecticut. in an attempt to secure the janitorial component.

We were told by both Arrow Paper and Champion that if we won the proposal Champion would become a subcontractor of Arrow Paper. Champion told us they would buy the product to be delivered to the Prime Vendor facility for disbursement throughout the State. The contract would run 3 - 5 years.

Legge quoted prices to Champion based on the potential volume and the price increase structure allowed by the terms of the proposal.

Upon award Champion and Arrow notified Legge of the award and the subsequent need for product. They also sent us a letter that included sections of the award outlining Champion's partnership (contract) with Arrow Paper and subcontract status with the State of Connecticut.

The contract was completed successfully and another RFP was presented in 2000 which we again entered into with Champion. At that time Arrow Paper & Supply Company had been bought out by J.P. Foodservice which was then being purchased by U.S. Foodservice. The contract was awarded and we proceeded to operate in the same manner as during the 1995 award.

During the first 3 1/2 years of the 2000 contract Legge received a number of requests to compromise the terms of price increase due to pressures initiated by DAS on U.S. Foodservice and passed on to Champion. Legge made every effort to accommodate the requests. In November 2002 another request for accommodation by rolling back an already justified and honored price increase was not possible. We are a small company and had made a commitment based on a 5 year profit component. Several times on the contract awarded in 2000 we had justified price increases withheld upon request of U.S. Foodservice, the State and Champion.

In November 2003 Champion contacted Legge and told us that U.S. Foodservice had terminated their services at that time. During the next 2 months Legge pursued Champion for written reasons for this termination. Mr. Miller showed us the termination notification from U.S. Foodservice and advised us that he had asked the Commissioner of DAS and the small business advocate for help in clarifying the termination but had not received any assistance.

Over the last 6 months we have not received any orders for these ABL approved products from either the State of Connecticut or U.S. Foodservice. We felt that an explanation for the cessation of purchases should have been provided. Since Champion advised us that U.S. Foodservice was still shipping these types of products we felt that information on the product now being supplied would be forthcoming. Legge has sustained a financial loss since we had committed our purchasing of certain raw materials due to the arrangement and the chemical market.

Walter G. Legge Company Inc., Jeff Bauer and I feel the State of Connecticut - DAS, who issued and oversaw the contract we acted on in good faith, should protect the positive actions of Champion and its vendors. I would like to be able to send Lt. Commander Bauer information that shows that his interests are being protected by the State of Connecticut the way he is protecting us.

Connecticut Community Providers Association
a unified voice for community human service providers

August 2, 2004

Governor's Task Force on Contracting Reform Testimony

Good morning. I am Donald Romanik, Vice President for Legal and Government Affairs for the Connecticut Institute for the Blind/Oak Hill. Oak Hill is a private, not-for-profit agency that provides residential, educational, vocational and other services for people with disabilities, including mental retardation, at over 100 locations throughout Connecticut. I am speaking to you today as Chairperson of the Board of Directors of the Connecticut Community Providers Association. CCPA represents organizations that provide services and supports for people with disabilities and special needs including children and adults with addictions, mental illness, and developmental and physical disabilities.

We commend Governor Rell and the work of the Task Force in reviewing the state's contracting processes and procedures and identifying areas for reform. As you undergo this complex task, however, we ask that you distinguish between state contracts for goods and services and state contracts with private providers for the purchase of human services.

PURCHASE OF SERVICE

Our Association represents organizations that contract with numerous state agencies including the Departments of Mental Retardation, Mental Health and Addiction Services, Children and Families, Public Health, Corrections as well as the Judicial Department and the State Department of Education. These contracts provide group homes for people with mental retardation, employment services for people with psychiatric disabilities, case management for people with multiple and complex disabilities, domestic violence shelters, housing for people with AIDS, court support services, Birth-to-Three and a host of other services. The common factor in these

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state contracts is that state agencies purchase supports or services provided by employees of private provider agencies. Consequently, 80% of our costs are personnel-related.

The private provider community has been engaged in discussions for a number of years with various contracting state agencies and the Office of Policy and Management about strategies for coordinating and simplifying the human services contracting process. These discussions have been coordinated as the Purchase of Services Project (POS) by OPM and the Nonprofit Human Services Cabinet. Since the private nonprofit sector operates on tight margins, we are continually seeking ways to streamline a very bureaucratic process so that we can focus our limited resources on the people we serve. We are pleased that in the past year, OPM has made a commitment to convene a work group of private nonprofit agency representatives and state agency officials to review the contracting process.

Hopefully, the POS initiative will streamline the current contracting process while preserving the safeguards and accountability that protect both the state and the provider community. Private providers currently execute multiple three-part contracts with each state agency. We comply with the State Ethics Code and file the gift affidavits required by P.A. 04-245. Private provider agencies that contract with the state are required to have an annual financial audit from an independent auditor and are subject to periodic or random audits by their state contracting agencies. Most private providers comply with the State Single Audit Act and those who receive federal funds are also subject to the Federal Single Audit Act. Our state contracting agencies also require programmatic audits, site visits, licensing inspections, and various other types of reporting and accountability measures.

The purpose of the "Purchase of Service" initiative is to review all of these processes and procedures to ensure accountability, flexibility and the efficient delivery of human services to Connecticut's most vulnerable citizens. We hope that this Task Force will recognize and endorse the POS initiative as the vehicle for examining the human services contracting process.

SET ASIDE PROGRAM FOR PEOPLE WITH DISABILITIES

As part of our mission to assist private providers and the people we serve, CCPA administers a "set aside" program for people with disabilities authorized under P.A. 77-405. This preferred purchasing program provides an opportunity for people with disabilities to receive job training and on-the-job supports. In FY04, 667 individuals with disabilities worked through this program in jobs including janitorial and lawn, food service, clerical, copying and mailing services as well as production.

CCPA serves as the contractor with the state in securing work opportunities and works closely with the Departments of Administrative Services, Public Works and other state agencies. The Association subcontracts with community provider agencies so that the individuals they serve provide the actual labor. A prerequisite of this program is that 75% of the labor be provided by individuals with disabilities. We are pleased that under this program, over 80% of the labor is provided by people with disabilities. The other employees under these contracts are job coaches or other non-disabled workers.

Over 70% of the services operated through the CCPA program are janitorial. Workers participating in contracts over $50,000 are paid a standard wage. They work in small offices and large buildings under the supervision and direction of job coaches. These opportunities have provided stable work for people with disabilities and, in many cases, a stepping-stone to more independent employment.

As your Procurement Work Group and other work groups review state contracting issues, we hope that you will preserve and enhance the ability of people with disabilities to participate in state contracts through this preferred purchasing program.

Thank you for the opportunity of testifying.

CONNECTICUT VOICES FOR CHILDREN

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Governor's Task Force on Contracting Reform
August 2, 2004

Testimony of
Ellen Scalettar and Shelley Geballe

Senator DeFronzo, Commissioner Fleming and Members of the Task Force:

My name is Ellen Scalettar. I am a Senior Policy Fellow at CT Voices for Children, an organization that seeks to make the extraordinary resources and opportunities of Connecticut available to *all* our children and their families. We do this through our research, policy analyses and advocacy.

First, I wish to express our thanks to Governor Rell and to this Task Force for the opportunity to speak today on the important topic of government contracting reform. Restoring the integrity of our state contracting process is essential for the confidence in state government that it will engender, for the state dollars that will be saved, and for the likely improvement in the goods and services purchased by the state of Connecticut.

All of these results are important for the children and families of our state. Smart investments in education, health care and the like require support from a public that trusts its government to make good use of tax dollars. The availability of those dollars is enhanced by sound stewardship in awarding state contracts of all kinds.

As we all know, this Task Force was created in reaction to abuses in the contracting process over the last several years and I'm sure your work will focus on ways to avoid such abuses in the future. It is important, though, also to put practices and procedures in place that will help Connecticut avoid as yet unidentified problems.

To that end, we believe a key ingredient in your work is increased sunlight on various kinds of financial benefits that businesses can receive from the state in addition to the awarding of contracts. We note specifically tax expenditures and economic development benefits that are not made public on a company by company basis.

According to the 2002 Tax Expenditure Report prepared by the Connecticut General Assembly's Office of Fiscal Analysis (the most recent of those reports prepared to date), the state spent $419 million per year in corporation business tax exemptions,

deductions and credits.[1] The people of Connecticut, though, including our lawmakers, do not know which corporations are benefiting, and in what amounts, from those expenditures. This is in sharp contrast to appropriated expenditures, where the recipients are specifically identified.[2]

A tax expenditure is, at times, created for the benefit of a single company, and even then, the company's identity is not disclosed, although it is sometimes discovered. One example of this is described in the Journal Inquirer article of April 1, 2004, a copy of which is the first attachment to this testimony. The article describes a very lucrative investment by Peter Ellef, former Commissioner of DECD and Rowland Chief of Staff, in a company that, it was discovered, benefited from a five-year property tax break. The article describes the statutory tax break language as follows:

> *A five-year property tax break for any company that purchased or leased equipment for manufacturing or biotechnology, so long as its property was assessed at $2,187,361 and $5,007,012 in 1997 and 1998, respectively, and the company paid $76,645.14 and $174,995.14 in property taxes for those respective years.*[3]

Another example of a narrowly targeted tax break was that reported by The Hartford Courant on June 26, 2004.[4] A charter company called Key Air provided free flights to Las Vegas for then Governor Rowland and his friends for reasons that at first were not apparent. Referring to the *Final Report of the Select Committee of Inquiry*, the Courant article states:

> *The report says that impeachment investigators were told after the conclusion of the hearings that the Rowland administration won legislative approval in 2002 of a tax exemption for the state's small charter industry. Investigators were told . . . that the exemption was written to benefit a company based in Oxford, which is the home to . . . Key Air . . . . An old legislative analysis of the exemption estimates the exemption, which was retroactive to 1994, had a one time cost to the state of $800,000 and an annual loss of $200,000.*[5]

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[1] Total yearly tax expenditures reported by OFA in the 2002 report was nearly $4 billion. Those tax expenditures included the $419 million in corporation business tax expenditures, as well as: business tax expenditures affecting other taxes (i.e,. sales tax exemption for machinery used in manufacturing) and tax expenditures benefiting individuals (i.e., sales tax exemption for food). For a comprehensive look at CT's corporation business tax, *see* S.Geballe and D. Hall, *CT's Corporation Business Tax; It's Time for Repair* http://www.ctkidslink.org/pub_detail_61.html

[2] For more information about tax expenditures, see S.Geballe, D.Hall,and E.Scalettar, *An Overlooked Form of Spending: Tax Expenditures and the Need for Review* http://www.ctkidslink.org/pub_detail_83.html

[3] A copy of PA 00-192 section 86, enacting this tax break, is the second attachment to this testimony.

[4] *Report Outlines Impeachment Case; Offers Evidence on State Contracts, Las Vegas Trip,* Hartford Courant, June 26,2004, p.A1.

[5] See, *Final Report of the Select Committee of Inquiry*, June 28, 2004, at pp. 22-23. A copy of those pages is Attachment 3 to this testimony.

Non-disclosure can offer the opportunity for deception. Consider a hypothetical example of an open bidding process for a large state contract that is awarded to Company X on the basis of its low bid. Imagine also that, at the same time, Company X were the beneficiary of a major tax exemption (possibly inserted at the last minute in a budget implementer bill that few legislators would have had the opportunity to read or understand before being called upon to vote). The tax savings could enable Company X to submit the low bid while receiving equal or greater profit overall than its competitors would have gotten, even with their higher bids.

When the state enters into a contract for goods and services with a company receiving a large tax break or other financial benefit from the state, the government contracting entity, the legislature and the public should be aware of the other financial benefits the company is receiving. We say this without judgment as to whether or not any specific tax break or economic development incentive is a good idea or whether it would necessarily affect the awarding, or the terms, of a contract. *Disclosure of who benefits,* however, is essential to restoring and maintaining the credibility of government processes and avoiding embarrassing situations that raise the specter of impropriety.

The rationale for disclosing the names of entities that benefit from state tax breaks or economic development dollars applies equally to tax expenditures that benefit a single entity and to those instances where the number of beneficiaries is greater.

Thank you again for the opportunity to testify this morning.

ATTACHMENT 1

Ellef kept secret stock in state-backed startup: New Haven biotech company got development agency loan, special tax break

By Don Michak, Journal Inquirer

April 01, 2004

HARTFORD -- Peter N. Ellef, while working as Gov. John G. Rowland's top aide, bought stock in a fledgling biotechnology company that benefited from several state subsidies, including a $251,000 tax break slipped into a state budget bill the year after he made the purchase.

Ellef's initial investment in the New Haven-based CuraGen Corp. -- which got a critical $600,000 loan soon after its founding in 1993 from a state economic development agency with which Ellef later worked closely -- was made in 1999 and showed exquisite timing.

Within a year, CuraGen officials announced a 2-for-1 stock split that doubled Ellef's holdings and contributed to a near-fourfold jump in the price of the company's common shares.

Ellef, who was commissioner of the state Department of Economic and Community Development before Rowland named him as his co-chief of staff in 1997, reported to the State Ethics Commission in 2000 that he had purchased 16 CuraGen shares the year before.

He made similar reports to the commission in 2001 and 2002, indicating that he had increased his holdings in the "genomics-based" pharmaceutical company over the next two years. The documents show he owned 32 shares in 2000 and 92 shares in 2001.

Ellef, however, did not make his disclosures in the public portion of the annual "statement of financial interests" forms he was required to submit to the ethics panel.

Rather, he included the information in "confidential addenda" attached to those forms, which state law forbids even ethics commission staffers from viewing unless there's an official investigation of the filer's financial affairs.

The previously secret addenda are now in the custody of federal corruption investigators probing the governor and several of his closest friends and associates, including his former co-chief of staff.

Ellef, who also served as chairman of the Connecticut Resources Recovery Authority, filed no more reports with the ethics panel after he quit both the state trash agency and the governor's office in the spring of 2002. His resignations came amid an intensifying controversy over the trash authority's failed $220 million deal with the now-bankrupt Enron Corp.

Since leaving state government, Ellef has declined to respond to inquiries from reporters. And since he made no further reports on his stock holdings, it isn't known whether he still owns the CuraGen shares or what profit he may have realized on the investment.

CuraGen's filings with the Securities and Exchange Commission, however, reveal that the price of its common stock jumped from a low of $3 per share in the first quarter of 1999 to a high of $34.87 per share in the last quarter of that year.

The price hit an even higher mark in 2000, when it catapulted to $118.25 per share. But since early 2002, it has traded below $15 a share and was $6.50 at the close of trading Tuesday.

CuraGen develops drugs to treat obesity, diabetes, cancer inflammatory diseases, and central nervous

system disorders.

Founded by a Yale University-trained scientist with technology licensed from the school, the company almost immediately secured a $600,000 loan from the quasi-public Connecticut Innovations Inc.

CII, essentially a high-technology venture capital firm, was started with state bonding money and has worked closely with the DECD to assist what Rowland trumpeted as the state's "bioscience cluster" of industries.

The loan was secured by CuraGen's "intellectual property," according to CII Executive Director Victor R. Budnick. The company's SEC filings show that it also gave Connecticut Innovations 102,156 shares of its common stock as well as "warrants" that allowed CII to purchase 291,875 more shares later.

CII did exactly that in 1997, the year Ellef left the DECD to become the governor's co-chief of staff.

CuraGen had had the first public sale of its common stock in March 1998, selling 3 million shares for $30.2 million. It announced its 2-for-1 stock split almost exactly two years later.

Budnick said CII sold off nearly all of its holdings in the company in 1999 and 2000, adding that it fetched a total of $14.3 million -- an extraordinary return on the agency's $600,000 investment.

Officials at the other state agencies, meanwhile, continued to make special arrangements for CuraGen.

Ellef's successor at DECD, Commissioner James F. Abromaitis, for example, noted in a summary of the 2000 legislative session that it had been a "productive" one for the agency, citing the enactment of bills that allowed businesses to claim up to $100 million in tax credits.

His summary included a two-sentence discussion of an omnibus budget bill passed at the very end of the legislative session, which became Public Act 00-192. But it made no mention of a section -- inserted into the legislation at the last minute -- that effectively gave CuraGen a 100 percent reimbursement for the personal property taxes it paid between 1999 and 2003.

The special break for CuraGen, however, was later exposed in a report by the Connecticut Center for a New Economy, a nonprofit organizing group in New Haven, on the "incubation" of biotechnology firms in that city.

The report disclosed that Public Act 00-192 created a five-year property tax break for any company that purchased or leased equipment for manufacturing or biotechnology, so long as its property was assessed at $2,187,361 and $5,007,012 in 1997 and 1998, respectively, and the company paid $76,645.14 and $174,995.14 in property taxes for those respective years.

CuraGen, which leased property assessed at the exact values spelled out in the act, qualified for its full benefit, according to New Haven tax records.

CuraGen also benefited from the activities of a nonprofit corporation called Connecticut United for Research Excellence Inc., or CURE, which Rowland designated to promote the state's "bioscience cluster."

CuraGen's president, Jonathan M. Rothberg, is a member of CURE's executive committee, as is a senior vice president of Bayer Corp., which owns 3.1 million shares in CuraGen. CII's Budnick is another member of the panel.

CURE helped convince the legislature to create a $40 million fund to underwrite the building of new laboratory space. The fund is managed by CII and has benefited many Yale spin-offs, including several located in the former SNET building at 300 Grange Street in New Haven.

CURE also is a tenant in that building, which was purchased for $500,000 in 1996 by Robert V. Matthews, a close friend of the governor. Matthews sold the building five years later for $27.5 million.

Budnick has said that CII's records concerning the property have been made available to federal corruption investigators probing Matthews' business dealings with the state.

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Reader Opinions

ATTACHMENT 2

Public Act 00-192: *An Act Concerning Individual Development Accounts, Correctional Facility And Juvenile Detention Center Projects, The Office Of Workforce Competitiveness, Payments In Lieu Of Taxes, Grant Payments From The Mashantucket Pequot And Mohegan Fund, Waste Water Treatment Grants, An Inflationary Increase For Certain Private Providers, The State-Wide Firearms Trafficking Task Force, Education Technology, Arts Grants, School Accountability, Regional Educational Service Centers Operating One Or More Interdistrict Magnet Schools, Land Surveyors, Appraisers, Casino Permits, Caterer Liquor Permits, Home Improvement Contractors, Family And Medical Leave, Competitive Transition Assessments, Vocational Agriculture Centers, Applications For Tax Exemptions, Emergency Relief Grants, And A Deferred Retirement Option Plan For Municipalities Participating In The Municipal Employees Retirement Fund.*

Sec. 86. (a) There shall be a personal property tax credit for any company located in this state which acquired, whether by purchase, lease purchase, or lease agreement, machinery and equipment used in manufacturing and machinery and equipment used in the biotechnology industry, and such machinery and equipment was assessed at two million one hundred eighty-seven thousand three hundred sixty-one dollars and five million seven thousand twelve dollars for the assessment years 1997 and 1998, respectively; and said company paid personal property taxes for such machinery and equipment in the amount of seventy-six thousand six hundred forty-five dollars and fourteen cents and one hundred seventy-four thousand nine hundred ninety-five dollars and fourteen cents for assessment years 1997 and 1998, respectively. The tax credit (1) shall be available for a period of five years from the effective date of this section; (2) shall be in an amount equal to twenty per cent of the aggregate amount of the personal property taxes paid for machinery and equipment used in manufacturing and machinery and equipment used in the biotechnology industry for the grand list years 1997 and 1998; and (3) shall be a credit against the amount of personal property taxes due and payable for the assessment years 1999, 2000, 2001, 2002 and 2003.

(b) Any municipality affected by subsection (a) of this section shall apply to the Office of Policy and Management for a state payment in lieu of the revenue which would have been received except for the provisions of said subsection (a). Such application and payment shall be in accordance with the provisions of section 12-94b of the general statutes.

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ATTACHMENT 3

EXCERPT FROM PAGES 22 AND 23

FINAL REPORT OF THE SELECT COMMITTEE OF INQUIRY PURSUANT TO HOUSE RESOLUTION 702
June 28, 2004

(2) Free Items from State Contractors

(a) Air Travel Not Billed by Key Air, Inc.

On November 14, 2000, Governor Rowland flew from Oxford Airport to Las Vegas, Nevada on a jet operated by Key Air, Inc. Ex. 471. Brian O'Neil, an employee of Key Air, told a Committee investigator that the company could not locate an invoice for this trip and never received payment for it. Mr. O'Neil could not explain why there was no invoice, but added that the trip would have cost approximately $725, which he thought was equivalent to the cost of a first-class ticket from Hartford to Las Vegas. The cost of other flights that Governor Rowland took to various locations on Key Air planes ranged from $2,430.75 to $3,698.43. Exs. 516, 517, 518, 519.

The Committee received evidence showing that Key Air and another company, Keystone Aviation Services, Inc., share three officers and directors. Exs. 507, 508. State records show that Keystone Aviation received payments totaling $115,668 in fiscal year 2000-01, and a loan guarantee of $675,000 from the CDA in 1996. Exs. 513, 520.

Even after its hearings adjourned, the Committee continued to receive information concerning the state's relationship with Key Air. Most significantly, the Committee learned that Governor Rowland's Administration proposed legislation in 2002 that granted sales and use tax exemptions for certain aircraft -related services retroactively to 1994 (Senate Bill 564). Although the Finance Committee favorably reported the bill to the Senate, the Senate took no action on it and the bill died. The exemption provision later was enacted in the 2002 budget bill (Emergency Certified House Bill 6002) at the request of the Administration and is codified at Conn. Gen. Stat. 12-407 (37)(J)(iii). The recollection of participants in the legislative process is that the retroactive exemption specifically was designed to benefit an Oxford, Connecticut-based aircraft company. While time prevented the Committee from determining whether that company was Key Air, the Committee notes that Key Air is based in Oxford, Connecticut.

Testimony of Thomas Conway
AFSCME Local 1565
Before Governor Rell's Contracting Task Force – August 2, 2004

Good morning Chairman DeFronzo, Chairman Fleming and members of Governor Rell's contracting task force. First I would like to introduce myself, I am Thomas Conway currently employed as a Correctional Counselor at the Bergin Correctional Institution located in Storrs, I also serve as a Trustee of AFSCME Local 1565.

I wish to direct my comments to the issues surrounding the Community Justice Center, or CJC, that is planned for the Janet S. York Correctional Institution in Niantic. Just last week, the Department of Correction announced it would rebid the contract that had previously been awarded to a subsidiary of Community Education Centers located in Roseland, New Jersey. This was done after Attorney General Blumenthal recommended that the contract be canceled and reissued. There is one important thing I need you to know, this CJC is unnecessary, especially when the department reports that the population is decreasing and the services, although under- funded, are already being provided. It seems that only the ethics of this deal were questioned. However, the need for such expenditures begs review. Keep in mind, that at this present time, there are plans for the creation of a CJC in Niantic for women, and another planned for male offenders in Hartford.

Under our previous Commissioner, John Armstrong the Community Justice Centers were billed as a tool to reintroduce Offenders who are about to be released back into the community. There, they would receive support for substance abuse treatment or mental health treatment. In turn recidivism would decrease and more bed space in the correctional facilities would be available. Just previous to Armstrong stepping down Bergin CI along with two other facilities began a program to assist offenders in reintegration. With the combined efforts of other state agencies and using resources already at hand, offenders now have assistance looking for employment, housing, rehabilitative programs and more. This program is already up and successfully running at Bergin CI. It seems that the CJC is being given money that could be best reinvested into what we already have.

Some attention should be given to the fact that they are placing the CJC on the very same grounds as a correctional institution. That's where the female CJC will be located – right at York CI! Doesn't that defeat the need to hire a program designed to help inmates re-enter the community? This contract tentatively calls for a 2.2 million dollar expenditure. At an average salary, which ranges from $44,000 to $58,000 base pay for a correctional counselor, the use of DOC staff comes in at a much cheaper cost than what is proposed by this contract. That's 2.2 million dollars that could be spent improving the services or augmenting staff that my union represents who are already providing these very same services and are doing an outstanding job of it!

It also turns out the taxpayers would foot the bill in more ways than one. First, at a Town hall meeting on June 28th in East Lyme, DOC officials confirmed that it would be DOC staff that would respond to emergencies; provide medical treatment and transportation for the offenders in the CEC program. It was also revealed at that Town Meeting that the State would underwrite other significant costs, such as water, sewers and electricity. Realistically all that this contractor has to provide are the counselors.

In spite of there not being a need, plans still went on for the CJC. Various methods to secure the contract have been questioned and warrant review. Please take a close look at what I would consider some red flags that happened as Community Education Centers of Roseland New Jersey went about to get the contract. First red flag, CEC hired Gaffney & Bennett, a powerful lobbying firm aligned with former Governor Rowland, to help secure the contract. Second, CEC hosted a now well publicized trip to one of its facilities. No other trips were conducted by the decision makers. Further red flags abound; press reports indicate that John J. Clancy, president of the CEC donated $2000.00 to former governor Rowlands reelection campaign. An additional contribution of $750 was made by Mr. Palatucci, Spokesman for CEC and the Finance Chairman of the New Jersey State Republican Committee. The matter seems to have been a done deal by December 2003 as CEC announced that they were selected as the winner of the contract.

Irrespective of neither the need for private beds, the abilities of public employees already providing these services, nor circumstances surrounding the contract the planning went on.

The bottom line is that this contract has flaws and is unnecessary. Our own employees can do it better, and do it less expensively. To quote East Lyme Selectwoman Rose Ann Hardy in the July 16th edition of the New London Day, "I would feel a lot more comfortable with this plan if our own regular, trained DOC officers were handling the program."

I urge your Task Force to investigate what went wrong with the York CJC and to help put a halt to any and all future contracts unless all of the costs and benefits are weighed out. Our union is available to you at any time to assist you in your endeavors.

Thank you very much.

INFO SENT BY
DENNIS O'NEILL

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

PO Box 43113 • Olympia, Washington 98504-3113

February 25, 2004

TO: Legislators and Other Interested Persons

FROM: Susan E. Johnsen, Contract Services Manager

SUBJECT: **PERSONAL SERVICE CONTRACTS**
SIX-MONTH REPORT – JULY TO DECEMBER 2003

This report contains listings of personal service contracts filed with the Office of Financial Management (OFM) between July 1 and December 31, 2003. The filings are required under Chapter 39.29 RCW, "Personal Service Contracts."

Exhibit 1 is a detailed listing of contracts filed by state agencies. The final page of this exhibit provides a summary of the total number of contracts filed by service descriptions and filing categories and their total dollar value. Exhibit 2 is alphabetized by contractor name.

These exhibits indicate a filing serial number assigned by OFM. Newly awarded contracts are assigned a filing serial number such as 12345-00. The first filed amendment to the contract would be 12345-01. If the current filing is an amendment, then the "Total" shows the dollar amount authorized by the amendment, and the "Current Contract Total" includes the dollar amount authorized by the original contract and all filed amendments to date.

The total face amount of the filed contracts for the six-month period is $198,866,401. This amount is the maximum allowable cost of the contracts, not actual expenditures. Expenditure data is contained in agency accounting records, not in the database on filed contracts. Also, master and convenience contracts represent a considerable amount of the total. They are available for use by state agencies as needs for services are identified. Work is authorized under the contracts on an incremental basis via a task order or work order. No minimum level of service or payment is guaranteed.

Exhibit 3 is a graph, which shows the maximum cost of filed personal service contracts for a five-year period, split into 6-month periods.

If you need additional information about personal service contract filings, you may contact me at (360) 725-5258.

Exhibits (3)

State of Washington
Office of Financial Management
Personal Service Contracts Summarized by Agency

055 - Office of Administrator for the Courts

32656 - 00

CIBER
10230 NE Points Drive
Suite 500
Kirkland, WA 98033

Federal:	
State:	$60,000
Other:	
Total:	$60,000
Current Contract Total:	$60,000

Emergency
CD - Computer/Information Services
Reviewed

Start Date: 8/4/2003
End Date: 9/30/2003
Filing Date: 8/7/2003

On an emergency basis the contractor will provide management, design and programming services to the Judicial Information System (JIS) Calendaring project in the Court Automated Proceedings System (CAPS).The emergency is the result of the prior contractor going out of business. AOC will competitively bid the services as soon as possible.

32999 - 00

Graphic Concepts
1720 East Fourth
Olympia, WA 98506

Federal:	
State:	$1,942
Other:	
Total:	$1,942
Current Contract Total:	$1,942

Sole Source
CH - Communications Services
Reviewed

Start Date: 1/8/2004
End Date: 1/23/2004
Filing Date: 12/22/2003

Provide layout and graphic design for the Family Law Handbook as well as master artwork for replication by individual courts and county clerks.

Totals by Service Description:

CD - Computer/Information Services	$60,000	1
CH - Communications Services	$1,942	1

Totals by Filing Type:

New Contract	$61,942	2

State of Washington
Office of Financial Management
Personal Service Contracts Summarized by Agency

Totals by Filing Category

Emergency, $5,000+, Review	$60,000	1
Sole Source, $5,000+, Review	$1,942	1
Total for 055 - Office of Administrator for the Courts	**$61,942**	**2**

085 - Office of the Secretarv of State

32071 - 02

GlassHouse Technologies
200 Crossing Boulevard
Framingham, MA 01702

Federal:	
State:	
Other:	$3,000
Total:	$3,000
Current Contract Total:	$228,900

Competitive
CA - Management/Organizational Services
Approved

Start Date: 7/15/2003
End Date: 9/12/2003
Filing Date: 7/10/2003

Provide asisstance at an on-site presentation by the Office of the Secretary of State to the Information Services Board re conduct of feasibility study related to archiving state and local government agency electronic records. Extend contract to September 12, 2003 and add $3,000 to cover the cost of services and travel.

33012 - 00

Handy, Nixon
1113 33rd Avenue NE
Olympia, WA 98506-

Federal:	
State:	$19,950
Other:	
Total:	$19,950
Current Contract Total:	$19,950

Sole Source
CA - Management/Organizational Services
Reviewed

Start Date: 1/9/2004
End Date: 4/7/2004
Filing Date: 12/24/2003

Provide consultation regarding options to Washington State's Blanket Primary system.

32906 - 00

GlassHouse Technologies
200 Crossing Boulevard
Framingham, MA 01702

Federal:	
State:	$2,000
Other:	
Total:	$2,000
Current Contract Total:	$2,000

Sole Source
CA - Management/Organizational Services
Reviewed

Start Date: 12/12/2003
End Date: 12/12/2003
Filing Date: 11/24/2003

Consultation services associated with the procurement phase of the Agency's Digital Archives technology project.

Totals by Service Description:		
CA - Management/Organizational Services	$24,950	3
Totals by Filing Type:		
New Contract	$21,950	2
Amendment	$3,000	1
Totals by Filing Category		
Competitive, $20,000+, Approve	$3,000	1
Sole Source, $5,000+, Review	$21,950	2
Total for 085 - Office of the Secretary of State	**$24,950**	**3**

095 - Office of State Auditor

32699 - 00

McGladrey & Pullen LLP
1145 Broadway Plaza, Suite 900
Tacoma, WA 98402-7383

Federal:	
State:	$42,250
Other:	
Total:	$42,250
Current Contract Total:	$42,250

Competitive
CC - Financial Services
Reviewed

Start Date: 2/17/2003
End Date: 3/31/2003
Filing Date: 8/18/2003

Audit of the Port of Tacoma for year ending December 2002. The draft audit, which will be conducted in accordance with generally accepted government auditing standards, will provide an opinion on the Port of Tacoma's Comprehensive Annual Final Report.

32701 - 00

Preszler Larner Mertz & Company
101 E Market Street
Suite 630
Aberdeen, WA 98520

Federal:	
State:	
Other:	$22,000
Total:	$22,000
Current Contract Total:	$22,000

Competitive
CC - Financial Services
Acknowledged

Start Date: 10/14/2002
End Date: 1/31/2003
Filing Date: 8/19/2003

Audit of Thurston County Housing Authority for the year ending June 30, 2002, Audit will also include a review of the Thurston County Housing Authority's on-line submission of financial data to the Real Estate Assessment Center (REAC).

32700 - 00

Preszler Larner Mertz & Company
101 E Market Street
Suite 630
Aberdeen, WA 98520

Federal:	
State:	
Other:	$25,000
Total:	$25,000
Current Contract Total:	$25,000

Competitive
CC - Financial Services
Acknowledged

Start Date: 7/14/2003
End Date: 8/15/2003
Filing Date: 8/19/2003

Audit of the Grays Harbor Housing Authority for the year ending 12/31/02. Audit will also include a review of the financial activities of the Hagh & Emerson Manor Limited Partnership and the acquistion of the Riverside III apartment complex.

32834 - 00

Preszler Larner Mertz & Company
PO Box 1746
Aberdeen, WA 98520-0286

Federal:	
State:	$23,000
Other:	
Total:	$23,000
Current Contract Total:	$23,000

Competitive
CC - Financial Services
Reviewed

Start Date: 10/21/2003
End Date: 1/31/2004
Filing Date: 10/21/2003

The Contractor will conduct the single audit of Thurston County Housing Authority for the year ending June 30, 2003 and will review the Housing Authority's on-line submission of financial data to the Real Estate Assessment Center (REAC)..

Totals by Service Description:		
CC - Financial Services	$112,250	4
Totals by Filing Type:		
New Contract	$112,250	4
Totals by Filing Category		
Competitive, $20,000+, Approve	$25,000	1
Competitive, $20,000+, Review	$87,250	3
Total for 095 - Office of State Auditor	**$112,250**	**4**

100 - Office of Attornev General

32576 - 00

KOMO TV
140 Fourth Ave N.
Seattle, WA 98109-

Federal:	
State:	
Other:	$137,000
Total:	$137,000
Current Contract Total:	$137,000

Sole Source
CH - Communications Services
Approved

Start Date: 6/11/2003
End Date: 9/30/2003
Filing Date: 7/7/2003

To provide public education on five topics via media spots to run on Fisher Broadcasting's TV and Mariner's radio network.

Totals by Service Description:		
CH - Communications Services	$137,000	1
Totals by Filing Type:		
New Contract	$137,000	1
Totals by Filing Category		
Sole Source, $20,000+, Approve	$137,000	1
Total for 100 - Office of Attorney General	**$137,000**	**1**

102 - Department of Financial Institutions

24307 - 05

ACO Employment & Information Services
9 Dauphin Street
Mobile, AL 36609

Federal:	
State:	
Other:	$324,000
Total:	$324,000
Current Contract Total:	$897,442

Competitive
CD - Computer/Information Services
Approved

Start Date: 7/1/2003
End Date: 6/30/2005
Filing Date: 8/15/2003

Extend period of performance from 6/30/03 to 6/30/05 and add $324,000 in funding for continued IT services related to the development of the following modules to DFI's licensing, registration and tracking system: Money Services, Registration /Licensing, Exam /Consumer Services, Document Imaging Revenue System, Enforcement, Tickler System and Integration of separate STAR module databases.

Totals by Service Description:		
CD - Computer/Information Services	$324,000	1
Totals by Filing Type:		
Amendment	$324,000	1
Totals by Filing Category		
Competitive, 50% Change, $5,000+, Approve	$324,000	1
Total for 102 - Department of Financial Institutions	**$324,000**	**1**

103 - Community, Trade, and Economic

32683 - 00

Vivian, Pat
1008 NW 85th Street #6
Seattle, WA 98117-

Federal:	
State:	
Other:	$30,400
Total:	$30,400
Current Contract Total:	$30,400

Sole Source
CA - Management/Organizational Services
Approved

Start Date: 9/1/2003
End Date: 6/30/2005
Filing Date: 8/15/2003

To provide facilitation to the Washington State Sexual Assault Services Access and Partnership Workgroup.

32628 - 00

Technology Alliance
1301 Fifth Avenue, Suite 2400
Seattle, WA 98101-

Federal:	
State:	$125,000
Other:	
Total:	$125,000
Current Contract Total:	$125,000

Sole Source
CA - Management/Organizational Services
Approved

Start Date: 7/1/2003
End Date: 6/30/2004
Filing Date: 7/30/2003

Contractor will manage the strategic planning and stakeholder effort for the Washington Catalyst for Information-Based Medicine, a public-private partnership to enhance the state's position as a center for bio-information.

32905 - 00

Law, Lyman, Daniel, Kamerrer and Bogdanovich PS
910 Lakeridge Way SW
Olympia, WA 98508-1188

Federal:	
State:	$18,000
Other:	
Total:	$18,000
Current Contract Total:	$18,000

Emergency
CA - Management/Organizational Services
Reviewed

Start Date: 11/20/2003
End Date: 2/27/2004
Filing Date: 11/24/2003

Conduct fact finding relative to allegations related to human resource issues.

32879 - 01

Barney & Worth
1211 SW 5th Avenue
Suite 1140
Portland, OR 97204

Federal:
State:
Other:
Total:
Current Contract Total:

Sole Source
CE - Social Research Services
Approved

Start Date: 1/1/2004
End Date: 6/30/2004
Filing Date: 12/22/2003

This is a no-cost amendment to extend the period of performance from December 31, 2003 to June 30, 2004. The time extension will allow the contractor to utilize a complete, up-to-date set of data to ensure a more accurate assessment and final report regarding Phase III: Updating the Inland Northwest Economic Adjustment Strategy Socio-Economic Vitality Index. The contractor shall continue to collect census data and update other statistics to complete the economic "snapshot" of the impacted region.

32703 - 00

Washington Manufacturing Services
PO Box 886
Mukilteo, WA 98275

Federal:	
State:	$400,000
Other:	
Total:	$400,000
Current Contract Total:	$400,000

Sole Source
CE - Social Research Services
Approved

Start Date: 7/1/2003
End Date: 6/30/2005
Filing Date: 8/19/2003

Provide economic development assistance to the state's small and medium-sized manufacturing companies in order to improve their competitiveness. thereby increasing sales, quality and productivity while reducing costs.

32879 - 00

Barney & Worth
1211 SW 5th Avenue
Suite 1140
Portland, OR 97204

Federal:	$45,000
State:	
Other:	
Total:	$45,000
Current Contract Total:	$45,000

Sole Source
CE - Social Research Services
Approved

Start Date: 11/25/2003
End Date: 12/31/2003
Filing Date: 11/10/2003

As a component of Phase III of the Inland Northwest Economic Adjustment Strategy Socio-Economic Vitality Index, the contractor shall collect census data and update other statistics to complete the economic "snapshot" of the impacted region.

32805 - 00

Organizational Research Services
1932 First Avenue
Suite 403
Seattle, WA 98101

Federal:	
State:	$35,000
Other:	
Total:	$35,000
Current Contract Total:	$35,000

Sole Source
CE - Social Research Services
Approved

Start Date: 10/15/2003
End Date: 9/30/2004
Filing Date: 9/24/2003

Contractor shall make available community development evaluation technical assistance to all Community Sexual Assault Programs (CSAP). The technical assistance shall be consistent with past efforts in order to assure a common approach by CSAP staff throughout the state.

32122 - 01

National Trusts National Main Street Center
41785 Massachusetts Avenue NW
Washington, DC 20036

Federal:	
State:	
Other:	
Total:	
Current Contract Total:	

Sole Source
CE - Social Research Services
Approved

Start Date: 9/25/2003
End Date: 6/30/2005
Filing Date: 9/26/2003

The contractor provides technical assistance to Washington's Main Street "Start Up" communities. The amendment revises the original Scope of Work to identify the specific towns to be served and includes individual workplans for each designated "start up" community.

30893 - 02

Harris & Smith Public Relations
600 Stewart Street
Suite 910
Seattle, WA 98101

Federal:	$20,000
State:	
Other:	
Total:	$20,000
Current Contract Total:	$117,000

Competitive
CG - Marketing Services
Approved

Start Date: 9/1/2003
End Date: 5/31/2005
Filing Date: 9/29/2003

Amendment increases funding by $20,000 for continued media and public relations services to the Developmental Disabilities Council.

32702 - 00

LEVYsheckler
1919 2nd Avenue
Seattle, WA 98101-

Federal:	
State:	$3,500,000
Other:	
Total:	$3,500,000
Current Contract Total:	$3,500,000

Competitive
CG - Marketing Services
Approved

Start Date: 9/5/2003
End Date: 6/30/2005
Filing Date: 8/20/2003

Provide coordination for continued development, maintenance, and marketing of the Business and Tourism websites, including monthly technical and site copy/design upgrades, ongoing design and functionality upgrades, creation of ;a fee-based direct link program for Washington state tourims-related businesses, ongoing consumer research and marketing program sdesigned to increase traffic to all websites and all related web services to assist the Department of Community,Trade and Economic Development meet its responsibility as directed by RCW 43.330.040 for tourism promotion, marketing, and for other marketing activities to promote the economic development for Washington State.

32594 - 00

International Trade Alliance
801 W Riverside Avenue
Suite 400
Spokane, WA 99201

Federal:	
State:	$100,000
Other:	
Total:	$100,000
Current Contract Total:	$100,000

Sole Source
CG - Marketing Services
Approved

Start Date: 7/16/2003
End Date: 6/30/2005
Filing Date: 7/2/2003

The Department is contracting with the Contractor to support and expand export sales of Washington manufactured products and services and to increase the number of Washington companies exporting on a regular basis. This contract is part of a broader export promotion effort to increase the sales of Washington state products in overseas markets, increase the competitiveness of Washington businesses and thereby strengthen and diversify the state's economy.

28403 - 02

Bombar Public Relations
605 Market Street
Kirkland, WA 98033

Federal:	
State:	$125,000
Other:	
Total:	$125,000
Current Contract Total:	$575,000

Competitive
CG - Marketing Services
Approved

Start Date: 12/22/2003
End Date: 6/30/2004
Filing Date: 12/5/2003

Amendment increases funding to include additional duties related to the development of a Business Development Sales Kit, the creation and distribution of a newsletter, the posting of industry press releases on the tourism press room site and the provision of industry consultation services.

31879 - 02

Development Counsellors International
787 Madison Avenue
Suite 4
New York, NY 10016

Federal:	
State:	$500,000
Other:	
Total:	$500,000
Current Contract Total:	$1,700,000

Sole Source
CG - Marketing Services
Approved

Start Date: 11/1/2003
End Date: 6/30/2004
Filing Date: 12/10/2003

Amendment increases funding by $500,000 for continued services related to researching, developing and proposing business expansion and location proposals in Washington state to domestic and international companies. Services include the submittal of a proposal to retain and expand the facilities of an existing large-scale aerospace company in order to meet the needs of a new manufacturing and assembly facility project. Increased funding is required to meet one-time unanticipated costs associated with a site consultation and future services.

32861 - 00

Intra-Afrikan Konnection
PO Box 84542
Seattle, WA 98124

Federal:	
State:	$7,000
Other:	
Total:	$7,000
Current Contract Total:	$7,000

Sole Source
CZ - Other Services
Reviewed

Start Date: 11/17/2003
End Date: 6/30/2004
Filing Date: 11/3/2003

Conduct anti-oppression, anti-racism and cultural competency training and consultation to the Statewide Sexual Assault Access and Partnership Workgroup.

Totals by Service Description:		
CA - Management/Organizational Services	$173,400	3
CE - Social Research Services	$480,000	5
CG - Marketing Services	$4,245,000	5
CZ - Other Services	$7,000	1
Totals by Filing Type:		
New Contract	$4,260,400	9
Amendment	$645,000	5
Totals by Filing Category		
Competitive, $20,000+, Approve	$3,500,000	1
Competitive, 50% Change, $5,000+, Approve	$145,000	2
Emergency, $5,000+, Review	$18,000	1
Sole Source, $20,000+, Approve	$735,400	8
Sole Source, $5,000+, Review	$7,000	1
Sole Source, 50% Change, $5,000+, Approve	$500,000	1
Total for 103 - Community, Trade, and Economic Development	**$4,905,400**	**14**

105 - Office of Financial Management

32870 - 00

Sebris Busto James
14205 SE 36th Street, Suite 325
Bellevue, WA 98006-

Federal:	
State:	$5,000
Other:	
Total:	$5,000
Current Contract Total:	$5,000

Emergency
CA - Management/Organizational Services
Reviewed

Start Date: 11/14/2003
End Date: 12/31/2003
Filing Date: 11/14/2003

Provide investigation services.

32560 - 00

Sierra Systems Group
10900 NE 8th
Suite 400
Bellevue, WA 98004

Federal:	
State:	$245,850
Other:	
Total:	$245,850
Current Contract Total:	$245,850

Competitive
CA - Management/Organizational Services
Approved

Start Date: 7/22/2003
End Date: 12/31/2006
Filing Date: 7/8/2003

Provide high-level baseline measurements of state agencies' human resource and finance business processes.

32026 - 02

Sierra Systems Group
10900 NE 8th
Suite 400
Bellevue, WA 98004

Federal:	
State:	$15,720
Other:	
Total:	$15,720
Current Contract Total:	$164,440

Competitive
CA - Management/Organizational Services
Approved

Start Date: 5/5/2003
End Date: 9/30/2003
Filing Date: 7/18/2003

Provide continued data element identification and analysis with regard to OFM's role in collective bargaining related to Civil Service Reform. Extend the contract through September 30, 2003.

32026 - 03

Sierra Systems Group
10900 NE 8th
Suite 400
Bellevue, WA 98004

Federal:	
State:	$50,000
Other:	
Total:	$50,000
Current Contract Total:	$214,440

Competitive
CA - Management/Organizational Services
Approved

Start Date: 8/25/2003
End Date: 2/28/2004
Filing Date: 8/11/2003

To increase funding by $50,000 and extend the contract through February 28, 2004 for the provision of support on an as-needed basis for the Financial Impact Estimation Model phase of Civil Service Reform.

32870 - 01

Sebris Busto James
14205 SE 36th Street, Suite 325
Bellevue, WA 98006-

Federal:	
State:	$5,000
Other:	
Total:	$5,000
Current Contract Total:	$10,000

Sole Source
CA - Management/Organizational Services
Approved

Start Date: 1/5/2004
End Date: 2/29/2004
Filing Date: 12/18/2003

Provide continued services related to investigation of harassment allegations filed by an employee.

32980 - 00

Makers Architecture & Urban Design
1425 Fourth Avenue
Suite 901
Seattle, WA 98101

Federal:	
State:	$144,900
Other:	
Total:	$144,900
Current Contract Total:	$144,900

Competitive
CA - Management/Organizational Services
Approved

Start Date: 1/7/2004
End Date: 5/30/2004
Filing Date: 12/22/2003

Contractor shall conduct a study of the stationing of Washington Army National Guard forces to determine if realignment, consolidation and efficiencies improvements in the facility and maintenance operations can be made. The study shall also determine possible alternative uses of land and facilities.

32673 - 00

Kraght Snell PS
17859 E Lk Desire Drive SE
Renton, WA 98058

Federal:	
State:	$30,000
Other:	
Total:	$30,000
Current Contract Total:	$30,000

Competitive
CC - Financial Services
Reviewed

Start Date: 10/1/2003
End Date: 2/29/2004
Filing Date: 8/18/2003

Provide independent audit services of the Office of the State Auditor for the 2001 - 2003 biennial period.

23782 - 03

Cost Evaluation Services
PO Box 60193
Shoreline, WA 98160-0193

Federal:	
State:	$33,500
Other:	
Total:	$33,500
Current Contract Total:	$167,500

Competitive
CC - Financial Services
Approved

Start Date: 10/3/2003
End Date: 9/30/2004
Filing Date: 9/18/2003

Exercise the option to extend the contract one year to prepare, submit, and negotiate the annual Washington Statewide Cost Allocation Plans with the federal government for Fiscal Year 2004 and Fiscal Year 2005.

Totals by Service Description:

CA - Management/Organizational Services	$466,470	6
CC - Financial Services	$63,500	2

Totals by Filing Type:

New Contract	$425,750	4
Amendment	$104,220	4

Totals by Filing Category

Competitive, $20,000+, Approve	$456,470	4
Competitive, $20,000+, Review	$30,000	1
Competitive, 50% Change, $5,000+, Approve	$33,500	1
Emergency, $5,000+, Review	$5,000	1
Sole Source, 50% Change, $5,000+, Approve	$5,000	1
Total for 105 - Office of Financial Management	**$529,970**	**8**

State of Washington
Office of Financial Management
Personal Service Contract Filings by Contractor

Filing Period: 7/1/2003 to 12/31/2003
Agency: ALL

2/25/2004
10:59:48AM

Agency	Filing Number	Filing Date	Total	Procurement Method		Service Description
A. T. Kearney						
365 - WSU	32914 - 00	11/20/2003	$65,000	Competitive		CK - Recruiting Services
Total for Contractor A. T. Kearney				**$65,000**	**1**	
Abt Associates Inc.						
540 - ES	32731 - 00	08/26/2003	$95,980	Competitive		CA - Management/Organizational Services
Total for Contractor Abt Associates Inc.				**$95,980**	**1**	
Accenture						
111 - DOP	32732 - 00	09/03/2003	$27,308,835	Competitive		CA - Management/Organizational Services
Total for Contractor Accenture				**$27,308,835**	**1**	
ACO Employment & Information Services						
102 - DFI	24307 - 05	08/15/2003	$324,000	Competitive		CD - Computer/Information Services
Total for Contractor ACO Employment & Information Services				**$324,000**	**1**	
ACS EDI Gateway, Inc.						
300 - DSHS	32620 - 00	07/10/2003	$5,436,965	Competitive		CA - Management/Organizational Services
Total for Contractor ACS EDI Gateway, Inc.				**$5,436,965**	**1**	
Adams, Gerald B						
225 - WSP	30060 - 02	12/12/2003	$4,393	Sole Source		CA - Management/Organizational Services
Total for Contractor Adams, Gerald B				**$4,393**	**1**	
Adventures in Training						
300 - DSHS	32824 - 00	10/15/2003	$18,500	Sole Source		CJ - Employee Training Services
Total for Contractor Adventures in Training				**$18,500**	**1**	
Aetea Information Technology						
303 - DOH	32946 - 00	12/01/2003	$300,000	Competitive		CD - Computer/Information Services
Total for Contractor Aetea Information Technology				**$300,000**	**1**	
Aetea Information Technology Inc.						
111 - DOP	32856 - 00	11/06/2003	$400,000	Competitive		CA - Management/Organizational Services
Total for Contractor Aetea Information Technology Inc.				**$400,000**	**1**	
Affiliated Information Resources, Inc.						
150 - GA	32587 - 00	07/10/2003	$800,000	Competitive		CA - Management/Organizational Services

Agency	Filing Number	Filing Date	Total	Procurement Method		Service Description
Total for Contractor Affiliated Information Resources, Inc.				**$800,000**	**1**	
AJGB Environmental Engineering Sepcialists						
150 - GA	26885 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor AJGB Environmental Engineering Sepcialists					**1**	
Alford Group, The						
637 - PIE	31718 - 01	07/14/2003	$59,100	Competitive		CG - Marketing Services
Total for Contractor Alford Group, The				**$59,100**	**1**	
All For A Good Cause Consulting						
350 - SPI	31319 - 02	11/20/2003	$33,000	Competitive		CA - Management/Organizational Services
Total for Contractor All For A Good Cause Consulting				**$33,000**	**1**	
Alta Pacific Corporation						
405 - DOT	32822 - 00	10/20/2003	$20,000	Sole Source		CZ - Other Services
Total for Contractor Alta Pacific Corporation				**$20,000**	**1**	
AMEC Earth & Environmental						
150 - GA	28870 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor AMEC Earth & Environmental					**1**	
American Acquisition Group, Inc.						
405 - DOT	32983 - 00	12/19/2003	$8,000,000	Competitive		CF - Technical Research Services
Total for Contractor American Acquisition Group, Inc.				**$8,000,000**	**1**	
AMERICAN CANCER SOCIETY						
303 - DOH	32655 - 00	08/01/2003	$200,000	Sole Source		CE - Social Research Services
Total for Contractor AMERICAN CANCER SOCIETY				**$200,000**	**1**	
American Correctional Association						
310 - DOC	32891 - 00	11/17/2003	$24,300	Sole Source		CZ - Other Services
Total for Contractor American Correctional Association				**$24,300**	**1**	
American Lung Association						
303 - DOH	32654 - 00	08/01/2003	$200,000	Sole Source		CE - Social Research Services
Total for Contractor American Lung Association				**$200,000**	**1**	

State of Washington
Office of Financial Management
Personal Service Contract Filings by Contractor

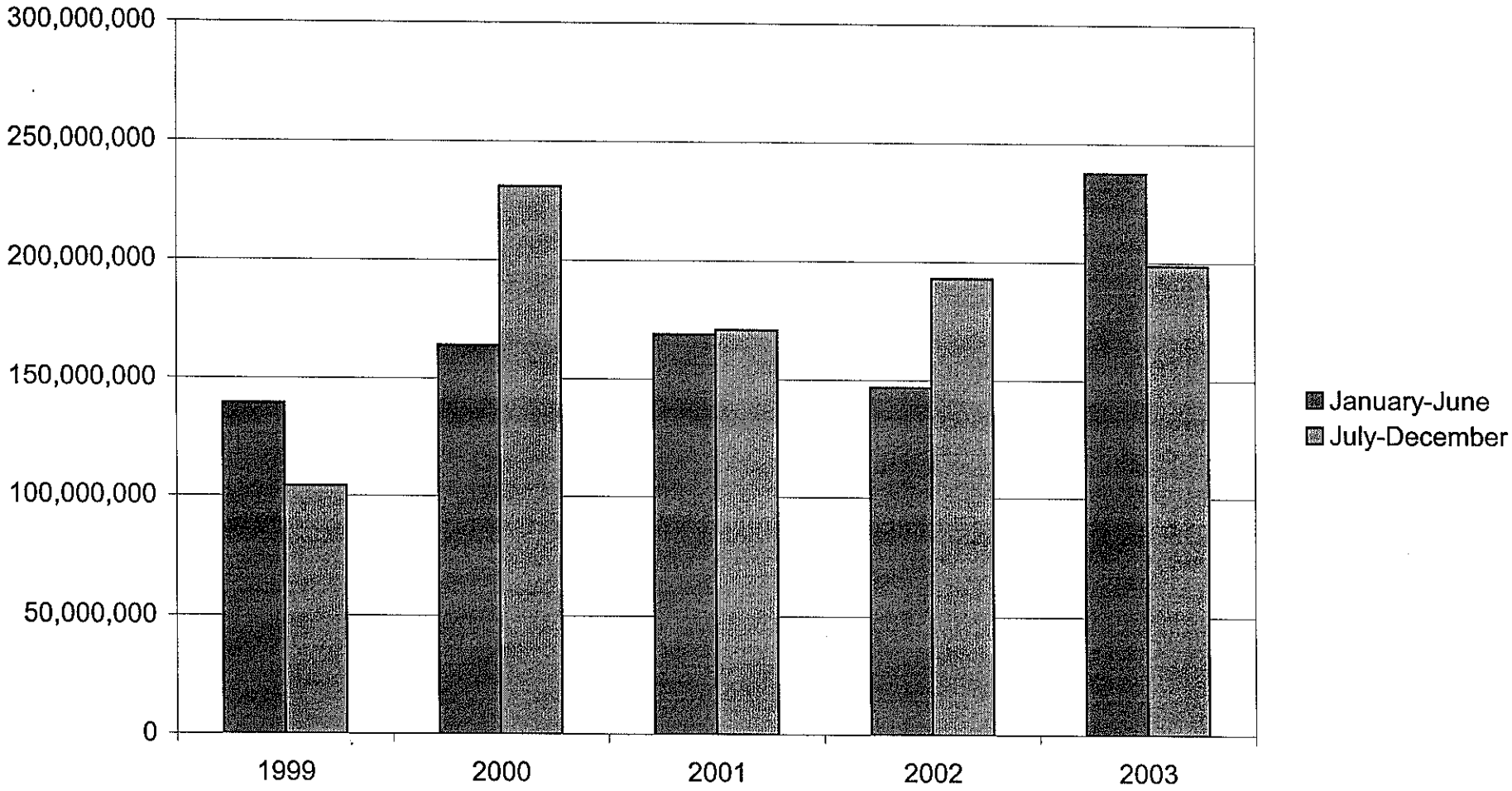
Agency	Filing Number	Filing Date	Total	Procurement Method		Service Description
Amplitude Research Inc						
380 - WWU	32663 - 00	08/11/2003	$63,840	Competitive		CG - Marketing Services
Total for Contractor Amplitude Research Inc				**$63,840**	**1**	
Angel Flight Marketing Services						
150 - GA	31227 - 01	07/22/2003	$0	Competitive		CG - Marketing Services
Total for Contractor Angel Flight Marketing Services				**$0**	**1**	
Angle, Adina H						
300 - DSHS	33025 - 00	12/29/2003	$52,000	Competitive		CA - Management/Organizational Services
Total for Contractor Angle, Adina H				**$52,000**	**1**	
Anthony Mazzella						
140 - DOR	32997 - 00	12/22/2003	$56,653	Competitive		CC - Financial Services
Total for Contractor Anthony Mazzella				**$56,653**	**1**	
Anthro-Tech						
155 - DIS	32575 - 00	07/07/2003	$183,000	Competitive		CA - Management/Organizational Services
Total for Contractor Anthro-Tech				**$183,000**	**1**	
Anvil Corporation						
150 - GA	28871 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor Anvil Corporation					**1**	
Aon Consulting						
126 - SIB	32949 - 00	11/26/2003	$300,000	Competitive		CC - Financial Services
Total for Contractor Aon Consulting				**$300,000**	**1**	
Apollo Geophysics Corporation						
150 - GA	26829 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor Apollo Geophysics Corporation					**1**	
Applied Biomonitoring						
150 - GA	26875 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor Applied Biomonitoring					**1**	
Applied Sciences Associates						
461 - ECY	32839 - 00	10/15/2003	$101,961	Sole Source		CF - Technical Research Services

State of Washington
Office of Financial Management
Personal Service Contract Filings by Contractor

Agency	Filing Number	Filing Date	Total	Procurement Method		Service Description
Total for Contractor Applied Sciences Associates				**$101,961**	**1**	
Aqua Terra Consultants, Inc.						
150 - GA	32787 - 00	09/18/2003	$500,000	Competitive		CF - Technical Research Services
Total for Contractor Aqua Terra Consultants, Inc.				**$500,000**	**1**	
ARC of Olympic Peninsula						
300 - DSHS	33079 - 00	12/08/2003	$8,000	Sole Source		CE - Social Research Services
Total for Contractor ARC of Olympic Peninsula				**$8,000**	**1**	
Arc of Spokane						
300 - DSHS	32958 - 00	12/04/2003	$18,500	Sole Source		CE - Social Research Services
Total for Contractor Arc of Spokane				**$18,500**	**1**	
ARC of Washington State, The						
300 - DSHS	32989 - 00	12/04/2003	$7,920	Sole Source		CE - Social Research Services
300 - DSHS	32849 - 00	10/29/2003	$138,000	Competitive		CE - Social Research Services
Total for Contractor ARC of Washington State, The				**$145,920**	**2**	
ARC of Whatcom The						
300 - DSHS	32691 - 00	08/21/2003	$5,740	Sole Source		CE - Social Research Services
Total for Contractor ARC of Whatcom The				**$5,740**	**1**	
Art Anderson & Associates						
405 - DOT	32907 - 00	11/04/2003	$900,000	Sole Source		CA - Management/Organizational Services
Total for Contractor Art Anderson & Associates				**$900,000**	**1**	
Asbell Professional Group						
360 - UW	32830 - 00	10/16/2003	$19,900	Sole Source		CJ - Employee Training Services
Total for Contractor Asbell Professional Group				**$19,900**	**1**	
Associated Appraisers						
405 - DOT	32862 - 00	11/04/2003	$4,900	Sole Source		CF - Technical Research Services
405 - DOT	32638 - 00	07/29/2003	$20,000	Competitive		CF - Technical Research Services
Total for Contractor Associated Appraisers				**$24,900**	**2**	
Associated Earth Sciences						
150 - GA	32788 - 00	09/18/2003	$500,000	Competitive		CF - Technical Research Services

Agency	Filing Number	Filing Date	Total	Procurement Method		Service Description
Total for Contractor Associated Earth Sciences				**$500,000**	**1**	
Association of Washington Business						
352 - SBCTC	33026 - 00	12/31/2003	$122,000	Sole Source		CA - Management/Organizational Services
Total for Contractor Association of Washington Business				**$122,000**	**1**	
Association of Washington Cities						
405 - DOT	32623 - 00	07/17/2003	$300,000	Sole Source		CF - Technical Research Services
Total for Contractor Association of Washington Cities				**$300,000**	**1**	
Athena Institute, The						
377 - SIRTI	33000 - 00	12/23/2003	$15,800	Sole Source		CD - Computer/Information Services
Total for Contractor Athena Institute, The				**$15,800**	**1**	
Attenuation Environmental Company						
150 - GA	28872 - 02	09/16/2003		Competitive		CF - Technical Research Services
Total for Contractor Attenuation Environmental Company					**1**	
Auble Jolicoeur & Gentry						
405 - DOT	32603 - 00	07/14/2003	$7,500	Sole Source		CF - Technical Research Services
Total for Contractor Auble Jolicoeur & Gentry				**$7,500**	**1**	
Auer, Dr Nancy						
303 - DOH	31082 - 02	09/10/2003	$43,000	Sole Source		CA - Management/Organizational Services
Total for Contractor Auer, Dr Nancy				**$43,000**	**1**	
Backman, Burt						
245 - MIL	32882 - 00	11/13/2003	$8,000	Sole Source		CZ - Other Services
Total for Contractor Backman, Burt				**$8,000**	**1**	
Bagne, Patricia E						
634 - CCC	32710 - 00	08/15/2003	$19,500	Sole Source		CJ - Employee Training Services
Total for Contractor Bagne, Patricia E				**$19,500**	**1**	
Baillie & Associates, Inc.						
150 - GA	32733 - 00	08/29/2003	$800,000	Competitive		CA - Management/Organizational Services
405 - DOT	32756 - 00	09/22/2003	$1,000,000	Competitive		CF - Technical Research Services
405 - DOT	32832 - 00	10/20/2003	$473,000	Competitive		CA - Management/Organizational Services

Exhibit 3
Maximum Cost of Filed Personal Service Contracts*
Dollars in Millions



* Personal Service Contract Filing Requirements - June 11, 1998 to present

- Sole source contracts, $5,000 +
- Emergency contracts, $5,000 +
- Competitive contracts, $20,000 +
- Contract amendments greater than 50% of the original contract value, contract, when amended, is $5,000 +

NOTE: Institutions of higher education file only "state funded" contracts and amendments in the above four categories.

SENATE BILL No. 1638

Introduced by Senators Romero and Chesbro
(Coauthor: Assembly Member Reyes)

February 20, 2004

An act to add Section 9518 to the Government Code, relating to the state budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 1638, as introduced, Romero. The state budget: services contracts.

Existing law requires that within the first 10 days of each calendar year the Governor submit to the Legislature a budget for the ensuing fiscal year.

This bill would require the Governor to submit as part of the state budget specified information for all current and proposed service contracts and to post the information on the state's Internet Web site in a specified format.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 9518 is added to the Government Code,
2 to read:
3 9518. (a) The Governor shall submit as part of the state
4 budget the following information for all current and proposed
5 contracts for services:
6 (1) A description of the contract and services being purchased.
7 (2) The name of the agency contracting for the services.
8 (3) The name of the contractor and any subcontractors.

(4) Whether the contractor or any subcontractor has employed or plans to employ workers, or contract with foreign companies, to perform any portion of the contract outside of the United States.

(5) The effective and expiration dates of the contract.

(6) The annual amount paid to the contractor in each past fiscal year and in the current fiscal year under the contract, and the funding source.

(7) The annual amount proposed to be paid to the contractor under the proposed budget, and the funding source.

(8) The amount projected to be paid to the contractor in the subsequent fiscal year's budget, and the funding source.

(9) The total projected cost of the contract for all fiscal years, and the funding source.

(10) Whether the contract was a sole source procurement.

(b) The information listed in subdivision (a) shall be displayed in the budget by agency or comparable budget category.

(c) The total cost of contracting for services shall be provided for each fund and agency or comparable budget category.

(d) The Governor shall post the information listed in subdivision (a) on the state's Internet Web site in a format that allows for searching and sorting by the categories listed in paragraphs (1) to (10), inclusive, of subdivision (a).

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SECTION V

TOP 50 CONTRACTORS

TOP 50 CONTRACTORS
07/01/01 – 06/30/02
BY OVERALL CONTRACT AMOUNT

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$360,000,000.00	752882129	ADVANCE PCS	Prescription drug program
$63,472,264.40	720423889	TULANE MEDICAL CENTER	Provide resident supervision and education services to MCLNO; dermatology medicine, neurology, OB/GYN
$55,000,000.00	721516058	CAMPUS FACILITIES INC.	Develop master plan; locate and arrange bldg. clusters that relate to the college's functional structure
$39,324,906.00	411810970	DATA RECOGNITION CORPORATION	Implementation including development of test forms, printing, distribution and collection of materials, scoring and reporting
$37,195,257.00	582087281	RESEARCH PARK CORPORATION	Renovate and lease for incubator space and the sub-leasing of a portion to complete the data center
$36,753,811.20	136190676	CITICORP ELECTRONIC FINANCIAL	Provide the electronic benefit transfer system.
$35,000,000.00	680318991	AMCARE HEALTH PLANS OF LA, INC.	Offer a third HMO plan in Region 2, 4 and 7
$30,562,197.00	720839724	SOUTH LA. MEDICAL ASSOCIATES	Provide for medical affiliation coverage for patients at Leonard Chabert Medical Center
$26,659,600.00	726000365	EAST CARROLL PARISH	House state inmates
$24,595,049.00	726011595	DEPT. OF HEALTH & HOSPITALS	Manage acute psychiatric program at MCLNO's acute care facilities
$21,351,732.40	726087770	LSU HEALTH SCIENCES CENTER	Provide medical psychiatric services to MCL mental health services and Region 1 mental health

TOP 50 CONTRACTORS
07/01/01 – 06/30/02
BY OVERALL CONTRACT AMOUNT

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$20,211,155.55	726000848	LOUISIANA STATE UNIVERSITY	Provide instructors, classroom, administrative support and training to employees in Microsoft, 655 trained
$20,060,963.00	720765132	HOSPITAL SERVICE DISTRICT NO. 1	Medical assistance program reimbursement
$18,429,192.00	720889332	MERRYVILLE NURSING CENTER	Medicaid enhancement poll; intergovernmental transfer program
$18,250,000.00	363856181	MERIT HEALTH INSURANCE CO.	Provide OGB managed mental health and substance abuse treatment services
$16,771,164.00	721151413	VAN METER & ASSOCIATES INC.	Provide emergency and outpatient physician services at both campus of MCLNO
$15,535,776.00	521408374	BIRCH & DAVIS HEALTH MANAGEMENT CORP.	Provide management services to kidmed care program; statewide
$14,876,040.25	390380010	JOHNSON CONTROLS INC.	Implement energy efficiency improvement at the LSU Union
$14,205,245.00	726014898	WEST JEFFERSON GENERAL HOSPITAL	Medical assistance program reimbursement
$13,992,500.00	133958609	FAST ENTERPRISES LLC	Implement an integrated tax system involving 19 taxes
$13,512,731.00	726000755	DEPT. OF TRANS & DEVELOPMENT	Design and install hazard elimination counter-measure to reduce the number of traffic crashes in LA
$12,525,387.70	720830237	DPS&C CORRECTIONS SERVICES	Foster care services for title IV-E eligible children in the custody of the office of youth development
$11,997,741.00	721134152	C & M MEDICAL SERVICES, INC.	Physician services and director for emergency department

TOP 50 CONTRACTORS
07/01/01 – 06/30/02
BY OVERALL CONTRACT AMOUNT

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$11,869,815.00	720787616	PHILMAT, INC.	Commodity supplemental food program
$11,101,492.00	726002013	OFFICE OF THE ATTORNEY GENERAL	Legal representation to state and various depts., agencies, boards and commissions and their officials
$10,208,166.00	726001695	UNIVERSITY OF LA. AT MONROE	Coordination of Medicaid pharmaceutical system; statewide
$10,000,000.00	721279235	OCHSNER HEALTH PLAN INC.	Provide health care to active and retired plan members
$9,950,000.00	721441777	LA COMMUNITY & TECHNICAL COLLEGE SYSTEM	Facilitates expenditure of TANF funds; adult education, basic skills training
$9,618,249.00	720880258	TERREBONNE PARISH HOSP SVC. DIST 1	Medical assistance program reimbursement
$9,394,458.00	726000969	CITY OF NEW ORLEANS	Provide employment training services to La. economically disadvantage citizens, dislocated workers and others needing such services
$8,672,742.00	726001256	ST. LANDRY PARISH POLICE JURY	Provide employment training services to La. economically disadvantage citizens, dislocates worker and others needing such services
$8,473,010.00	930942425	CONCERA CORPORATION	Long term care/Medicaid process; statewide
$8,447,857.00	726013920	JEFFERSON PARISH LIBRARY	Provide employment training services to LA economically disadvantage citizens, dislocated worker and others needing such services
$8,216,004.00	237078110	REYNOLDS INSTITUTE	Moderate residential service for 40 males juveniles

TOP 50 CONTRACTORS
07/01/01 – 06/30/02
BY OVERALL CONTRACT AMOUNT

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$8,085,136.79	720408911	ASSOCIATED CATHOLIC CHARITIES	Provide independent living services for ages 15-21 in foster care in New Orleans region
$7,824,465.00	311668672	MEASURED PROGRESS INC.	Support services; item development; item tryout; field testing and certain professional activities
$7,790,811.66	720829968	HARMONY CENTER INC.	Halfway house/independent living; group home
$7,744,319.28	726000137	CITY OF BATON ROUGE	Tropical storm Allison relief grant; provide flood clean-up and restoration services to EBR parish
$7,728,853.88	721470584	LOUISIANA TECHNICAL COLLEGE	Provide curriculum development, instructor and classroom for tractor trailer driving training
$7,688,082.00	726012995	DELGADO COMMUNITY COLLEGE	Provide instructor, classroom, administrative support and training to employees and procuring vendors for specialty training
$7,574,173.80	720899076	TYCHE INC.	Moderate residential services for males and female inmates
$7,562,559.00	720708111	OPELOUSAS GENERAL HOSPITAL	Medical assistance program reimbursement
$7,560,000.00	311597878	PROVIDER SYNERGIES LLC	Provide a preferred drug list/manage rebates for LA Medicaid program; statewide
$7,102,765.00	720634096	NEW ORLEANS COUNCIL ON AGING	Provide social services for the eligible elderly, Title III
$7,007,313.00	720478620	ST. TAMMANY PARISH HOSPITAL	Medical assistance program reimbursement

TOP 50 CONTRACTORS
07/01/01 – 06/30/02
BY OVERALL CONTRACT AMOUNT

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$6,968,744.00	720694376	EASTER SEAL SOCIETY OF LA, INC.	Provide case management services to waiver participants, Region I
$6,731,184.00	742040062	SEMPRA ENERGY SERVICES	Design & Install ECMS and provide monitoring and other services; performance based energy efficiency contract
$6,638,797.00	726001372	TANGIPAHOA PARISH SCHOOL BOARD	Provide employment and training services to LA economically disadvantaged citizens, dislocated workers, and others needing such services
$6,306,000.00	721209428	QUALITY INDEPENDENT SERVICE	Provide Case Management services for waiver participants, Region 1
$6,100,452.00	721255958	MEDICAL DISPATCH INC.	Non-emergency medical transportation; statewide
$1,142,648,161.91	Total		

SECTION VIII

TOP 50 SOCIAL SERVICES CONTRACTORS

TOP 50 SOCIAL SERVICES CONTRACTORS
07/01/01 - 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$11,869,815.00	720787616	PHILMAT INC.	Commodity supplemental food program; Region 1, II, III, IV, V
$8,473,010.00	930942425	CONCERA CORPORATION	Provide for the long term care/Medicaid process; statewide
$8,216,004.00	237078110	REYNOLDS INSTITUTE	Moderate residential service for 40 male juveniles
$7,790,811.66	720829968	HARMONY CENTER, INC.	Halfway house/independent living for males juveniles
$7,696,792.88	720408911	ASSOCIATED CATHOLIC CHARITIES	Intensive residential services for males and females
$7,574,173.80	720899076	TYCHE INC.	Moderate residential services for males and females.
$7,102,765.00	720634096	NEW ORLEANS COUNCIL ON AGING	Provide social service for the eligible elderly
$6,968,744.00	720694376	EASTER SEAL SOCIETY OF LA. INC.	Provide case management services to waiver participants, Region I
$6,306,000.00	721209428	QUALITY INDEPENDENT SERVICE	Provide care management services for waiver participants, Region 1
$6,100,452.00	721255958	MEDICAL DISPATCH INC.	Non emergency medical transportation; statewide
$5,621,062.00	721020853	VOLUNTEERS OF AMERICA	Provide case management services to target population in Regions 2 and 4
$5,465,660.00	721455885	CADENCE OF ACADIANA INC.	Provide case management services to target populations in Regions 2, 4 and 5
$5,093,735.00	721242809	CENLA AREA AGENCY ON AGING	Provide social services for the eligible elderly

TOP 50 SOCIAL SERVICES CONTRACTORS
07/01/01 - 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$4,169,654.00	720408984	CHRISTUS HEALTH CENTRAL LA	School based health center; Slocum elementary and Pineville Jr. High
$4,018,556.00	721426483	RAINTREE CASE MANAGEMENT, LLC	Provide case management services to wiaver participants, Region 1
$3,949,194.00	721096775	CAJUN AREA AGENCY ON AGING	Nutritious meals for the eligible elderly; social services for the eligible elderly
$3,662,020.20	720506820	VOLUNTEERS OF AMERICA	Provide intensive home-based services; non-residential programs for juveniles; transitional residential living services.
$3,467,371.50	720744060	RUTHERFORD HOUSE INC.	Group homes for males and females
$3,459,943.96	720992051	GULF COAST TEACHING FAMILY SERVICES	Therapeutic foster care
$3,457,828.00	237440836	ASSOC MARINE INSTITUTE INC.	Nonresidential program designed to provide enhanced community supervision support
$3,438,074.00	720738045	CAPITAL AREA AGENCY ON AGING	Provide social services for the eligible elderly; Title III
$3,398,018.60	720408988	BOYS AND GIRLS VILLAGE	Provision of residential treatment facility for juvenile females
$3,031,260.00	720637496	EAST BATON ROUGE C O A	Provide social services for the eligible elderly
$3,000,000.00	721504664	PROJECT RETURN LOUISIANA INC.	Provide temporary assistance to needy families; N.O., Lafayette and Shreveport
$2,957,469.00	720652942	NORTH DELTA REGIONAL PLANNING	Provide social services to the eligible elderly

TOP 50 SOCIAL SERVICES CONTRACTORS
07/01/01 - 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$2,651,675.00	720698657	JEFFERSON COUNCIL ON AGING	Provides social services via seniors employment program
$2,628,920.00	721015427	LOUISIANA COALITION AGAINST	Services and education for rural domestic violence victims; statewide
$2,541,504.17	721283359	HIV/AIDS ALLIANCE FOR REGION TWO, INC.	Provide Ryan White C.A.R.E. services, Region 2
$2,484,718.00	720599165	TOTAL COMMUNITY ACTION INC.	CSBG; assist low income participants with programs to become self-sufficient
$2,432,814.00	721260557	OPTIONS FOUNDATIONS, INC.	Nonresidential program designated to provide enhanced community supervision/support
$2,404,676.00	721266006	MEDICAL RESOURCES & GUIDANCE	Provide case management services to target population in Regions 4 & 5
$2,349,888.00	721307195	AMERICAN RESOURCE TECH INC.	Day program services/enhanced supervised/extended services
$2,310,991.60	720482891	C BARC THE ARC OF CADDO	Provide early intervention services to infants in Region VII
$2,186,542.00	721219948	SAFETY ENVIRONMENTAL & OPERATIONAL TRAINING, INC.	Provide instructors, classroom, administrative support and current technology equipment
$2,045,708.00	721443935	HEALTH CARE CENTERS IN SCHOOLS	Provide comprehensive and preventive hand on training & meals for employee services to Capital High School and Prescott Middle
$2,040,058.00	721280387	HOPE YOUTH RANCH INC.	Residential home services for moderate /intensive males

TOP 50 SOCIAL SERVICES CONTRACTORS
07/01/01 - 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$1,899,221.30	720709750	VOLUNTEERS OF AMERICA OF GREATER NEW ORLEANS	Provide Ryan White C.A.R.E. services, Region 9
$1,877,887.20	720565720	GB COOLEY HOSPITAL FOR RETARDED CITIZENS	Provide vocational/habilitative service in Region VIII
$1,837,933.00	720648848	SMILE COMMUNITY ACTION AGENCY	CSBG: social services for the low income, elderly and handicapped individuals
$1,813,904.00	721101447	DAVID JOE WILLIAMS INC.	Moderate residential services for males
$1,772,075.00	720794639	NEW HORIZONS YOUTH SERVICE BUREAU, INC.	Provide early intervention program for juvenile and their families in crisis situation and teach problem solution
$1,725,338.00	720951694	CALCASIEU PARISH VOLUNTARY COUNCIL ON AGING, INC.	Provide social services for eligible elderly in Calcasieu parish
$1,675,725.00	721094003	CENLA CHEMICAL DEPENDENCY COUNCIL, INC.	Residential detox center for youth; statewide
$1,672,809.60	720740957	COMMUNITY RECEIVING HOME INC.	Group home for males and females
$1,654,984.00	720918214	BEGINNER'S MIND INC.	Provide case management to target population in Region 2
$1,627,400.00	720411322	CHRISTUS HEALTH SOUTHWESTERN LA.	School based health center; Washington Marion High School; Calcasieu Parish
$1,598,748.29	720796570	QUAD AREA COMMUNITY ACTION	CSBG; support innovative community and neighborhood-based initiatives to provide employment and training activities

TOP 50 SOCIAL SERVICES CONTRACTORS
07/01/01 - 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$1,588,188.00	720888820	SANCTUARY INC.	Group home for males and females
$1,582,605.00	720715821	CADDO COUNCIL ON AGING	Provide social services for the eligible elderly
$1,478,085.00	721152503	NEW ORLEANS RESOURCES FOR IND. LIVING	Provide supportive living services to 19-23 people in Greater New Orleans and Baton Rouge areas
$186,170,812.76	Total		

SECTION IX

TOP 50 CONSULTING CONTRACTORS

TOP 50 CONSULTING CONTRACTORS
07/01/01 – 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$360,000,000.00	752882129	ADVANCE PCS	Prescription Drug Program
$39,324,906.00	411810970	DATA RECOGNITION CORPORATION	Provides test support services in English, Language & Math
$36,753,811.20	136190676	CITICORP ELECTRONIC FINANCIAL SERVICES, INC.	Provide the electronic benefits transfer system
$35,000,000.00	680318991	AMCARE HEALTH PLANS OF LA, INC.	Provide a HMO plan
$18,250,000.00	363856181	MERIT HEALTH INSURANCE CO.	Provide Office of Group Benefits managed mental health & substance abuse treatment services
$15,535,776.00	521408374	BIRCH & DAVIS HEALTH MANAGEMENT CORPORATION	Provide management services to KidMed/CARE program
$14,876,040.25	390380010	JOHNSON CONTROLS, INC.	Provides the installation & lease of equipment for performance based energy equipment & services at LSUHSC in Shreveport
$13,992,500.00	133958609	FAST ENTERPRISES, LLC	To implement an integrated tax system involving 19 taxes
$12,816,073.00	720423889	TULANE MEDICAL CENTER	Assist with various research, prevention and development projects
$10,000,000.00	721279235	OCHSNER HEALTH PLAN, INC.	Provide health care to active & retired plan members
$7,824,465.00	311668672	MEASURED PROGRESS, INC.	Support services related to LEAP 21 and GEE 21
$7,560,000.00	311597878	PROVIDER SYNERGIES, LLC	Provide a preferred drug list/manage rebates for the LA Medicaid program

TOP 50 CONSULTING CONTRACTORS
07/01/01 – 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$6,731,184.00	742040062	SEMPRA ENERGY SERVICES	Performance based energy efficiency contract, design & install ECMS & provide monitoring & other services
$4,800,000.00	360899825	BANK ONE, NA	Provide central banking services
$4,048,226.00	042942913	PUBLIC CONSULTING GROUP, INC.	Third party collection for Medicaid claims
$2,807,394.61	721101787	STATISTICAL RESOURCES, INC.	Develop & implement an information system for BCSS; provide support services/case management services
$2,750,000.00	721170635	RELIAGENE TECHNOLOGIES, INC.	Blood testing services to establish paternity
$2,750,000.00	431746960	PATERNITY TESTING CORPORATION	Blood testing services to establish paternity
$2,320,000.00	481164042	MYERS & STAUFFER, LC	Calculate Medicare upper payment limit for services in nursing facility; design/develop reimbursement methodology for nursing facility
$2,230,000.00	721285173	VANTAGE HEALTH PLAN, INC.	Provide health care to active & retired plan members
$1,984,245.00	943378681	PACIFIC METRICS CORP	Design & develop a web-based practice test system for LEAP 21 & GEE 21
$1,858,399.00	540856778	AMERICAN MANAGEMENT SYSTEM, INC.	Assist in implementation of AMS Advantage Budget Management software; complete an organization & TANF assessment; provide services for establishing a project management office
$1,840,407.00	980225407	ROADWARE GROUP, INC.	Statewide pavement condition/inventory survey

TOP 50 CONSULTING CONTRACTORS
07/01/01 – 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$1,830,000.00	721344287	PHARMACARE SERVICES, LLC	Provide management of the Pharmacy at Lallie Kemp Medical Center
$1,620,000.00	382046833	CIBER, INC.	Assist in the implementation of the Peoplesoft Higher Education Administrative software for the University of New Orleans
$1,435,050.00	351921828	NOEL LEVITZ, INC.	Provide statewide strategic enrollment management activities of successful attainment
$1,221,760.64	721316631	METHODS TECHNOLOGY	Provide ongoing support for Sonris & ADD Ecommerce feature; provide overall assessment & enhancement of operational efficient & functional integrity
$1,152,575.00	760540852	LOGAN/BRITTON, INC.	To provide programming, analytical & support services in designing & developing of the Lagniappe Data Warehouse & business intelligence
$1,134,871.00	720920302	C-K ASSOCIATES, INC.	Locate public water supply intakes, public water wells & significant potential sources of contamination within the source water protection areas
$1,089,500.00	721429185	PHYSICIANS' HEALTH FOUNDATION	Develop & conduct programs to identify & monitor appropriate treatment for physicians whose capacity to practice medicine is compromised
$1,000,000.00	721471102	THOMAS & ASSOCIATES	Return to work vocational rehab/medical management/transitional duty program workers' compensation annual options
$1,000,000.00	741301206	U S A RICE COUNCIL	Plan & conduct a program of promotion & market development to promote LA's rice industry in the world market

TOP 50 CONSULTING CONTRACTORS
07/01/01 – 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$949,950.00	720969927	CALZONE & ASSOCIATES, INC.	Analyze the advertising/marketing needs of the Department of Economic Development; advertise for LP gas
$947,040.00	721508417	DCC SERVICES, LLC	Integrate the NEDDS base system & integrate &/or develop additional custom modules to enhance current surveillance systems
$925,000.00	721477514	SABAN ENTERPRISES, L.L.C.	Produce & broadcast TV and radio programs
$900,000.00	411966185	DEFINITY HEALTH CORPORATION	Provide health & benefit management to employees
$855,000.00	060851857	SCAN OPTICS, INC.	Provide information technology maintenance services/modifications to existing applications used for front-end processing of tax returns
$800,000.00	942370483	DIVERSIFIED COLLECTION	Provide out of state collection services for delinquent taxpayers
$765,000.00	820524747	ADVANTECH, LLC	Conduct project management for the integrated tax system
$750,000.00	943193652	TOTAL BLOOD MANAGEMENT, INC.	Provide for extracorporeal perfusion services to be performed on patients at MCLNO
$750,000.00	721336367	RESOLUTION NETWORK, LLC	To create a secure web site using the exiting Office of Group Benefits web site
$727,473.00	420841485	ACT, INC.	Educational planning & assessment system (explore instruments 8th grade & plan instruments 10th grade)

TOP 50 CONSULTING CONTRACTORS
07/01/01 – 06/30/02

GRAND TOTAL	TAX ID NUMBER	CONTRACTOR'S NAME	DESCRIPTION
$694,250.00	721194608	SELECT MEDICAL STAFFING, INC.	Provide emergency certified respiratory technician coverage and registered nurses
$672,068.00	953630868	SCIENCE APPLICATIONS	Course Development, Course Piloting & Certification & Management Support for a 40-hour Weapons of Mass Destruction Tactical Operations Course
$667,328.00	721315786	EHRHARDT GROUP, INC.	Provide advertising & public relations for the Office of States; continue development of a communications program for Department of Environmental Quality
$653,662.00	130871985	IBM	Move & network computers for Department of Natural Resources; assist in planning & implementation of infrastructure move to a new location for Department of Revenue
$644,130.00	720467503	CHILDREN'S HOSPITAL	Perform administrative activities for Medicaid eligible ventilator dependent children
$610,575.00	953353465	CREATIVE COMPUTER APPLICATIONS	Laboratory information management systems
$600,000.00	530188411	COVINGTON & BURLING	Provide consulting on Medicaid programs/administration
$595,781.00	541000588	MAXIMUS, INC.	Provide a needs assessment for TANF
$631,044,440.70	Total		

Connecticut Bar Association

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Testimony of Jane I. Milas, Chair of the Construction Law Section
of the Connecticut Bar Association
Task Force on State Contracting Reform
August 2, 2004

Senator DeFronzo, Commissioner Fleming and members of the Task Force on State Contracting Reform, thank you for the opportunity to appear before the task force to comment on some of the issues under consideration. On behalf of the Construction Law Section of the Connecticut Bar Association, I want to commend Governor Rell for establishing this task force and for your service on this important body. The section welcomes the opportunity to serve as a resource to the task force and its subcommittees and we look forward to participating in your discussions and in the consideration of its work product and any resulting legislation.

My name is Jane Milas. I am managing director in private practice at Garcia & Milas, PC in New Haven, where I concentrate in the area of construction law and commercial litigation. A substantial part of my law practice has been devoted to representing, for almost twenty years, general contractors, major sub-contractors, owners, sureties and design professionals. Many of my clients regularly do business with the state of Connecticut and work on other public and private construction projects.

I am also the chairperson of the CBA Construction Law Section, which consists of several hundred members who practice construction law. Many of our members are in private practice, some of whom represent the state on a contract basis; some serve as assistant attorneys general who represent various state agencies in contracting matters. We all have a great interest in the study of construction procedures, investigation,

enforcement and compliance and ethics, and any legislation that may come about from such a study. We serve our clients and the public at large by ensuring that all participants in public construction in the State understand the laws and what is needed in order to fully comply with applicable laws.

I am here today on behalf of the section to comment on some issues that members of the task force might keep in mind as it deliberates on a number of matters. I know you are expected to report your recommendations by September 1, which does not give you a great deal of time in which to work.

While any recommendation of the task force may result in proposed legislation, thereby allowing further scrutiny and comment, it is important, particularly in light of the short reporting deadline and the questions involving state contracts that helped generate this task force, that any study be done with great thought and deliberation. There are a number of laws already in place. Understanding both the individual laws and how various laws interact present challenges even for the most experienced and sophisticated state contractors. Ultimately, compliance is what is sought by all so it is important that the state establish clear, uniform and precise rules that are easy to understand. And, in doing so, the task force and ultimately, the legislature and the Governor, will need to conform any new laws to the ones already in place. For instance, six new laws concerning state contracting and ethics have been enacted in the past two years alone. Therefore, in recommending any new law, the task force should consider its ramifications in light of the current statutes and public acts that have not yet gone into effect.

The task force's goal of reviewing and improving state contracting procedures for evaluating bids and contractor performance is an admirable one fully supported by the

section. There are a number of statutory requirements in place already that are designed to do this.

In 2003, the legislature approved House Bill 6417, An Act Concerning State Construction Contracts (Public Act 03-215), which established new procedures for bidding on and awarding public construction contracts, most of which will not become effective until October 1 of this year. This past legislative session, additional changes were made to the law in the areas of who may work on public construction projects, requirements for obtaining the work and reports and evaluations on the quality of the work. The bill became Public Act 04-141, An Act Revising Prequalification Requirements for State Construction Contracts. Thus, any work of the task force in this area should consider the impact of these two new laws on state contracting procedures.

The new laws on debarment reform and disclosure of gifts should also be considered. The latter generally prohibits, with some exceptions, public officials and state employees from knowingly accepting gifts from anyone doing business with their agency. Public Act 04-245, An Act Strengthening Ethics Laws Concerning Financial Disclosure, Gifts and State Contractors, among other things, prohibits a state agency from executing a "large state contract" (a building construction contract, for example, valued at more than $500,000 a year) unless it obtains affidavits from key personnel in the firm who participated substantially in preparing the bid or proposal attesting whether they provided any gifts in the preceding two years to public officials in the agency who participated in the bid solicitation or proposal. The new law, which was effective June 1, greatly improves the previous requirements established by the Attorney General, which included a ten-year look-back for gifts disclosed in the affidavit. They were onerous and

confusing for some contractor-clients.

There have been many recent changes in the statutes, such as those discussed above, which have just gone into effect or which have not yet gone into effect. To facilitate compliance with state contracting laws, any recommendations of the task force should take into account the procedures established in and requirements of the newly-enacted statutes relating to bidding and awarding public construction projects.

In light of the goals of the task force, ethics-related issues are very important. But some form of uniformity and clarity should be considered in this area. For instance, there are two codes of ethics--one for lobbyists and one for public officials--that the task force should keep in mind. Another code might make it more challenging--for compliance and enforcement.

One of the specific ideas under consideration is enactment of a False Claims Act, modeled after the federal statute, which would provide for damages and penalties against contractors who defraud the state. While the section has not taken a position on this specific matter and would prefer to see any draft legislation before doing so, I would recommend that the task force be mindful of the breadth of any enforcement power and delegation of any enforcement power, as well as the interplay between a false claims act and existing statutes. Clarity as to what constitutes a violation of the act, the nature of the penalties—civil or criminal—and what authority is vested with enforcement powers is needed in order to facilitate compliance.

On behalf of the CBA Construction Law Section, thank you again for the opportunity to comment on the work before the task force. I would be pleased to answer any questions that you may have.

Testimony of E. Stephen Briggs, Esq.
On behalf of Alter and Associates LLC
Before the Public Session of the
Governor's Task Force on Contracting Reform

August 2, 2004

Good Morning, Commissioner Fleming, Senator DeFronzo, and members of the Task Force.

My name is E. Stephen Briggs, and I appear here today as counsel on behalf of Alter and Associates LLC, a woman-owned, Connecticut based business which has specialized for the last 25 years in providing Diversity and Sexual Harassment training to State and Local governments and Fortune 500 businesses throughout the United States.

At the outset I would like to extend the hearty congratulations of Beverly Alter to Governor Rell for having embarked upon this important and courageous endeavor in order to restore integrity and public confidence to the process of public contracts and the competitive bidding process.

I would like to add that having served as General Counsel to the State Board of Labor Relations under Governors O'Neil and Weicker, I can think of no better co-chairs of this Task Force who possess an iron-clad reputation for public integrity with both their colleagues and the citizens of our State.

I have 3 minutes to convey what Commissioner Fleming has previously characterized as Alter's "tale of woe" so I will get to the point, and I direct the Task Force's attention to a written copy of my testimony which contains in greater detail some affirmative statutory recommendations we believe to be essential to achieving contract reform.

Alter and Associates LLC has been one of the crown jewels of small women and minority owned businesses in the State of Connecticut. For twenty-five years Beverly Alter's company has successfully trained the employees of the City of Hartford, its police department, the City of New Britain, the Department of Public Safety, and the Commission on Human Rights and Opportunities concerning issues of Diversity and Sexual Harassment. But beyond that, she has developed a national reputation by providing the same services to the National Aeronautics and Space Administration, the United State Air Force, I.G. DuPont Corporation, Johnson & Johnson, and Nextel Communications.

In October of 2003, after participating in a rigorous competition, Alter and Associates LLC was awarded a $700,000 personal services contract to perform Sexual Harassment training for the entire Department of Correction (DOC). The panel which selected Alter included representatives from not only DOC, but also members of the Permanent Commission on the Status of Women, and Federal Court Appointed Monitor, the Hon. Beverly Hodgson. The award of this contract

was confirmed in writing. Alter was directed by DOC representatives to immediately gear up to train thousands of Correction employees in order to meet looming federally court-ordered mandates, which Alter promptly performed with the expenditure of substantial business capitol. Despite Alter's reliance upon these representations, Alter was notified a few weeks later that its contract with DOC was being cancelled due to an alleged material omission in the bidding process – that is Alter's work for the Connecticut Commission on Human Rights and Opportunities (CCHRO) was "incomplete and not of a professional standard."

Alter learned soon thereafter Commissioner Theresa Lantz had addressed the CCHRO at its November 2003 meeting and publicly thanked the CCHRO Commissioners (who were not a part of the contract selection process) for providing "valuable information" of an unspecified nature, which, to paraphrase, caused DOC to cancel its contract with Alter. A review of the CTN videotape of these remarks, which were rebroadcast by eighteen public television stations throughout the state, confirmed these representations.

Beverly Alter, immediately contacted DOC, and advised the department, that irrespective of the nature of these unqualified allegations, that whatever their nature, they were false, defamatory, and potentially slanderous. She requested a meeting at which she would provide documentation demonstrating that the

CCHRO contract was fully performed, and that the training received was highly praised in numerous written CCHRO employee evaluations.

DOC agreed to meet and to provide the substance of the information received from CCHRO.

However, the day before the meeting was scheduled to occur, (December 4, 2003), DOC cancelled the meeting without explanation and declined to provide **any** information it received from CCHRO.

A Freedom of Information Commission (FOIC) request to DOC revealed that it did not possess any written documentation concerning CCHRO statements about Alter's purported lack of fitness as a vendor.

A further FOIC request to CCHRO confirmed Alter's completion of its contract with CCHRO, that CCHRO too had copies of the favorable employee evaluations of Alter's performance, and that Alter agreed to accept less than the contract amount for its services due to CCHRO's failure to adequately budget for the services provided.

Now State law provides for bid protests through the Department of Administrative Services which are subject to judicial review by the courts (Regulations of

Connecticut State Agencies, Sections 4a-63-1 through 4a-63-5). However, DOC refused to initiate such a proceeding or to communicate on any level.

Beverly Alter immediately lost a contract to purchase new business facilities due to the cancellation of the DOC contract.

Since CCHRO's disparaging remarks had been publicly broadcast across the State by Commissioner Lantz, it became imperative that Alter proceed to court to vindicate her professional reputation. (See: Alter v. Lantz et. al. CV-04-0831632-S, Sup. Ct., J.D. Hartford, January 29, 2004, which are a matter of public record available in the office of the Court Clerk, where the pleadings and extensive briefs in this case outline in detail the flaws in the existing statutory scheme and the applicable regulations which was largely ignored in this case.)

Beverly Alter has asked the Courts to either direct the DOC to provide her with the hearing the Statutes require, or to specifically enforce the contract awarded.

The DOC has responded that Alter cannot sue the State because the doctrine of sovereign immunity bars the courts from scrutinizing the conduct of its public officials.

Thus far, the courts have concluded that while a "grievous error" may have in fact occurred, the secret interference of CCHRO into the competitive bidding process of DOC is insufficient to warrant judicial intervention since it did not, in the opinion of the Superior Court, violate the very object and integrity of the competitive bidding process, and thus the DOC's defense of sovereign immunity bars any request for judicial relief by Alter and Associates LLC.

Furthermore, the courts have declined to direct DOC to adhere to existing statutory and regulatory requirements to provide Alter with an administrative bid protest hearing that by regulation is subject to judicial review.

Finally, the courts have concluded by implication that a vendor cannot enforce a contract with the State for specific performance, even though a vendor may take a breach of contract claim to the Claims Commissioner in an action for damages. This conclusion not only deprives the contracting party of the benefit of its bargain, it also has the undesirable result of exposing the public to having to pay twice for the same contractual services.

Beverly Alter isn't seeking damages, she would much rather render the services contracted for and be compensated in keeping with the terms of the agreement.

But most importantly, she would like to be afforded the opportunity to have the sterling reputation her business has worked so hard to develop to be vindicated. As the courts have currently interpreted the law, neither of these alternatives are currently available to her.

Alter's claims are currently before the Appellate Court pending judicial review. (Appellate Court case no. AC 25385).

RECOMMENDATIONS:

1. A clear statutory expression that the State waives it sovereign immunity to the extent of its contracts. This includes personal services contracts, contracts of every other form, and not just its major construction contracts.
2. A further affirmative statutory grant of authority to the courts to carefully scrutinize the conduct of public officials applying the same standards they would to any private contractor. Major corporations manage to do this successfully every day. There is no reason public officials should not be held to the same standards.
3. A statutory mandate empowering the courts to order agencies of government to follow the existing Statutes and Regulations this General Assembly has enacted while engaged in the process of public contracting. While this would seem to be an obvious conclusion, State courts have reached the opposite result, deciding they have no jurisdiction to act.

4. If public contracting reform is to be effective in any way, vendors must be able to transparently enforce contracts with the State through the courts. It has been the stated purpose of the competitive bidding process to secure the lowest and best bidder for contractual goods and services. There are however, other equally compelling considerations, not the least of which may include avoiding the random or collateral destruction of small, women and minority owned businesses in the State, as Judge Carradino aptly stated in dicta in ***G &L Capasso Restoration, Inc, v. West Haven Housing Authority:***

> "When the municipality has entered into a binding contract this reasoning is less easy to support. It is basic law as stated in McQuillan that: "Municipal contracts are measured by the same tests and are subject to the same rights and liabilities as are other contracts. It follows that a city may be sued on its valid contracts, see **§ 29.124, Municipal Corporations.** It is certainly important that taxpayers save money. But in a governmental regime that purports to act under the rule of law there are values that should be more important than saving money — if the state or one of its subdivision has entered into a contract why should the relief provided for its breach be any less extensive than an action for breach against a citizen or business?
>
> But there are less abstract reasons for such a policy. Once a contract has been entered into the contractor is more likely to have incurred various prep costs and small businesses may focus on preparing for the particular job they believe is theirs, ignoring the possibility of bidding for other work and preparing for such bidding. If municipalities can breach such contracts and the contractors can only pursue claims for injunctive relief the pool of qualified bidders will necessarily shrink — the attractiveness of public works contracts are less apparent, if municipalities can renege on contracts and not face damage claims. If that results, costs will go up in the long run even though in any particular case the city appears to save money. In conclusion, the court does not accept the argument that, even if a contract was formed by the sending of the award letter, ***Brunoli*** precludes a breach of contract action "for damages.

G &L Capasso Restoration, Inc, v. West Haven Housing Authority

1999 Ct. Sup. 14827, ___ CLR ___ , No. CV98-00636525, Sup. Ct., J. D. of Milford (November 29, 1999).

5. Remove the myriad existing statutory exemptions to public agencies from adhering to the statutory safeguards currently in place. For example C.G.S. §§ 4-212 through 4-219 provide important public safeguards in the letting of personal services and consulting contracts. C.G.S. § 4a-52a(a) exempts a number of large State agencies from following these safeguards for no reason whatsoever.
6. Eliminate all "No-bid" contracting procedures except under the most exigent and narrowly described of circumstances. The cost in public confidence in the fidelity of the competitive bidding process is simply too high to warrant its continued use with any degree of frequency.
7. Governmental agencies who are subsequently required to pay twice for the contracts they enter into due to errors committed during the competitive bidding process, should have such double payments taxed against their own budgeted funds as a deterrent against future like conduct and the chief administrative officer of the responsible agency should provide the General Assembly with an explanation of those measures instituted to avoid a reoccurrence of like conduct.

CONCLUSION:

While it is entirely appropriate for courts to be barred from selecting among competing bidders. . . an essentially administrative function, it is a different question to enforce a contract a public agency has already awarded. Our courts, acting on statutory instructions from this General Assembly, are currently interpreting the law to bar **ALL** judicial review of the conduct of public officials engaged in the process of competitive bidding both before and after the issuance of a contract.

Such an interpretation fosters the ineptitude and corruption which permeates the process of public contracting today. For just as it would be inappropriate for the judicial branch of government to interfere with the legitimate process of bid selection, it is equally inappropriate to immunize public officials from adhering to their statutory and regulatory responsibilities. This kind of insularity, encourages them to proceed capriciously and with impunity, insensitive to the collateral damage they may inflict to State businesses as well as to public funds in the course of managing the process of competitive bidding.

Thank you for your time and patience today in listening to the concerns of Alter and Associates LLC concerns with regard to the reform of the system of public contracting in our State.

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Testimony of Art Perry, Political Director Local 32BJ

Good day. My name is Art Perry. I am the Political Director of District 531 of the Service Employees International Union, Local 32BJ aka Justice for Janitors. I am here today to address a problem that occurs when building services contractors in state owned buildings are changed that has a devastating effect on the low wage workers that perform the work.

In the building service industry, many contractors offer employment to incumbent workers. In cities such as Hartford and Stamford' the norm is for contractors to hire incumbent janitors and continue their pay and benefits. Thousands of private sector janitors have such job protections and dignity by virtue of being employed by such contractors. Worker retention efforts by these contractors has helped to stop the constant churning of janitors that happens when contractors fire the incumbent workforce only to bring in other janitors that are then too faced with job loss when that contractor is changed.

But other janitors are routinely subject to unnecessary loss of their jobs through no fault of their own. When an unscrupulous contractor takes over the cleaning of a building, the janitors who do the work are thrown into the street. These janitors can end up on public assistance or searching for multiple minimum wage jobs, further eroding the inner-city economic base and taxing the State safety net. These janitors lose their health insurance and join the 43 million Americans who are uninsured. Many of them are returned to the welfare system that they were removed from not to long ago.

There is no need for many of these horror stories. These janitors could have at least been given 90 days to demonstrate that they could do their job with the new contractor. Only if their performance was judged satisfactory would they be retained.

Worker retention protection is good for the tenants whose offices these janitors clean. The tenants want experienced and familiar workers cleaning their offices. In many cases, their offices contain sensitive materials and they must trust that they have reliable janitors. The offices of most major insurance companies and other major office tenants in Connecticut already employ contractors that follow this procedure.

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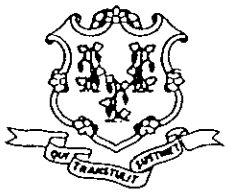
Many building service contractors already follow this practice and support this practice as a reasonable and appropriate effort. By following this practice, contractors save money by not having to train a new workforce to clean the building.

This practice codifies the industry norm in much of Connecticut and follows similar laws that have been passed in California, Washington DC, Philadelphia, Los Angeles, San Francisco, and most recently in New York City. This practice works for workers, it also works for tenants, and it works for employers.

I urge you to give janitors a chance to continue in their jobs and not to face the fear of disruption that is currently constant in the building service industry. I urge you to give tenants in state-run office buildings the assurance that they will have a familiar and secure workforce cleaning their buildings. I urge you to codify this practice into law.

State of Connecticut



AFRICAN-AMERICAN AFFAIRS COMMISSION
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TESTIMONY OF VANESSA D. BURNS

TO

GOVERNOR'S TASK FORCE ON

CONTRACTING REFORM

Good morning Chairpersons Defranzo and Fleming. My name is Vanessa Burns, I am the Executive Director of the Connecticut African-American Affairs Commission.

I am here today to discuss some of the procurement issues that have been raised by African-American businessmen and women who continue to be concerned about their ability to maintain and expand their economic viability in our state. The Connecticut African-American Affairs Commission's mission includes advocating for the improvement of economic development opportunities for our constituent group.

In the last year, the Commission has worked with the State Department of Administrative Services (DAS), Minority Set-Aside Program staff to develop avenues to enhance the

marketing of that program. The DAS staff has made earnest efforts to improve their program outreach, despite a lack of resources. We were, and are, concerned that there are only approximately 142 certified African-American businesses given the magnitude of State procurement opportunities.

During June, the Commission held a public forum entitled "State of Black Connecticut." One of the issues raised by the participants was the lack of opportunities and resources for small businesses, especially in the construction field. In that field, there is a sense that the barriers of bonding and capital formation continue to be a major setback. This lack of fiscal capability, even with available technical resources from agencies like Department of Economic & Community Development, (DECD), Small Business Administration, (SBA) and Connecticut Small Business Centers, (CSBC) has created a situation where the number of Black businesses appears to be diminishing or not growing to the extent we would like them, to proportionate to our overall population.

We are hopeful that the Governor's Contracting Reform Task Force will look at the barriers that may be keeping small businesses from participating in the State's procurement process. We have heard from numerous vendors that even with certification, there are still many obstacles. These include costs associated with administrative paperwork and costs of obtaining drawings. These problems do not only affect startup businesses, but established companies with the appropriate infrastructure are also finding it difficult to work within the present procurement system.

It is apparent that not only the number of participating minority vendors is not very large, but that in order to improve the situation several things must happen. The African-American Affairs Commission would suggest that you examine the programs that are working and raising the bar to true economic opportunities. Perhaps we should look Adriaen's Landing and even UCONN 2000 to a lesser extent. Both of these projects have the administrative support necessary to identify vendors and work with them to assist with issues like bonding and capital formation. This additional support for smaller and minority businesses appears to help them get a larger portion of the pie than they might get without the additional effort and resources.

In no way do I think that Adriaen's Landing & UCONN 2000 are everything they should be, but these projects are taking steps to improve the impact that tax payers' funds can have to facilitate small business development here in Connecticut.

If we could put that same kind of effort into procurement for non-construction small and minority businesses, and not just give lip service to the idea of equal access, then all of our citizens would benefit from opening up of the procurement process.

We are hopeful that when this task force looks at the internal workings of the State's procurement infrastructure, that it also looks at the cumbersome administrative and financial barriers that may limit the number of vendors, both majority and minority, who no longer bother to participate in the procurement process, as well as study those programs that have had better success with additional kinds of support.

Attached are comments from minority businesses concerning the procurement process. Because of the short turnaround time we expect additional comments, which we will forward to your taskforce for your consideration as well.

Thank you and we appreciate the opportunity to speak before you.

Barbara Hudson & Associates
Principal
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Because of lack of business, we're struggling to keep our doors open. We have excellent references, but that did not help us in far as getting jobs. What we discovered in working with the state is that you have to either know someone or be on the inside in order to get work. In our case, our excellent work history and references didn't matter. For example, we began the process of tying to work on the Adriaen's Landing project even before any contracts were signed. When the Waterford Company came to town, we were literally in on the ground floor. We were shut out of the process before we could even get to the table. The Minority Set-Aside Certificate was a waste of time. It meant nothing. After three years of consistent effort and speaking with a number of state agencies from Capital City Economic Development Authority (CCEDA) to the Department of Administrative Services (DAS). What we found out was that the quality of our work did not matter, only the connections. We didn't have the connections.

Mr. Dale Applegreen
Managing Member
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In business since May 1997

We are one of six or seven certified structural steel fabricators in the State of Connecticut. The certification is called CBD or complex steel fabrication. We are certified with the American Institute of Steel Construction (AISC). We are a small to moderate volume structural steel and miscellaneous metals fabricator and installer.

We have been awarded a few contracts with the state as a result of merit and in some cases based on the set-aside program and Hartford certification. But it seems to be increasingly difficult to be awarded contracts based on the many obstacles placed in front of us, like bonding and certain financial requirements. We don't do a lot of state work because of the paperwork requirements, the cost of obtaining drawings, and the costs associated with the administrative paperwork. We are a company that has infrastructure to provide the administrative requirements, but the problem is we are one of few. Other minority contractors might be excluded entirely from the process because of the cumbersome administrative paperwork requirements.

CCIA

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Testimony Presented to: **Governor's Task Force on Contracting Reform**

By: **Joyce A. Wojtas, CCIA Director of Government Affairs**

Date: **Monday, August 2, 2004 - LOB Room 1E**

The Connecticut Construction Industries Association has approximately 500 members and includes eight divisions representing all aspects and disciplines of the construction. CCIA's members include: contractors, subcontractors, suppliers, equipment dealers, architects, consultants, engineers and other professionals associated with the construction industry. The following are recommend changes that the CCIA will help in the Task Force's efforts to further reform the contracting process.

Contractor Prequalification - Amend the statutes to require that all contracts for the construction, reconstruction, alteration, remodeling, repair or demolition of any public building, funded in full or in part by the state, estimated to cost more than $500,000, be awarded to the lowest responsible and qualified general bidder who has been prequalified pursuant to P.A. 03-215. This means that all building contracts for all state agencies, quasi-public agencies, municipalities and UCONN would be included. Problems with current law, whereby a contractor can bypass the stringent prequalification process at DAS and still end up with a state contract award would be eliminated. This creates a credible uniform system and removes the prequalification process from the awarding authority's jurisdiction.

Subcontractor Prequalification - All prime subcontractors with contracts estimated to cost more than $500,000 should be required to be prequalified, effective January, 2006. Current law requires some subcontractors to prequalify if they bid under certain procurement methods, but allows them, under traditional methods, to obtain sizeable contracts without going through the process. Uniformity is the best policy to ensure that subcontractors have the skill, ability, financial capability and integrity necessary to perform the work.

Special Exceptions - Eliminate the special exceptions from the competitive bidding requirements in Sec. 4b-91 of the CT General Statutes, which include projects that have created most of the problems in the state. All fast- track or design-build projects or any non-traditional project should be approved by the legislature based on certain criteria. The statutes should also clearly define policies, procedures and guidelines for all special projects that deviate from the traditional competitive bidding method of procurement that are approved. Uniform policies, procedures and guidelines for contractor or design-build team selection should apply to all state funded building projects. Provisions should be made for projects of an emergency nature.

-over-

Construction Administrators (CA)/Construction Manager Advisors (CMa) - A uniform prequalification process, tailored to the unique aspects of a CA or CMa, should be established. currently, a contractor could bypass the stringent prequalification process and be selected to act as a CA or CMa on major projects. P.A. 03-215 only requires prequalification of construction managers at risk.

False Claims Act - Current law, C.G.S. Sec. 53a-119(6) Defrauding of Public Community, makes fraud against the state a criminal act. Provisions in the "Federal False Claims Act" concerning fines, treble damages, and attorney's fees should be incorporated in the existing statute which falls under the jurisdiction of the Chief State's Attorney. Subpoena power is a necessary investigatory tool for this office.

The Attorney General is involved in administering and approving or rejecting claims against the state from contractors (C.G.S. Sec. 4-61). A False Claims Act under the jurisdiction of the AG's office creates a conflict of interest because it positions the Attorney General to be both the prosecutor and the judge. It is fundamentally unfair to give someone in that position such a tremendous amount of leverage in negotiating a claim. This could have a chilling effect on legitimate claims for payment. Administration of a False Claims Act does not belong in the political arena where it could be used to advance a political or personal agenda.

Contract Review Board - Review of all contracts by a third-party oversight board prior to award will create serious delays in construction and increase the cost of all construction projects. Contract review divisions in all state contracting agencies employ professional staff to review all contracts and bids for substance and accuracy.

Uniformity should be Connecticut's contracting reform goal.

August 2, 2004

Testimony of Oscar Gomez - Information Technology

My name is Oscar Gomez, I am a Systems Developer for the Department of Social Services. I am president of C.S.E.A. 's Chapter 33, a union local representing IT workers in several state agencies.

I am here to draw your attention to contracts in the Information Technology area. The state enters into contracts for as little as a personal services agreement with 1 person for a few months, to contracting out complete programs and projects as big as CORE-CT. Once, the state was willing to contract out it's entire Information Technology services, a contract worth millions of dollars for a company to profit from yet cost hundreds of state employees their jobs and livelihood.

Some agencies are using contracting out as a quick fix to a small problem without looking at other areas affected by their action. **The people effect:** The total disregard for the consequences that these contracts bring upon state workers and their families, is something I hope this task force will address. Every time a request for proposal or an award is made to contract out work, and you have surprise visits by contractors walking through the work place, it sends state employees a message of uncertainty that triggers an unhealthy level of anxiety and pressure that is uncalled for. One of the reasons many state union contracts have a clause to have "written notice of the work contemplated for contracting out" is so we can talk to our members and offer the state or agency, alternatives and have state employees be part of the solution.

Conflict of authority and duplication of efforts: This contract awarded to IKON by D.A.S. is one example of another areas this task force needs to address. This contract shows how state agencies as well as state employees are caught in the middle of someone's idea of fixing what's not broken. A contract is awarded to consolidate all printing services, mail services and data centers throughout the state, specifically in 12 agencies. The Department of Information Technology (one of the 12 agencies) has been working on analyzing how to efficiently consolidate Data Centers in the state. So far they have consolidated data centers for DCF, DOL, some of DRS and continue to work with other agencies. The department of Social Services has one of the most efficient, cost effective printing and mailing operation in the state. It has been labeled as the model to be used by different studies and contractors.

We have a lot of dedicated and talented state workers who take pride in what we do. Contracts are not the answers to everything. But when a contract needs to be contemplated, respect our union contracts, let us, the front-line employees, be part of the solution. And look around, we are doing it better than some contractors. It shows when they seek our advise on cost saving measures.

Thank you for this opportunity. I'll be happy to answer any questions by the members of the panel.

CONTRACT AWARD
RFP-38 NEW 6/98

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South

PO Box 150414
HARTFORD, CT 06115-0414

Joe Giliberto
Contract Specialist

(860) 713-5096
Telephone Number

CONTRACT AWARD NO.: 03PSX0441

Contract Award Date: 27 April 2004

RFP Due Date: 30 December 2003

CONTRACT AWARD

IMPORTANT: THIS IS NOT A PURCHASE ORDER. DO NOT PRODUCE OR SHIP WITHOUT AN AGENCY PURCHASE ORDER.

DESCRIPTION: **Re-engineering of State Print Operations**

FOR: Department of Administrative Services

TERM OF CONTRACT / DELIVERY DATE REQUIRED: April 27, 2004 through July 31, 2009

AGENCY REQUISITION NUMBER: 171703

IN STATE (NON-SB) CONTRACT VALUE	DAS *CERTIFIED* SMALL BUSINESS CONTRACT VALUE	OUT OF STATE CONTRACT VALUE	TOTAL CONTRACT AWARD VALUE
$475,000			$475,000

NOTICE TO CONTRACTORS: This notice of award is not an order to ship. Purchase Orders against contracts will be furnished by the using agency or agencies on whose behalf the contract is made.
INVOICE SHALL BE RENDERED DIRECT TO THE ORDERING AGENCY.
NOTE: Dollar amounts listed next to each contractor are possible award amounts, however, they do not reflect any expected purchase amounts (actual or implied). They are for CHRO use only.
NOTICE TO AGENCIES: A complete explanatory report shall be furnished promptly to the Procurement Manager concerning items delivered and/or services rendered on orders placed against awards listed herein which are found not to comply with the specifications or which are otherwise unsatisfactory from the agency's viewpoint, as well as failure of the contractor to deliver within a reasonable period of time specified. Please issue orders and process invoices promptly.
CASH DISCOUNTS: Cash discounts, if any, shall be given SPECIAL ATTENTION, but such cash discount shall not be taken unless payment is made within the discount period.
PRICE BASIS: Unless otherwise noted, prices include delivery and transportation charges fully prepaid f.o.b. agency. No extra charge is to be made for packing or packages.

CONTRACTOR INFORMATION:

Company Name: **Ikon Office Solutions, Inc.**

Address: **655 Winding Brook Road, Glastonbury, CT 06033**

Tel. No.: **(860) 659-1361** *Fax No.:* **(860) 657-3441**

Contact Person: **Al Maximino**

Certification Type (SBE,MBE, WBE or None): **None**

Company E-mail Address and/or Company Web Site ***amaximino@ikon.com / www.ikon.com***

APPROVED _____
JOSEPH GILIBERTO
Contract Specialist
(Original Signature on Document in Procurement Files)

Date Issued: 27 April 2004

Contract #03PSX0441

This Contact (the "Contract") made as of the 27th day of April 2004, by and between, Ikon Office Solutions, Inc. (the "Contractor or Ikon") with a principal place of business at 655 Winding Brook Road, Glastonbury, CT 06033, acting by R. Paul Lee its Director of Financial Operations and the State of Connecticut (the "State"), Department of Administrative Services/Procurement (the "DAS"), with a principal place of business at 165 Capitol Avenue, Hartford, Connecticut, acting by Jim Passier, its Procurement Manager, in accordance with Sections 4a-2(2), 4a-51, 4a-57 and 4a-59 of the Connecticut General Statutes.

Now therefore, in consideration of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Contractor and the State agree as follows:

1. **Term of Contract:** The Contract will be in effect from April 27, 2004 through July 31, 2009.

2. **Description of Services:** Contractor shall:

   a. Develop a comprehensive plan ("Plan") to the satisfaction of the State within 90 days of the execution of this Contract to consolidate the State print locations listed in Section labeled **"Specific Locations, Departments and Offices"** to one facility or two facilities with the approval of the State within twelve (12) months. Plan shall include recommendations to improve operations and increase savings in all aspects of the operations. Plan shall include implementation schedule listing all objectives and shall utilize the State's staff, other agency personnel such as the Department of Information Technology ("DOIT") and its procedures, and current State contracted suppliers to accomplish objectives. Through manual and electronic auditing tools, surveys, in depth interviews, and data gathering, Contractor shall document the current processes, technology utilization, employee productivity and related cost components at the State print operations. This part of the contract shall be called the Discovery Phase or Phase I. July

   Upon approval of the Plan by the State, the Plan shall be incorporated into this Contract and at the State's option; Contractor shall implement the Plan and all of its objectives within twelve (12) months. This part of the contract shall be called the Implementation Phase or Phase II. DAS will review the Data Collection info

   Each objective within the Plan, which is completed during the Implementation phase, must be approved by the Project Sponsor as being completed.

   Upon completion of the Implementation Phase and approval by the State, the State may at its option enter into Phase III, "Statewide Re-engineering" of this Contract. In Phase III Contractor will continue to find opportunities for the State to re-engineer print and mail operations throughout the State, utilizing Phase I of this Contract as its guide excluding Phase I pricing and shall implement findings utilizing Phase II of this Contract as its guide excluding Phase II pricing. Phase III shall be incorporated into this Contract with Phase III pricing listed in the Contract Award Schedule Exhibit A. Phase II of this Contract must be

completed before Phase III may commence. If Phase III is commenced, The State may exercise its option each year on the anniversary date of Phase III for up to four (4) years.

b. The State Business Objectives include:

- Long-range cost reduction planning for the State's print operation.
- Re-engineering of day-to-day print operations.
- Consolidation of print facilities within 12 months.
- Consolidation of production mail maximizing postal savings.
- Utilization of Internet publishing and appropriate new technology to assure 100% compliance with Executive Order Number 30.
- Establishment of service-level agreements at the agency level.
- Development of a marketing plan to promote the State's print operations.
- Streamlining distribution of mail and printed materials.
- Creation of an online production order and job tracking system.

Contractor shall use commercially reasonable efforts to reduce the overall operational costs of the State's current print production environment and substantially reduce through the implementation of the recommendations defined as a result of the Plan. Both parties acknowledge that actual savings results depend upon satisfaction of a number of factors beyond the control of Contractor. Contractor shall:

- Define improvements in workflow processes, both manual and electronic.
- Identify processes that can be eliminated.
- Recommend new technology that when leveraged will produce operational cost-efficiencies.
- Ensure document and forms security.
- Ensure that current print and mail production is not interrupted during the implementation phase.
- Maximize utilization of equipment and staff, while taking into consideration time constraints, in-house cost versus cost of available commercial printers under State contract and the utilization of print operations located at the Department of Correction, Correctional Enterprises.
- Develop a process to ensure that emergency and highly critical jobs are fulfilled.

c. The objectives of this Analysis are:

- Document the current processes, technology utilization, and employee productivity.
- Identifying the current workflow and obtaining feedback from employees.
- Calculate the true costs of the States current operations.
- Provide recommendations in the Plan to consolidate print and mail operations to the greatest extent possible, without reducing levels of service and quality expected by agency customers.

d. States Obligations

State must commit to the following general obligations:

- Provide executive sponsorship ("Project Sponsor") to the project.

- Provide a single point of contact for project coordination between State and Contractor.
- Provide data or information related to current print operations to Contractor. Ensure that data supplied to Contractor by agencies within the scope of this study are as accurate and as comprehensive as possible. State will supply Contractor with all existing estimates of costs, personnel, obligations, and operating costs of the separate production print and mail facilities at initiation of the Discovery Phase. State will supply Contractor with any lists in their possession of major production printing and postal equipment possessed by agencies along with the capacity and actual use data within the scope of this study. Further, the State will assist Contractor by supplying the past years' spending on outside printing and duplicating disaggregated to the extent practicable.
- **Access**
  - Understanding the analysis is largely financial in nature, provide current costs from Accounting and Human Resources as required.
  - Provide security clearance and access to facilities, as required. This includes badges, access cards and parking privileges if available and approved by the State and the specific State agency.
  - Provide access, with agency Information Technology / MIS group to aid, in the deployment of information systems auditing and survey tools with the approval of DOIT.
  - Assist in obtaining the necessary appointments for key end user focus interviews.

e. Contractors Obligations

Contractor shall commit to the following general obligations:

- Provide a project manager who shall be responsible for Contractors performance to manage the Discovery Phase from initial data gathering to final development of the Plan, and the completion of the Implementation Phase.
- Keep all information designated as Confidential strictly confidential. Keep Project Sponsor informed of all confidentiality agreements entered into with regards to this Contract.
- Coordinate with the designated point of contact(s) for scheduling of interviews and on-site analysis and shall upon reasonable prior written notice be available to state employees schedule(s), as long as such interviews and on-site analysis are conducted during normal business hours.
- Consolidate all findings and report back with Plan summarizing all information ninety (90) days from the commencement of this Contract.

f. Specific Locations, Departments and Offices

The analysis will be focused in the Production Print and Production Mail Centers of each of the following departments/offices and in the Data Centers where indicated:

- Department of Social Services, including Data Center (2 locations)
- Department of Transportation, including Data Center (2 locations)
- Department of Revenue Services – Data Center
- Department of Labor

- Department of Administrative Services
- Department of Motor Vehicles – Data Center
- Department of Information Technology – Data Center
- Department of Public Safety
- Department of Mental Retardation
- Connecticut State Library
- Department of Education
- Department of Corrections Correctional Enterprises (They will not be part of the current consolidation)

1 side - 2 side

g. Contractors Deliverable - Plan Findings Presentation

Contractor shall present its findings for review and validation of accuracy to the State. The State will review and validate the numbers, assumptions, comprehensiveness and descriptions of the findings. After the State has validated and approved the findings, Contractor shall introduce technology and process changes to the State for review, which shall include financial requirements of moving forward to the implementation phase of the project. Once the State approves the technology and process changes the Contractor shall create a custom proposal of processes, technology, employee utilization and cost components, which align with the States objectives, which will be included in the Plan.

h. Components of the Analysis

The plan shall include, but not be limited to analyses and recommendations that address, to the satisfaction of the State, the:

- Long-range cost reduction planning for the State's print operation.
- Consolidation of print facilities within 12 months.
- Re-engineering of day-to-day print operations.
- Consolidation of production mail maximizing postal savings.
- Utilization of Internet publishing and appropriate new technology to assure 100% compliance with Executive Order Number 30.
- Establishment of service-level agreements at the agency level.
- Development of a marketing plan to promote the State's print and mail services.
- Streamlining distribution of mail and printed materials.
- Development of an online production order and job tracking system.

i. Project Work Breakdown Structure (WBS)

The Plan shall also include a detailed WBS projected for a period of 12-months. The WBS shall be created using the Microsoft Project software system and it shall include major and minor task definitions and their related timelines as well as resource loading.

j. Production Facility Design

Contractor using MS-Visio or other appropriate software shall prepare a design layout of the new proposed production and mail-center facility, or facilities if more than one is recommended.

k. Production Facility Capacity

Contractor shall define the production print capacity and mail handling capacity of the new facility. The production print capacity will take into account all of the State's current print management requirements. The analysis and conclusion of the Contractor within this deliverable will also define the current outsourced print jobs that can be brought back into the new consolidated facility. Contractor shall also define those print jobs that will, due to possible equipment constraints, need to remain with outside contractors.

l. Cost Analysis, Implementation and Production

The Cost Analysis Deliverable shall detail all of the costs related to the implementation of the new consolidated print production operation. Additionally, the Cost Analysis Deliverable will also define, by type of job and volume as defined on the Job Requisition Ticket, the production cost applicable to that Job Requisition Ticket.

m. Return on Investment (ROI)

Contractor shall compare and analyze the current production costs incurred by the State to the projected costs associated with the consolidation of the various print and mail facilities. This analysis, in addition to the costs of implementing Contractor design recommendations shall be used to determine the project's ROI and payback period.

n. SOW Implementation

At the discretion of the States Project Sponsor, the Project Sponsor shall determine the project's first meeting date. The SOW analysis shall begin within one-week after the first meeting between the State project sponsor and Contractors Project Manager.

The Project Manager and Project Sponsor shall implement the project by confirming the information to be gathered in each area of study and setting forth the interview schedules. The Project Manager and Project Sponsor will decide upon the best sources for obtaining the information and identifying resources within the State's organization that will be participating on the project. Contractor's Project Manager, in conjunction with the Contractor's Director of Consulting, will represent Contractor during these initial meetings. Subsequent meetings shall be under the direction of Contractor Project Manager. Meeting(s) where the Project Sponsor is present shall be under the direction of the Project Sponsor.

o. Project Communication Schedule

Communication	Frequency	Method	Team Member	Audience
Project Status Report	Weekly	Email	Project Manager	Project Sponsor
Executive Project Status Report	Bi-weekly	Email	Strategic Account Executive	Project Sponsor
Request for problem resolution	As needed	Conference Call	Project Manager	Project Sponsor

The Project Communication Schedule details the method, recipients and frequency of project plan updates and issue resolution.

p. Scope of Analysis

In Scope Service Areas at identified locations

- Production Printing/ Reprographic Services
- Production Mail Services
- Data Center Printing
- Forms Management within the Production and Data Centers
- Electronic Imaging within the Production and Data Centers
- Statement generation and distribution
- Outsourced Printing within the Production and Data Centers

q. Production Printing/ Reprographic Analysis

Examples of tools to be employed

- In-depth Interviews
- User Survey
- Information gathering from Finance

Snapshot of information that may be gathered:

Outsourced services including Copy, Print and Forms

- ☐ Copy of all Service Invoices (last 12 months)
- ☐ Types of projects currently vended out
- ☐ Total copy volume going outside

Copy / Office Services Center / Data Center

- ☐ Floor plan of the Center
- ☐ Square footage
- ☐ List of equipment in the Center and status for purchase, lease, maintenance, and current obligations.
- ☐ Copy of any written guidelines or policies for the areas to be surveyed
- ☐ A copy of the Copy Center / Print Room Job Request Form
- ☐ Delivery Vehicle Costs
- ☐ Contracted pricing for paper, outside print and copy work and office supplies
- ☐ Observations of the current copy, facsimile and mailroom center operations, systems and procedures
- ☐ Informational interviews with key end users who interact with the print shops.
- ☐ Equipment service logs
- ☐ Number of personnel in each Center
- ☐ Responsibilities of each person
- ☐ Copies of all logs
- ☐ Current standard operating procedures for support services

r. **Production Mail Services Analysis**

Tools that may be employed

- In depth Interviews
- User Survey
- Information gathering from onsite observations
- Information gathering from Accounting and Human Resources

Snapshot of information that may be gathered:

Mailroom Volume

- ❑ Copies of all mail logs
- ❑ U.S. Mail Outgoing
- ❑ Third Class Mail Volume

Postage

- ❑ Monthly Postage expenses

Mailroom Service Requirements

- ❑ Arrival time of other sources
- ❑ Cut off time for outgoing US Mail
- ❑ Analysis presort mail
- ❑ Contract review for all in scope services
- ❑ Cut off time for mail processing services
- ❑ Mail run routes and schedule
- ❑ No. of PO boxes and their locations

s. **Forms Management Analysis**

Examples of tools to be employed

- In-depth Interviews
- Analysis of financial information, volumes of forms currently purchased
- Information gathering from onsite observations

Snapshot of information that may be gathered:

Forms Management

- ❑ Examples of Sample forms
- ❑ Number of Existing forms
- ❑ Type of forms, 3 part, 2 part, cardstock
- ❑ Current ordering system
- ❑ Production workflow
- ❑ Onsite tour of inventory space
- ❑ Onsite tour of print shop
- ❑ Onsite tour of local inventory levels.

t. **Electronic Imaging Analysis**

Tools to be employed

- Interviews with Department Heads

Snapshot of information to be gathered:

Contractor shall interview each in-scope service area in regards to their workflow, document production and storage needs. The results of these interviews shall be incorporated into a report that will be submitted with the Plan. Based on the results and the direction of the State, Contractor shall investigate each opportunity on its own merits and business case.

u. Measurements
The Contractor shall provide detailed reports to the State on a monthly basis. Reports shall contain, but are not limited to: internal customer billing, savings, postage costs, operations performance, delivery performance, equipment performance and outside commercial work, (SBE and Non-SBE). The State may request additional reports if needed.

v. Other Services
Contractor is required to utilize only contracted vendors of the State of Connecticut for any work, which cannot be fulfilled by Contractor or State operations. Contractor shall abide by all State rules of procurement and shall not profit from other procurements required to operate the State's print operation without the approval from the State.

Contractor shall use its reasonable efforts to endeavor to utilize State of Connecticut DAS Certified Small Business Enterprises in a minimum of twenty-five percent (25%) of its outside purchases.

3. **Contract Extension:** This Contract may be renewed for a period up to the full original Contract term of Phase III or parts thereof under the same terms and conditions.

   Any extension shall be in writing and signed by both parties, in the form of a contract supplement that the State will issue to the Contractor no later than 30 days prior to the expiration date.

   In addition to the periods above, the State may extend this Contract on a month-to-month basis for a period of up to three months without changes to the pricing or other terms.

4. **Change of Address** - In the event either party moves or updates contact information, the moving party shall inform the other of such changes in writing within 10 days. No governmental entity will be held responsible for payments or purchase orders delayed due to Contractor's failure to provide such notice. Change of address or telephone updates must be forwarded to each other as provided in Section 30.

5. **Insurance** – Supplier shall not commence work under this contract until he has obtained all insurance required under this Section, nor shall the Contractor allow any sub-contractor to commence work on his subcontract until all similar insurance required of the subcontractor has been obtained.
   a. Commercial General Liability
      $1,000,000 Combined Single Limit per occurrence for bodily injury, personal injury and property damage. Coverage shall include Premises and Operations, Independent Contractors, Products and Completed Operations, Contractual Liability and Board Form

Property Damage coverage. If a general aggregate is used, the general aggregate limit shall apply either separately to the project or the general aggregate limit shall be twice the occurrence amount.

b. Workers' Compensation and Employers Liability
Statutory coverage in compliance with the Compensation laws of the State of Connecticut. Coverage shall include Employer's Liability with minimum limits of $100,000 each accident, $500,000 disease-policy limit, $100,000 each employee.

c. Automobile Liability
$1,000,000 Combined Single Limit Automobile Liability insurance shall be maintained against claims for damages resulting from bodily injury, including wrongful death, and property damage which may arise from the operations of any owned, hired or non-owned automobiles used by or for the Contractor in any capacity in connection with carrying out this contract.

d. Minimum Scope of Insurance
All Liability insurance policies shall be written on an "occurrence" basis only. All insurance coverage is to be placed with insurers authorized to do business in the State of Connecticut and must be placed with an insurer that has an A.M. Best's rating of no less and A-, VII. All certificates of insurance shall be filed with the Department of Administrative Services on the standard Accord Certificate of Insurance form showing the specified insurance and limits. The State of Connecticut shall be named as an Additional Insured. The contractor's insurer shall have no right of recovery of subrogation against the State and the contractor's insurance shall be primary coverage.

6. **Contract Prices and Billing:** Contract Prices for services performed under this Contract are shown in Exhibit A, Contract Award Schedule, which is attached to and made a part of this Contract. The State agrees to pay invoices as specified in this Section after receipt of invoice. The Contractor shall bill the State for the services provided. Billing notices shall include detailed spend information and services performed. A late payment charge shall be calculated in accordance with the Connecticut General Statutes.

The Contractor shall bill the State for:

Total Discovery Phase (Phase I) and Implementation Phase (Phase II) Cost: As outlined in Section 2 "Description of Services – Statement of Work" of this Contract the total cost for the Discovery Phase and the Implementation Phase shall not exceed $475,000.

Discovery Phase (Phase I): Upon completion, presentation, and delivery of the Plan by the Contractor and with the approval of the State, the State agrees to pay Contractor the amount of $175,000, on a net pay 30-days.

Implementation Phase (Phase II): During the implementation phase, each objective within the Plan, which has been implemented by the Contractor, shall be documented

by the Contractor with a cost benefit analysis ("CBA") document, which shall have actual dollar savings calculated. The CBA will include all expenses, transfer costs, associated with objective. Upon approval of CBA, the total paid to the Contractor from all objectives combined shall be 60% of the first $500,000.00 of savings not to exceed $300,000.00. The Contractor shall be paid on a monthly basis, net-45 days, as savings are realized. The Contractor agrees to complete all objectives listed in the Plan during the Implementation Phase even though all payments to the Contractor may have been fulfilled.

Statewide Re-Engineering Phase ("Phase III"): During Phase III, "Statewide Re-Engineering Phase" of this Contract, the Contractor shall be paid on a monthly basis, net-45 days, as savings are realized. Phase III pricing is listed in the Contract Award Schedule Exhibit A.

Any project previously started, under consideration by the State or by its agencies, which are, or will produce savings to the State shall not be included by the Contractor as savings. Any modification to any of these processes by the Contractor must be approved by the State.

Facility costs including but not limited to rent and/or real estate costs and all associated costs pertaining to maintenance of such facilities cannot be used as savings under this Contract.

7. **Audit**: At the option of the State and at its own expense, periodic audits may, at reasonable times, be made of the Contractor and all of its subContractors' books and records insofar as they pertain to the Contract. Such audits will be conducted by the State or a representative appointed by the State. Said books and records shall be made available to the Auditors of Public Accounts of the State of Connecticut.

8. **Reporting:** The Contractor shall provide detailed reports to the State on a monthly basis as described in Section 2 of this Contract. The State may reasonably request additional reports if needed and the Contractor shall use every effort to provide such reports.

   Electronic copies of reports shall be provided to DAS Procurement Services at joe.giliberto@po.state.ct.us no later than 5 days following the end of each specified time period. Late delivery or non-delivery of required reports may result in cancellation of the award and rejection of the Contractor's bids or proposals in future procurements.

9. **Independent Contractor:** Contractor agrees to act as an independent Contractor in performing all services under this Contract and, except as otherwise outlined in this Contract, agrees to maintain complete control over its employees and sub-Contractors (such control over the repairers being limited to the context of this Contract).

10. **Entire Contract** - The parties agree that this Contract embodies the entire agreement between the State and Contractor on the matters specified herein, whether expressed or implied, written or oral. No changes, amendments or modifications of any of the terms or conditions of this Contract are valid unless reduced to writing and signed by both parties. The following exhibits are attached and incorporated into this Contract as if they had been set

forth in their entirety. In the event conflicts or disputes arise over issues not specifically addressed in this Contract, the exhibits will be used to resolve such conflicts or disputes in the following order of precedence:

i. Exhibit A – Contract Award Schedule (pricing)
ii. Exhibit B – RFP 19 Standard Terms and Conditions

11. **Severability:** If any provision of this Contract is found by a proper authority to be invalid or unenforceable, the remainder of the Contract shall remain valid and the invalid provision shall be replaced by a valid provision, which comes closest in intent to the invalid provision. The rest of the provisions shall remain in full force and effect.

12. **State Law:** This contract shall be deemed to have been made in Hartford, Connecticut. Both Parties agree that it is fair and reasonable for the validity and construction of this Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. Any dispute arising out of this Contract shall be subject to the jurisdiction of the courts of the State of Connecticut and the U.S. District Court for the District of Connecticut, as appropriate, and with respect to venue in the Judicial District of Hartford at Hartford or the U.S. District Court for the District of Connecticut in Hartford, as appropriate. Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.

13. **State Access to Records, Record Keeping, and Record Transfer:** The Contractor shall establish and maintain complete and accurate working papers and other evidence, including but not be limited to, documents, plans, books, computations, drawings, notes, reports, records and correspondence directly pertinent to performance under the contract, kept or stored in any form (collectively, the "Records"). During the term of the Contract, the Contractor shall afford the officers, attorneys, accountants, auditors, and other authorized representatives of the State free and full access to the Records during normal business hours. The Records are deemed to be the property of the State and shall be delivered to the State in a non-proprietary format, such as, but not limited to, ASCEE or .TXT, no later than thirty (30) days after the expiration or cancellation of the Contract or fifteen (15) days after the Contractor receives a written request from the State for the Records.

14. **State Fiscal and Product Performance Requirements**: Any product or service acquisition resulting from this Contract shall be contingent upon contractual provisions for cancellation of such acquisition, without liability attaching to the State, if the applicable funds are not available for required payment or if the products or services fail to meet minimum State criteria for acceptance and performance reliability.

15. **Offer of Gratuities**: The Contractor warrants, represents, and certifies that no elected or appointed official or employee of the State of Connecticut has, or agrees to, benefit financially or materially from this procurement. This Contract may be terminated by State without liability attaching to the State if it is determined that gratuities of any kind were

either offered to, or received by, any of the aforementioned officials or employees from the Contractor, the Contractor's agent(s), representatives(s) or employees(s).

16. **Subletting or Assigning of Contract**: The Contract or any portion thereof, or the work provided for therein, or the right, title, or interest of the Contractor therein or thereto may not be sublet, sold, transferred, assigned or otherwise disposed of to any person, firm, or corporation, or other entity without the prior written consent of the State. No person, firm or corporation, or other entity, other than the Contractor to whom the project was awarded is permitted to commence work on the project unless such consent has been granted.

17. **Executive Orders:** The Contractor shall comply with the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, the provisions of Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973 and the provisions of Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999. The executive orders are incorporated by reference as if they had been fully set forth in this Contract.

18. **Americans with Disabilities Act:** The Contractor shall comply with the Americans with Disabilities Act in accordance with Public Law 101-336 and any other applicable federal laws and regulations.

19. **Confidentiality and Care of Data:** The Contractor shall protect the confidentiality of any files, data or other material pertaining to this Contract and to restrict their use solely for the purpose of performing this Contract. The Contractor shall take all steps necessary to safeguard data, files, reports or other information from loss, destruction or erasure. Any costs or expenses of replacing or damages resulting from the loss of such data will be borne by the Contractor when such loss or damage occurred through their negligence.

20. **Termination:**

    A. Notwithstanding any provision or language in the Contract, the State, after discussion with Contractor, may suspend, postpone, abandon or terminate this Contract by written notice to the Contractor whenever the State determines in the State's sole discretion that such termination is in the best interests of the State. Any such written notice of termination shall specify the effective date of termination and the extent to which performance under the Contract is to be completed prior to such date. Termination in the best interests of the State shall in no event be deemed to be a breach of contract. Upon receipt of written notification from the State that this Contract is to be terminated, Contractor shall immediately cease operations on work being performed under this Contract and shall assemble all Records. The State shall review the Records and determine the amount of acceptable work performed under the terms of this Contract. The State shall pay Contractor for such work on an equitable basis, after discussions with Contractor, with the final determination to be made by the State. In determining the basis for such equitable payments, the State shall consider the amount of:

(1) work performed by Contractor, less any payments previously made, and

(2) allowable reimbursement expenses incurred by Contractor, less any payments previously made.

b. If either party breaches this Contract in any respect, the non-breaching party shall provide written notice of such breach to the breaching party and afford the breaching party an opportunity to cure the breach within ten (10) days from the date that the breaching party receives such notice. The notice may include an effective termination date if the breach is not cured by that date and, unless otherwise modified by the non-breaching party in writing prior to the termination date, no further action shall be required of any party to effect the termination as of the stated date. If the notice does not set forth an effective termination date, then the non-breaching party may terminate this Contract by giving the breaching party no less than twenty four (24) hours' written notice.

c. Upon termination of this Contract, all rights, duties and obligations hereunder shall be null and void, so that no party shall have any further rights, duties or obligations to any other, except with respect to Sections 12, 13, 19, 24, 25, 27, and 28, which shall survive termination of this Contract.

21. **Payments Against a Contract Award:** In no case will the Contractor bill the user agencies for amounts in excess of the amount(s) indicated in the final Contract Award Schedule agreed to and accepted by both parties through this Contract. Any authorized or agreed additional charges can only be approved for payment by means of an amendment to this Contract in i writing.

22. **Day:** The word "day" as used in this Contract shall mean a business day, unless otherwise specifically noted, with business days being all calendar days other than Saturdays, Sundays and days designated as national or State of Connecticut holidays upon which banks in Connecticut are closed.

23. **Headings:** The headings given to the paragraphs in this Contract are inserted only for convenience and are in no way to be construed as part of this Contract or as a limitation of the scope of the particular paragraph to which the heading refers.

24. **Indemnification:** Contractor shall indemnify, defend and hold harmless the State and its successors and assigns from and against any and all (1) actions, suits, claims, demands, investigations and legal, administrative or arbitration proceedings pending or threatened, whether mature, unmatured, contingent, known or unknown, at law or in equity, in any forum (collectively, "Claims") arising, directly or indirectly, in connection with this Contract including, but not limited to, acts of commission or omission (collectively, the "Acts") by the Contractor or any of its members, directors, officers, shareholders, or employees or any other person or entity with whom the Contractor is in privity of oral or written contract (collectively, "Contractor Parties"); (2) liabilities arising, directly or indirectly, in connection with this Contract, out of the Contractor's or Contractor Parties' Acts concerning its or their duties and obligations as set forth in this Contract; and (3) all damages, losses, costs and expenses, including but not limited to, attorneys' and other

professionals' fees, that may arise out of such Claims and/or liabilities for bodily injury, death and/or property damages. The Contractor shall reimburse the State, for any and all damages to the real or personal property of the State caused by the Acts of the Contractor or any Contractor Parties. The State shall give to the Contractor reasonable notice of any such Claim. The Contractor shall also use counsel reasonably acceptable to the State in carrying out its obligations hereunder. The provisions of this Section shall survive the expiration or early termination of this Contract, and shall not be limited by reason of any insurance coverage.

25. **Interpretation:** This Contract shall be interpreted without regard to any presumption or other rule requiring construction against the party who drafted it.

26. **Promotion:** Unless specifically authorized in writing by the State, Contractor shall have no right to use, and shall not use, the name of the State of Connecticut, its officials or employees, or the seal of the State:

    (a) in any advertising, publicity, promotion;
    (b) to express or imply any endorsement by the State of Contractor's product or services; or
    (c) in any manner (whether or not similar to uses prohibited by (a) and (b) above) except only to produce and deliver in accordance with this Contract

27. **Representations and Warranties:** Contractor represents and warrants to the State that:

    A. it is a duly and validly existing Corporation under the laws of the State of Connecticut and authorized to conduct its business in the State of Connecticut in the manner contemplated by this Contract. Further, Contractor has taken all necessary action to authorize the execution, delivery and performance of this Contract and has the power and authority to execute, deliver and perform its obligations under this Contract;

    B. it will comply with all applicable State and Federal laws and municipal ordinances in satisfying its obligations to the State under and pursuant to this Contract;

    C. the execution, delivery and performance of this Contract by Contractor will not violate, be in conflict with, result in a breach of or constitute (with or without due notice and/or lapse of time) a default under any of the following, as applicable: (i) any provision of law; (ii) any order of any court or any governmental department, commission, board, bureau, agency, office, council, institution or instrumentality (collectively, "Agencies"); or (iii) any indenture, agreement, document or other instrument to which it is a party or by which it may be bound;

    D. it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;

    E. neither it nor any of its members, directors, officers, shareholders, partners, managers, principal officers, or employees have, within the three years preceding this Contract, in their current or former job, been convicted of, or had a civil judgment rendered against

them or any of their current partners, managers, principal officers or any person who would perform any re-engineering of print operation services, for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract. This includes, but is not limited to, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

F. neither it nor any of its members, directors, officers, shareholders, partners, managers, principal officers, or employees nor any person who would perform any services under this Contract, is presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated above;

G. it has not within the three years preceding this Contract had one or more public transactions (Federal, State or local) terminated for cause or default;

H. it shall include the following provision in each subcontract to which it is or may be a party in connection with this Contract and to require that provision to be included in any lower tier subcontracts and purchase orders:

> The [INSERT NAME OF SUB- OR LOWER TIER SUBCONTRACTOR] certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal or State department or agency;

I. is in compliance with all of the requirements necessary to the obtaining of a current Certificate of Good Standing or Legal Existence issued by the Connecticut Secretary of State;

J. it has paid all workers' compensation second injury fund assessments concerning all previous work done in Connecticut;

K. it has a record of compliance with OSHA regulations without any unabated, willful or serious violations;

L. it owes no unemployment compensation contributions;

M. it is not delinquent in the payment of any taxes owed, or that it has filed a sales tax security bond, and it has, if and as applicable, filed for motor carrier road tax stickers and has paid all outstanding road taxes; and

N. all of its vehicles have current registrations and, unless such vehicles are no longer in service, it shall not allow any such registrations to lapse

28. **Sovereign Immunity:** The parties acknowledge and agree that nothing in this Contract shall be construed as a waiver by the State of any rights or defenses of sovereign immunity, which it may have had, now has or will have with respect to all matters arising out of this Contract. To the extent that this provision conflicts with any other provision, this provision shall govern.

29. **Notice.** All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") required or permitted to be given or which are given with respect to this Contract shall be in writing and shall be sent by first class U.S. Mail, postage prepaid, by hand delivery or by recognized, overnight express delivery service, addressed as follows:

    To the Department of Administrative Services:

    Connecticut Department of Administrative Services
    165 Capitol Avenue, Hartford, CT 06115-0414
    Attention: Joseph Giliberto, Contract Team Leader

    To the Contractor:

    Ikon Office Solutions
    655 Winding Brook Road
    Glastonbury, CT 06033
    Attention: R. Paul Lee, Director of Financial Operations

30. **Whistleblowing.** This contract is subject to the provisions of §4-61dd of the Connecticut General Statutes. In accordance with this section any person having knowledge of any matter involving corruption, violation of state or federal laws or regulations, gross waste of funds, abuse of authority or danger to the public safety occurring in any large state contract, may transmit all facts and information in his possession concerning such matter to the Auditors of Public Accounts. In accordance with subsection (e) if an officer, employee or appointing authority of a large state Contractor takes or threatens to take any personnel action against any employee of the Contractor in retaliation for such employee's disclosure of information to the Auditors of Public Accounts or the Attorney General under the provisions of this section, the Contractor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of the contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The executive head of the state or quasi- public agency may request the Attorney General to bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) each large state Contractor shall post a notice of the provisions of this section relating to large state Contractors in a conspicuous place which is readily available for viewing by the employees of the Contractor.

31. **Public Records.** This contract is subject to the provisions of §1-218 of the Connecticut General Statutes. In accordance with this section, each contract in excess of two million five hundred thousand dollars between a public agency and a person for the performance of a governmental function shall (1) provide that the public agency is entitled to receive a copy of records and files related to the performance of the governmental function, and (2) indicate that such records and

files are subject to the Freedom of Information Act and may be disclosed by the public agency pursuant to the Freedom of Information Act. No request to inspect or copy such records or files shall be valid unless the request is made to the public agency in accordance with the Freedom of Information Act. Any complaint by a person who is denied the right to inspect or copy such records or files shall be brought to the Freedom of Information Commission in accordance with the provisions of sections 1-205 and 1-206 of the Connecticut General Statutes.

32. **Further Assurances**. The parties shall provide such information, execute and deliver any instruments and documents and take such other actions as may be necessary or reasonably requested by the other parties which are not inconsistent with the provision of this Contract and which do not involve the assumption of obligations other than those provided for in this Contract, in order to give full effect to this Contract and to carry out the intent of this Contract

33. **Non-discrimination.** A. References in this section to "contract" shall mean this Contract and reference to "contractor" shall mean Contractor. The following subsections are set forth here as required by section 4a-60 of the Connecticut General Statutes:

(1) The contractor agrees and warrants that in the performance of the contract such contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the state of Connecticut. The contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved; (2) the contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the commission; (3) the contractor agrees to provide each labor union or representative of workers with which such contractor has a collective bargaining agreement or other contract or understanding and each vendor with which such contractor has a contract or understanding, a notice to be provided by the commission advising the labor union or workers' representative of the contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the contractor agrees to comply with each provision of this section and sections 46a-68e and 46a-68f and with each regulation or relevant order issued by said commission pursuant to sections 46a-56, 46a-68e and 46a-68f; (5) the contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the contractor as relate to the provisions of this section and section 46a-56.

B. If the contract is a public works contract, the contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works project.

C. "Minority business enterprise" means any small contractor or supplier of materials fifty-one per cent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) Who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise and (3) who are members of a minority, as such term is defined in subsection (a) of section 32-9n; and "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations. "Good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements.

D. Determination of the contractor's good faith efforts shall include but shall not be limited to the following factors: The contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.

E. The contractor shall develop and maintain adequate documentation, in a manner prescribed by the commission, of its good faith efforts.

F. The contractor shall include the provisions of section A above in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the state and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the commission. The contractor shall take such action with respect to any such subcontract or purchase order as the commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with section 46a-56; provided, if such contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the commission, the contractor may request the state of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the state and the state may so enter.

G. The following subsections are set forth here as required by section 4a-60a of the Connecticut General Statutes:

> (1) The contractor agrees and warrants that in the performance of the contract such contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the state of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the contractor agrees to provide each labor union or representative of workers with which such contractor has a collective bargaining agreement or other contract or understanding and each vendor with which such contractor has a contract or understanding, a notice to be provided by the

Commission on Human Rights and Opportunities advising the labor union or workers' representative of the contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said commission pursuant to section 46a-56; (4) the contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the contractor which relate to the provisions of this section and section 46a-56.

H. The contractor shall include the provisions of section G above in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the state and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the commission. The contractor shall take such action with respect to any such subcontract or purchase order as the commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with section 46a-56; provided, if such contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the commission, the contractor may request the state of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the state and the state may so enter.

34. **Applicable Law, Venue and Agent for Service of Process:** This Contract shall be deemed to have been made in Hartford, Connecticut. Both Parties agree that it is fair and reasonable for the validity and construction of this Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. Any dispute arising out of this Contract shall be subject to the jurisdiction of the courts of the State of Connecticut and the U.S. District Court for the District of Connecticut, as appropriate, and with respect to venue in the Judicial District of Hartford at Hartford or the U.S. District Court for the District of Connecticut in Hartford, as appropriate. Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding. The Contractor agrees that the sole and exclusive means for the presentation of any Claim against the State shall be in accordance with Chapter 53 of the Connecticut General Statutes (Claims Against the State) and the Contractor further agrees not to initiate legal proceedings in any State or Federal Court in addition to, or in lieu of, said Chapter 53 proceedings. The Contractor shall appoint agents in the State to receive service of process. If the Contractor fails to appoint said agent, the Secretary of the State of Connecticut is hereby appointed by the Contractor as its agent for service of process for any Claim. Such appointment shall be in effect throughout the term of this Contract, including it supplements, amendments or renewals, if any, and six (6) years thereafter except as otherwise provided by law.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representatives have executed this Contract with full knowledge of and agreement with the terms and conditions of this Contract.

IKON OFFICE SOLUTIONS, INC.

By: _____

_____
(Print or Type Name)

Title: _____

Date: _____

STATE OF CONNECTICUT
DEPARTMENT OF
ADMINISTRATIVE SERVICES

By: _____

_____
(Print or Type Name)

Title: _____

Date: _____

ORIGINAL ON FILE WITH DAS PROCUREMENT SERVICES

CONTRACT AWARD SCHEDULE

RFP-39 NEW 6/98

Joe Giliberto
Contract Specialist Name
(860) 713-5096
Contract Specialist Phone Number

STATE OF CONNECTICUT
PROCUREMENT SERVICES
CONTRACT AWARD SCHEDULE

CONTRACT AWARD #:
03PSX0441

Exhibit A

ITEM #	DESCRIPTION	TOTAL COST
1	Discovery Phase (Phase I)	$175,000.00
2	Implementation Phase (Phase II)	Maximum $300,000.00

3	Statewide Re-Engineering Phase ("Phase III"):

Position	Monthly Salary ($)	Monthly Benefits and Taxes ($)	Total Monthly Cost ($)	Total Weekly Rate ($)	Daily Rates ($)	Hourly Rate ($)
Integrated Account Manager	$7,180.30	$1,163.48	$8,343.79	$2,085.95	$ 417.19	$ 52.15
Customer Liaison	$6,265.03	$1,088.18	$7,353.21	$1,838.30	$ 367.66	$ 45.96
Site Manager	$4,764.30	$964.73	$5,729.23	$1,432.31	$ 286.46	$ 35.81
Assistant Site Manager	$4,158.61	$ 914.88	$5,073.49	$1,268.37	$ 253.67	$ 31.71
Equipment Specialist	$4,158.61	$ 914.88	$5,073.49	$1,268.37	$ 253.67	$ 31.71
Project Manager	$2,150.00	$ 645.00	$2,795.00	$ 698.75	$ 139.75	$ 17.47
Business Process Analyst	$2,725.00	$ 817.50	$3,542.50	$ 885.63	$ 177.13	$ 22.14
Strategic Account Executive	No Charge					
Operation Manager	No Charge					
Major Account Executive	No Charge					
Administrative Asst.	No Charge					
Systems Analyst						$ 145.00

STANDARD CONTRACT
TERMS AND CONDITIONS
RFP-19 Rev. 11/02
Prev. Rev. 04/02

Joe Giliberto
Contract Specialist

(860) 713-5096
Phone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES

PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract No.:
03PSX0441

Exhibit B
Standard Contract Terms and Conditions - Page 1 of 3

All Requests for Proposal issued by the Department of Administrative Services, Procurement Services will bind Proposers to the terms and conditions listed below, unless specified otherwise in any individual Request for Proposal.

Incorporated by reference into this contract are applicable provisions of the Connecticut General Statutes including but not limited to Sections 4a-50 through 4a-80 and applicable provisions of the Regulations of Connecticut State Agencies including but not limited to Sections 4a-52-1 through 4a-52-22.

The contractor agrees to comply with the regulations referred to in this section as they exist on the date of this proposal and as they may be adopted or amended from time to time during the term of this contract and any amendments thereto.

Submission of Proposals

1. Proposals must be submitted on forms supplied by Procurement Services. Telephone or facsimile proposals will not be accepted in response to a Request for Proposal.

2. The time and date proposals are due is given in each RFP issued. Proposals received after the specified due date and time of RFP given in each RFP shall not be considered. RFP envelopes must clearly indicate the RFP number as well as the date and time that the RFP is due. The name and address of the Proposer should appear in the upper left hand corner of the envelope.

3. Incomplete RFP forms may result in the rejection of the proposal. Amendments to proposals received by Procurement Services after the due date and time specified, shall not be considered. An original and one copy of the proposal schedule shall be returned to Procurement Services. Proposals shall be computer prepared, typewritten or handwritten in ink. Proposals submitted in pencil shall be rejected. All proposals shall be signed by a person duly authorized to sign proposals on behalf of the proposer. Unsigned proposals shall be rejected. Errors, alterations or corrections on both the original and copy of the proposal schedule to be returned must be initialed by the person signing the proposal or their authorized designee. In the event an authorized designee initials the correction, there must be written authorization from the person signing the proposal to the person initialing the erasure, alterations, or correction. Failure to do so shall result in rejection of the proposal for those items erased, altered or corrected and not initialed.

4. Conditional proposals are subject to rejection in whole or in part. A conditional proposal is defined as one which limits, modifies, expands or supplements any of the terms and conditions and/or specifications of the Request for Proposal.

5. Alternate proposals will not be considered. An alternate proposal is defined as one which is submitted in addition to the proposers primary response to the Request for Proposal.

6. Prices should be extended in decimal, not fraction, to be net, and shall include transportation and delivery charges fully prepaid by the Contractor to the destination specified in the proposal, and subject only to cash discount.

7. Pursuant to Section 12-412 of the Connecticut General Statutes, the State of Connecticut is exempt from the payment of excise, transportation and sales taxes imposed by the Federal Government and/or the State. Such taxes must not be included in proposal prices.

8. In the event of a discrepancy between the unit price and the extension, the unit price shall govern.

9. By its submission the proposer represents that the proposal is not made in connection with any other proposer submitting a proposal for the same commodity or commodities and is in all respects fair and without collusion or fraud.

10. All proposals are subject to public inspection upon award.

Guaranty or Surety

11. Proposal and or performance bonds may be required. Bonds must meet the following requirements: Corporation - must be signed by an official of the corporation above their official title and the corporate seal must be affixed over the signature; Firm or Partnership - must be signed by all the partners and indicate they are "doing business as"; Individual - must be signed by the owner and indicated as "Owner". The surety company executing the bond or countersigning must be licensed in Connecticut and the bond must be signed by an official of the surety company with the corporate seal affixed over their signature. Signatures of two witnesses for both the principal and the surety must appear on the bond. Power of attorney for the official signing the bond for the surety company must be submitted with the bond.

Samples

12. Accepted proposal samples do not supersede specifications for quality unless sample is superior in quality. All deliveries shall have at least the same quality as the accepted proposal sample.

13. Samples are furnished free of charge. Proposer must indicate if their return is desired, provided they have not been made useless by test. Samples may be held for comparison with deliveries.

Award

14. Award will be based on quality of the articles or services to be supplied, their conformance with specifications, delivery terms, price, administrative costs, past performance, and financial responsibility.

15. Procurement Services may reject any proposer in default of any prior contract or guilty of misrepresentation or any proposer with a member of its firm in default or guilty of misrepresentation.

16. Procurement Services may correct inaccurate awards resulting from clerical or administrative errors.

Joe Giliberto
Contract Specialist

(860) 713-5096
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Exhibit B
Standard Contract Terms and Conditions - Page 2 of 3

Contract

17. The existence of the contract shall be determined in accordance with the requirements set forth above. However, the award of the contract is not an order to ship.

18. The Contractor shall not assign or otherwise dispose of their contract or their right, title or interest, or their power to execute such contract to any other person, firm or corporation without the prior written consent of Procurement Services.

19. Proposers have ten days after notice of award to refuse acceptance of the award; after ten days the award will be binding on the Contractor. If the Contractor refuses to accept the award within the ten day period, the award will be made to the next lowest responsible qualified proposer.

20. Failure of a Contractor to deliver commodities or perform services as specified will constitute authority for Procurement Services to purchase these commodities or services on the open market. The Contractor agrees to promptly reimburse the State for excess cost of these purchases. The purchases will be deducted from the contracted quantities.

21. Rejected commodities must be removed by the Contractor from State premises within 48 hours. Immediate removal may be required when safety or health issues are present.

22. Contractor agrees to: hold the State harmless from liability of any kind for the use of any copyright or uncopyrighted composition, secret process, patented or unpatented invention furnished or used in the performance of the contract; guarantee their products against defective material or workmanship; repair damages of any kind, for which they are responsible to the premises or equipment, to their own work or to the work of other contractors; obtain and pay for all licenses, permits, fees etc. and to give all notices and comply with all requirements of city or town in which the service is to be provided and to the State of Connecticut; to carry proper insurance to protect the State from loss.

23. Notwithstanding any provision or language in this contract to the contrary, the Commissioner may terminate this contract whenever he/she determines in his/her sole discretion that such termination is in the best interests of the State. Any such termination shall be effected by delivery to the Contractor of a written notice of termination. The notice of termination shall be sent by registered mail to the Contractor address furnished to the State for purposes of correspondence or by hand delivery. Upon receipt of such notice, the Contractor shall both immediately discontinue all services affected (unless the notice directs otherwise) and deliver to the State all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Contractor in performing his duties under this contract, whether completed or in progress. All such documents, information, and materials shall become the property of the State. In the event of such termination, the Contractor shall be entitled to reasonable compensation as determined by the Commissioner of the Department of Administrative Services, however, no compensation for lost profits shall be allowed.

Delivery

24. All products and equipment delivered must be new unless otherwise stated in the proposal specifications.

25. Delivery will be onto the specified State loading docks by the Contractor unless otherwise stated in the proposal specifications.

26. Deliveries are subject to re-weighing on State sealed scales.

27. Payment terms are net 45 days after receipt of goods or invoice, whichever is later, unless otherwise specified.

28. Charges against a Contractor shall be deducted from current obligations. Money paid to the State by the Contractor shall be payable to the Treasurer, State of Connecticut.

Saving Clause

29. The Contractor shall not be liable for losses or delays in the fulfillment of the terms of the contract due to wars, acts of public enemies, strikes, fires, floods, acts of God or any other acts not within the control of or reasonably prevented by the Contractor. The Contractor will give written notice of the cause and probable duration of any such delay.

Advertising

30. Contractors may not reference sales to the State for advertising and promotional purposes without the prior approval of Procurement Services.

Rights

31. The State has sole and exclusive right and title to all printed material produced for the State and the contractor shall not copyright the printed matter produced under the contract.

32. The Contractor assigns to the State all rights title and interests in and to all causes of action it may have under Section 4 of the Clayton Act, 15 USC 15, or under Chapter 624 of the general statutes. This assignment occurs when the Contractor is awarded the contract.

33. Contractor agrees that it is in compliance with all applicable federal, state and local laws and regulations, including but not limited to Connecticut General Statutes Sections 4a-60 and 4a-60a. The Contractor also agrees that it will hold the State harmless and indemnify the State from any action which may arise out of any act by the contractor concerning lack of compliance with these laws and regulations. All purchases will be in compliance with Section 22a-194 to Section 22a-194g of the Connecticut General Statutes related to product packaging.

34. This contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill promulgated June 16, 1971, the provisions of Executive Order No. Seventeen of Governor Thomas J. Meskill promulgated February 15, 1973 and section 16 of P.A. 91-58 nondiscrimination regarding sexual orientation, and the provisions of Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999 regarding Violence in the Workplace Prevention Policy.

Joe Giliberto
Contract Specialist

(860) 713-5096
Phone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES

PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
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HARTFORD, CT 06115-0414

Contract No.:
03PSX0441

Exhibit B
Standard Contract Terms and Conditions - Page 3 of 3

Records, Files, and Information

35. Incorporated by reference into this contract and Pursuant to Public Act No. 01-169, each contract in excess of two million five hundred thousand dollars between a public agency and a person for the performance of a governmental function shall (1) provide that the public agency is entitled to receive a copy of records and files related to the performance of the governmental function, and (2) indicate that such records and files are subject to the Freedom of Information Act and may be disclosed by the public agency pursuant to the Freedom of Information Act.

36. Incorporated by reference into this contract is Section 4-61dd(g)(1) and 4-61dd(3) and (f) of the Connecticut General Statutes which prohibits contractors from taking adverse action against employees who disclosed information to the Auditors of Public Accounts or the Attorney General.

Health Insurance Portability and Accountability Act (HIPAA)

37. Under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, Bidders are expected to adhere to the same standards as the state agency/covered entity as to Protected Health Information (PHI), to maintain compliance with Title 45 CFR Part 164.504, Uses and Disclosures: Organizational Requirements, Bidder Contracts. Protected Health Information (PHI) includes information related to claims, health services, federal and state tax information, financials, criminal/court related information and other personally identifiable records. Bidder agrees that it shall be prohibited from using or disclosing the PHI provided or made available by the state agency/covered entity or viewed while on the premises for any purpose other than as expressly permitted or required by this Contract. These uses and disclosures must be within the scope of the Bidder's services provided to the state agency/covered entity. Bidders shall establish and maintain reasonable safeguards to prevent any use or disclosure of the PHI, other than as specified in this Contract or required by law. Bidder agrees that anytime PHI is provided or made available to any subcontractors or agents, Bidder must enter into a subcontract, which contains the same terms, conditions and restrictions on the use and disclosure of PHI as contained in this Contract. Bidder agrees to make available and provide a right of access to PHI by the individual for whom the information was created and disclosed. Bidder agrees to make information available as required to provide an accounting of disclosures. Bidder agrees to make its internal practices, books, and records relating to the use or disclosure of PHI received from, or created or received by Bidder on behalf of the state agency/covered entity, available to the Secretary of Health and Human Services (HHS) for purposes of determining compliance with the HHS Privacy Regulations. At termination of this Contract, Bidder agrees to return or destroy all PHI received from, or created by the state agency/covered entity. If not feasible, extend the protections of this agreement to the PHI and limit further uses and disclosures. Bidder will have procedures in place for mitigating any harmful effects from the use or disclosure of PHI in a manner contrary to this Contract or the HHS Privacy Regulations. Bidder must develop and implement a system of sanctions for any employee, subcontractor or agent who violates this Contract or the HHS Privacy Regulations. The PHI shall be and remain the resources of the state agency/covered entity. Bidder agrees that it acquires no title or rights to the information, including any de-identified information, as a result of this Contract. Bidder agrees that the state agency/covered entity has the right to immediately terminate this Contract if the state agency/covered entity determines that Bidder has violated a material term of this HIPAA Compliance Agreement above.

Testimony to the Task Force on Contracting Reform

By Lelah Campo, President
Connecticut Associated Builders and Contractors

We would like to thank Governor Rell and the Task Force for creating this forum and the opportunity to express our industry's thoughts and concerns.

My name is Lelah Campo and I am President of the Connecticut Associated Builders and Contractors. We are a construction trade association representing over 200 contractor companies and industry professionals in Connecticut. CT ABC is also a chapter of the national Associated Builders and Contractors with over 23,000 members.

As we explore the many complex issues that spawned this committee we must keep asking - what went wrong? That is, in this process it is crucial that we do not fix what is not broken – only what contributed to the crisis. There are already a number of controls and procedures in place to ensure that public projects are awarded objectively. It appears that problems arose from those controls and procedures not being followed. Recent legislation has, in part, attempted to prevent corruption from impacting our contract award methods.

One attempted reform, the DPW prequalification process, is a dramatic procedural change that is in the process of being put in place, but has not yet had a chance to prove or disprove itself. As of July 1 2004 the prequalification of contractors began - a standardized process administered by the Department of Administrative Services, to evaluate all contractors desiring to bid on DPW projects. This will be in full force as of October 1 2004 – no contractor will be able to bid on a state funded building projects over $500,000 unless they have gone through this rigorous process that examines everything from gifts to state officials to employee qualifications. As the prequalification process evolves, consideration should be given to the possibility that it may be too stringent – screening out qualified contractors with the capability to perform simply because they have not enough experience on public work to date. Those contractors may be some of the same qualified contractors previously excluded as they felt they did not have enough connections to bid this type of public work.

All of the problems you have heard about and will hear about boil down to contracts that were not awarded objectively - times when apparently no opportunity was given for contractors who were qualified to do the work to bid in our open and competitive bidding system. Whenever you stray from the lowest responsible bidder or create ways to exclude companies from bidding, you increase the opportunity for the project to be awarded in a biased manner.

On that front, there is another contract award issue that we at CT ABC strongly believe needs further scrutiny. It is a process that limits construction projects to just 20% of the construction industry and has been utilized with no study on its impact, no public hearings, and no validation from the legislative body. That is the practice of adding a project labor agreement as part of the contract. This process became quite prevalent under the Rowland administration.

Let me explain that Project Labor Agreements which are referred to as PLAs, have, in effect, prevented any contractor or his workers not signatory to a union agreement from bidding on over one billion dollars worth of state construction projects. PLAs increase the cost of a project – studies vary on just how much, but a conservative estimate is PLAs increase construction cost by 15% above the standard costs of performing a public prevailing wage project.

We strongly believe that to the extent PLAs are utilized on public projects they must be subject to as much scrutiny as there is for any other contract award for a DPW project or projects that have funding provided for by the State of Connecticut. For example, just as any contractor or vendor to the state must sign an affidavit revealing gifts to public officials, so should any signator to a PLA.

In summary, we urge the Task Force to study whether prequalification may not solve many of the issues as to how a project is awarded, not to throw out good procedures and practices with the bad, and to extend their scrutiny to the practice of placing PLAs onto state projects with no accountability or due process.

NESS

New England Solution Systems

Systems Integration
eBusiness Applications
Accounting Systems
Computer Systems
Support Services

8/2/2004

Subject: Suggestions for enhancing job creation through contract awards to small businesses
To: The Distinguished members of the Task Force on State Contracting
By: Ola Aina, President, New England Solution Systems (NESS)

Background

In 1993, State of Connecticut was said to have awarded contract worth only $40,000 to small minority-owned businesses out of about $2 billion procurement.

The set-aside program was moved from Department of Economic and Community Development (DECD) to Department of Administrative Services (DAS) Business Connections unit under the leadership of Mr. Carlos Velez. As a result of the efforts of Mr. Velez and his staff, the set-aside program was much improved and we are told contracts awards to small minority-owned businesses increased to several million dollars.

During recent periods of State budget deficits, effort to cut costs by reducing the number of vendors has affected small minority-owned adversely, thus reducing the ability of small businesses to create jobs.

Small Business concerns

Contracting and procurement officers may have less incentive to consider minority-owned companies for contract awards
That contract awards may increasingly be concentrated with larger companies with superior marketing and lobbying powers
Small minority-owned businesses may not get the full benefit of second-tier awards
Enforcement of set-aside legislation

Suggestions

1. Empower small business advocates to increase the awareness of contracting officer to small and minority-owned businesses set-aside program
2. Empower the small business advocates to enforce the provisions of set-aside program
3. Appropriate authorities should monitor the second-tier programs to make sure that the teaming relationships are fair to small and minority-owned businesses
4. Appropriate authorities should close the loopholes used to abuse the set-aside program
5. Mandate that set-aside contracts award reports to be prepared and published regularly
6. Creation of permanent small business task force to participate in monitoring set-aside program
7. Recognize those procurement officer and small business advocates who increase contract awards to small businesses

719 Cottage Grove Rd. . Bloomfield, CT 06002
E-mail: ness@interness.com www.interness.com Telephone: (860) 286-8600 Fax (860) 286-8609

Meeting of the Connecticut Task Force, Monday, August 2, 2004 @ 10:00 AM
Legislative Office Building, Suite E-1
My name is Norman S. Primus a/k/a Redistricting U.S.A., and Consultant.
I reside in New London, Connecticut.

I appear before this Task Force to submit a summary of my experiences with our state government from 1999 to 2002. Specifically with the General Assembly, a committee thereof and a commission thereof: the Governors Office, the Supreme Court, the office of the Secretary of the State, the Freedom of Information Commission and four non-entity caucuses. But, before I delve into the above allow me to take a few minutes to tell you who, or what, I am.

From 1940 to 1942 and from 1946 to 1947, I was an auditor with a Chicago CPA firm. I left the firm because I was being assigned to out of town jobs and that placed a strain on my wife because we had a toddler and his sister on the way. It was my plan to return to public accounting when our situation stabilized and continued my education to attain a CPA certificate. I found an assistant controller position and found a new love. The company had no internal controls and the staff performed their work by rote. Seeking out the problems that hampered the flow of monies to the bank, paying bills, etc. was exciting to me but when all the paper work flowed and the staff understood their responsibilities and how to answer their questions, I had little to do and so I looked for new adventures.

I served a number of companies as controller; I was a member of the Budget and Finance Department of a billion dollar corporation and served as vice president and president of two other companies. I know purchasing. I know purchasing because I did purchasing and because I had occasions to supervise purchasing departments. I have bid on jobs, and I supervised projects that had nothing to do with accounting.

In 1997, my wife and I took up residence in New London and shortly thereafter I entered upon the journey of bringing an open and a constitutional manner of districting to the State of Connecticut. Back in 1974 I became the chairman of New Jersey Common Cause's Taskforce on Redistricting. I moved to Indiana in 1982 and I continued to serve on the Task Force where we accomplished some very positive results.

In February 2001 the state legislature created the Redistricting Committee and I attended virtually every meeting they held. At public meetings, six of them, I spoke to the committee and advised them to allow the public to participate in drawing new districting plans and offered a process that would bring districting to the fore.

Ladies and Gentlemen, I know that you are charged with the task of ferreting out the commission of unlawful activities by elected officials, and others, and I hereby submit information that I believe is within your charge.

I assume that all of you are aware of the Constitutional requirement of census taking, the apportionment of representatives to the various states and the need for state legislatures to prescribe a manner of dividing the various states into congressional districts that are equal in number to the number of representatives apportioned.

To accomplish this task Connecticut's Constitution has set forth guidelines for the division of the state and one of the steps taken was the advertising for bids to find districting contractors. The first step was to issue a REQUEST FOR PROPOSAL.

Contractors wishing to submit a bids were provided with a 15-page statement of "General Proposal Requirements for Contractual Services." This invitation to bid was issued by:

THE CONNECTICUT GENERAL ASSEMBLY
Joint Committee on Legislative Management

Consisting of:

Senate President Pro Tempore	Speaker of the House
Senate Majority Leader	House Majority Leader
Senate Republican Leader	House Minority Leader

The definition of CONTRACTUAL SERVICES is set forth as item 1(c) of the packet and reads as follow:

""Contractual Services" means any and all laundry and cleaning services, pest control service, janitorial service, security service, the rental and repair, or maintenance, of equipment, machinery and other state-owned personal property, advertising and photostating, mimeographing, data entry, data processing and other similar service arrangements where the services are provided by persons other than state employees."

I suggest that "Contractual Services" limits the purchasing by the Joint Committee of Legislative Management to services required to serve the needs for maintaining the building.

I further suggest that any action that emanates from the Constitution or the full General Assembly in no way permits the Joint Committee of Legislative Management to secure contractors that relate to the legislation of laws. It must follow that there is in place a manner of securing contractors under the legislatures internal control system. This exception is not prescribed in the statutes of the state and should be deemed null and void.

Item 2. REDISTRICTING COMMITTEE

In accordance with Connecticut's Constitution, the President Pro Tempore, the Speaker of the House, and the minority leaders of the senate and the house are each required to appoint two members to the Redistricting Committee. This was done on February 15, 2001.

These four individuals appointed themselves and four colleagues.

I trust that you will recall that these four individuals are the leaders of the General Assembly, and they:

> Are also members of the Joint Committee on Legislative Management. (See preceding page.): and now
>
> Are also members of the Redistricting Committee.

I suggest that the fact that they controlled these three inter-related functions speaks to the elimination of internal control or oversight by second or third parties such as the Executive and Judicial branches of our state government.

I suggest that the Constitution specifically excludes these four officials from the Redistricting Committee. If the authors of the articles dealing with the redistricting process wanted the four leaders of the general assembly to be on the Redistricting Committee they would have stated so in the Constitution. I believe the prime role of a leader is to lead and delegate; it is not incumbent upon leaders to serve on committees.

Item 3. REDISTRICTING AND REAPPORTIONMENT SUPPORT SERVICES AGREEMENT (Democratic)

Agreement dated March 30, 2001 (the Effective Date") by and between ELECTION DATA SERVICES, INC., ("E.D.S.") and the Democratic caucuses of the Senate and House of Representatives of the Connecticut General Assembly acting in their roles as participants in the redistricting and reapportionment process and acting by and through the Office Legislative Management of the Connecticut General Assembly.

Total Price $231,750.

Schedule of Payments:

$ 25,118	Upon signing contract 15%.
117,215	Payable over seven monthly payments 10%
25,117	Final Payment 15%
$167,450	Total Products and Services
64,350	Expenses for Travel, Materials, etc. Billed monthly.
$231,750	PROJECT TOTAL

In May 2002, I requested a copy of the invoices set forth above. None were on hand and no answer was known or given as to why this vendor did not submit invoices. In June 2002 an invoice for $230.320.99 was received. Minor adjustments were made and the invoice was paid. As a "citizen auditor" of the districting process I continue to wonder why the invoices were not filed and payments were not made until I presented my request for a copy.

Item 4.

PROPOSAL
REDISTRICTING SUPPORT SERVICES
HOUSE REPUBLICAN OFFICES
CONNECTICUT GENERAL ASSEMBLY

The House Republican Caucus accepted the Proposal of Baker & Hostetler, LLP.

Total Price was contingent on various items, $66,025 to $119,000.

There was a payment schedule in the agreement but it too was not complied with.

Baker & Hostetler submitted the following invoices:

9-27-01	$ 25,408.23
1-31-02	91,557.77*
1-31-02	6,301.61
1-22-02	4,951.33
Total	$128,218.94

*The invoice is marked up and the amount actually paid is not indicated.

Query: Why does the House Republican Caucus require an attorney-consultant while the Senate Republican Caucus does not? Did it have an attorney and if so where is the agreement and invoices?

Query. Why does the Redistricting Committee require more than one consultant?

I suggest that it does not. If the Constitution states that the leaders of the two parties in the House and Senate appoint two of the own it should follow that the committee would be non-partisan. A non-partisan committee should be able to find one non-partisan consultant.

Item 5. The Four Non-Entity Caucuses.

Our Constitution states that the four leaders of the General Assembly each appoint two members to Redistricting Committee. It does not say the four leaders should be members of the committee. They should not serve on the Redistricting Committee, but our four leaders did just that. I suggest that this action by the leaders is unforgivable.

The Redistricting Committee immediately, independently and secretly, divided themselves into four caucuses.

The Senate Republican Districting Caucus The House of Representatives Districting Caucus.
The Senate Democratic Districting Caucus The House of Representatives Districting Caucus

By calling themselves a "Caucus" they held that they could meet secretly and did not need to hold open meetings or keep minutes.

They deliberately kept their distance but they communicated by sending staff personal between their offices. This action is unforgivable.

These "Caucuses,' in my opinion are non-entities. They are not corporations, partnerships or proprietorships. They cannot sue or be sued as Caucuses. Caucuses are a meeting of a group of like party members who gather to enlighten each other and when they finish their deliberations they return their chamber and the caucus is no more.

There is in the Connecticut Legislative Office Building a suite for the Democratic Caucus (Party) and a suite the Republican Caucus (Party).

In so far as I know, the two consultants did not prepare a single plan since no plans were ever displayed. The Redistricting Committee did not present a single districting plan to the General Assembly during its existence, February 15, 2001 to September 15, 2001.

The succeeding Redistricting Commission was convened on October 15th and was scheduled to expire on November 30th.

On the evening of Monday, November 26th, the Commission displayed and adopted a Senate Plan without hearing comments from the public or members of the General Assembly.

On the evening of Thursday, November 29th, the Commission displayed and adopted a House Plan without hearing comments from the public or members of the General Assembly.

On Friday, November 30th, the Commission extended the time of deliberation for the caucuses to midnight. At 11:50 PM the Commission met and adjourned without adopting a districting plan for Connecticut's congressional districts.

Item 6. Phase 2.

The following paragraph is taken verbatim from a proposal submitted by Election Data Services, a Consultant (Democratic) on Redistricting. It was submitted on April 14, 2000.

Year 2000Voting District Layer
A new layer of voting district boundaries for the November 2000 general election will be needed to disaggregate election returns and analyze political and demographic data. If no voting district boundaries were changed between the 1998 and 2000 general elections, a copy of the 1998 voting district layer (or VTD layer) can be used for data analysis and disaggregation. However, it will still be necessary to verify that no voting district boundaries were changed. During the last redistricting cycle, voting districts in several Connecticut towns were changed after the 1988 elections, despite a mandate that no changes should occur once VTDs had been mapped for the Phase 2 project.

I believe the proposal was revised twice. I believe the dates were March 30, 2001 and on April 2, 2002. The reservation stated above was eliminated in the succeeding Proposals.

To understand what EDS is saying one must know what Phase 2 project is. The State of Connecticut and the Census Bureau agreed to cooperate in securing the population of each and every precinct within the State. Prior to 1974 the Census Bureau presented all population data in categories needed for census purposes only. The data was unsuitable for the states and contributed to the undermining of our states' districting process.

On or about 1985, Connecticut filed a request with the Census Bureau to provide precinct populations and submitted maps and additional information to permit the Bureau to ascertain that the boundaries of precincts and census blocks were confluent. When the republican and democratic caucuses districted the state in 1991 they ignored the agreement with the Census Bureau and altered precinct boundaries in violation of the laws as set forth in Phase 2. As a result approximately 72 of our 169 towns were instructed to revise their precinct boundaries. Unfortunately voting registrars and town councilors were not aware of Phase 2 and as a result they unknowingly violating federal law.

A lawsuit was filed but on the argument of voting rights that was unsuccessful. No lawsuit was filed on the violation of Phase 2.

EDS, in the subject paragraph, advised the caucuses to comply with Phase 2 in 2001. Apparently the members of the caucus recalled that they were not exposed in 1991 and decided to once again violate Phase 2. What is regrettable to me is that EDS, having stated the law, decided to cooperate in the violation.

Item 7. NONDISCLOSURE and NONCOMPETITION AND NONDISCLOSURE

Included in the REDISTRICTING AND REAPPORTIONMENT SUPPORT SERVICES AGREEMENT with contractors under "Title 8, Nondisclosure," is the following:

8.2 Publicity by E.D.S.

E.D.S. shall not make use of, publicize, or discuss with persons or entities it knows or suspects may publicize, the caucuses' name or the Data, except that E.D.S. may include the caucuses under its list of clients.

Appendix B of the Agreement, titled Noncompetition and Nondisclosure sets the standard for employees of contractors of E.D.S.

Article 1 (c) as otherwise authorized by the caucuses in writing.

I shall keep confidential all matters entrusted to me and shall not use or attempt to use and Data except as may be required in the ordinary course of performing my duties as an employee of E.D.S., or of any E.D.S., subcontractor and I shall not use any data in any manner that could disclose such information to any other person or entity besides the caucuses, whether directly or indirectly.

I submit that the Data used by the caucuses and the contractors was purchased from public funds and must be made public.

I submit that the caucuses,' having demanded the nondisclosure agreement with contractors would have also demanded the same agreement from the states' staff attorneys and the state's personnel. The Data is public property, in my opinion, and believe the attorneys and staff knew this to be the case but this situation is one where employees are forced to keep their silence to protect their jobs and the benefits they have earned as faithful employees.

Item 8. WHAT DID "WE THE PEOPLE" GET FOR OUR MONEY?

Our non-entity caucuses contracted with the two contractors to provide a number of databases to be used by the caucuses in designing the congressional, senate and house districts. These data are hidden from the public and so no one can distinguish which datum was used and which datum was ignored but paid for.

Allow me to present a glimpse of what we the people received.

The Redistricting Commission on November 26, 2001, at 5 PM, met to adopt and display the map of the "new" 36 districts for the Senate. In addition to the map they provided a "Geography Report" of the plan that consisted of 82 pages of numbers, a sample of which is illustrated herewith:

State Senate
Redistricting Plan 2001
Geography Report

Geographic Description	STFID	Population
Hartford town: Census Tract 5001	09003500100	3,991
Hartford town: Block Group 3	090035044003	782
Hartford town: Block 1000	090035017001000	267
Bethel town: Census Tract 2003.02	09001200302	5,113
Danbury town: Block 5000	09001210505000	0

What troubled me was this. When I looked the district map displayed I could not find any of the above locations.

So "we" now have: no hard copy or computer disk of the data provided by the contractors because the caucuses have sequestered all of that data:,

We also have a district map and a Geography Report that are worlds apart:

We have three districting maps that are illegal because the caucuses did not use the precinct populations and they thereby violated the federal law that stipulates the states are to comply with Phase 2.

To the $360,000 paid to our contractors we must add the expenses of the salaries of the committee members, commissioners, staff, and all of the costs supplies etc. etc.

What did we the people get out of the districting process? This is my question to this commission and my fellow citizens.

Exhibit 5-4

The Connecticut General Assembly

Reapportionment Commission

Louis C. DeLuca, Co-Chair
Senate Republican Leader

Kevin B. Sullivan
Senate President Pro Tempore

Senator Joseph J. Crisco
Senator David J. Cappiello

Dan Duffy, Project Coordinator

Moira K. Lyons, Co-Chair
Speaker of the House

Robert M. Ward
House Minority Leader

Representative Melody A. Currey
Representative Arthur J. O'Neill

Nelson Brown

Connecticut Congressional Redistricting Plan 2001 Geography Report

INDEX

DISTRICT	PAGE
1	1
2	6
3	12
4	20
5	23 of 29

DISTRICT	Geographic Description	STFID	Population
1		District Population:	681,113
	Barkhamsted town	0900502760	3,494
	Berlin town	0900304300	18,215
	Bloomfield town	0900305910	19,587
	Bristol town	0900308490	60,062
	Colebrook town	0900516050	1,471
	Cromwell town	0900718080	12,871
	East Granby town	0900322070	4,745
	East Hartford town	0900322630	49,575
	East Windsor town	0900324800	9,818
	Granby town	0900332640	10,347
	Hartford town	0900337070	124,123
	Hartland town	0900337140	2,012
	Manchester town	0900344700	54,740
	New Hartford town	0900551350	6,088
	Newington town	0900352140	29,306
	Portland town	0900761800	8,732
	Rocky Hill town	0900365370	17,966
	South Windsor town	0900371390	24,412
	Southington town	0900370550	39,728
	West Hartford town	0900382590	61,044
	Wethersfield town	0900384900	26,271
	Winchester town	0900586440	10,684
	Windsor Locks town	0900387070	12,043

4

EXHIBIT 5-V

DISTRICT	Geographic Description	STFID	Population
	Windsor town	0900387000	28,237
	Glastonbury town: Census Tract 5201	09003520100	5,662
	Glastonbury town: Census Tract 5203	09003520300	8,480
	Glastonbury town: Block Group 1	090035204001	2,859
	Glastonbury town: Block Group 2	090035204002	847
	Glastonbury town: Block Group 9	090035204009	1,320
	Glastonbury town: Block 1000	090035205011000	216
	Glastonbury town: Block 1001	090035205011001	6
	Glastonbury town: Block 1002	090035205011002	0
	Glastonbury town: Block 1003	090035205011003	28
	Glastonbury town: Block 1004	090035205011004	35
	Glastonbury town: Block 1005	090035205011005	350
	Glastonbury town: Block 1006	090035205011006	24
	Glastonbury town: Block 1007	090035205011007	23
	Glastonbury town: Block 1008	090035205011008	59
	Glastonbury town: Block 1009	090035205011009	45
	Glastonbury town: Block 1010	090035202021010	150
	Glastonbury town: Block 1016	090035202021016	5
	Glastonbury town: Block 1017	090035205011017	41
	Glastonbury town: Block 2018	090035202022018	1
	Glastonbury town: Block 3000	090035204003000	191
	Glastonbury town: Block 3001	090035204003001	17
	Glastonbury town: Block 3002	090035204003002	147
	Glastonbury town: Block 3003	090035204003003	111
	Glastonbury town: Block 3004	090035204003004	86
	Glastonbury town: Block 3005	090035204003005	21
	Glastonbury town: Block 3006	090035204003006	57
	Glastonbury town: Block 3007	090035204003007	0
	Glastonbury town: Block 3008	090035204003008	120
	Glastonbury town: Block 3009	090035204003009	158
	Glastonbury town: Block 3010	090035204003010	58
	Glastonbury town: Block 3011	090035204003011	59
	Glastonbury town: Block 3012	090035204003012	8
	Glastonbury town: Block 3013	090035204003013	0
	Glastonbury town: Block 3014	090035204003014	39
	Glastonbury town: Block 3015	090035204003015	54
	Glastonbury town: Block 3016	090035204003016	57
	Glastonbury town: Block 3017	090035204003017	65
	Glastonbury town: Block 3018	090035204003018	44

The Connecticut General Assembly

Reapportionment Commission

EXHIBIT 5-3

Louis C. DeLuca, Co-Chair
Senate Republican Leader

Kevin B. Sullivan
Senate President Pro Tempore

Senator Joseph J. Crisco
Senator David J. Cappiello

Dan Duffy, Project Coordinator

Moira K. Lyons, Co-Chair
Speaker of the House

Robert M. Ward
House Minority Leader

Representative Melody A. Curtey
Representative Arthur J. O'Neill

Nelson Brown

State Senate
Redistricting Plan 2001
Geography Report

DISTRICT	Geographic Description	STFID	Population
01		District Population:	**91,590**
Cty HA	Hartford town: Census Tract 5001	09003500100	3,991
	Hartford town: Census Tract 5002	09003500200	2,360
	Hartford town: Census Tract 5003	09003500300	2,624
	Hartford town: Census Tract 5004	09003500400	2,065
	Hartford town: Census Tract 5005	09003500500	1,448
	Hartford town: Census Tract 5021	09003502100	1,118
	Hartford town: Census Tract 5023	09003502300	5,349
	Hartford town: Census Tract 5024	09003502400	5,856
	Hartford town: Census Tract 5025	09003502500	1,748
	Hartford town: Census Tract 5026	09003502600	3,700
	Hartford town: Census Tract 5027	09003502700	5,200
	Hartford town: Census Tract 5028	09003502800	3,065
	Hartford town: Census Tract 5029	09003502900	3,077
	Hartford town: Census Tract 5030	09003503000	3,181
	Hartford town: Census Tract 5041	09003504100	2,076
	Hartford town: Census Tract 5043	09003504300	3,130
	Hartford town: Census Tract 5045	09003504500	3,597
	Hartford town: Census Tract 5046	09003504600	49
	Hartford town: Census Tract 5047	09003504700	3,119
	Hartford town: Census Tract 5048	09003504800	4,750
	Hartford town: Census Tract 5049	09003504900	4,415
	Hartford town: Block Group 3	090035044003	782
	Hartford town: Block Group 4	090035044004	1,113
	Hartford town: Block 1000	090035017001000	267
	Hartford town: Block 1001	090035017001001	178
	Hartford town: Block 1001	090035018001001	0
	Hartford town: Block 1002	090035017001002	121
	Hartford town: Block 1002	090035018001002	171
	Hartford town: Block 1003	090035017001003	0
	Hartford town: Block 1003	090035018001003	199

Exhibit 5-4

The Connecticut General Assembly

Reapportionment Commission

Louis C. DeLuca, Co-Chair
Senate Republican Leader

Kevin B. Sullivan
Senate President Pro Tempore

Senator Joseph J. Crisco
Senator David J. Cappiello

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House Minority Leader

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Representative Arthur J. O'Neill

Nelson Brown

House of Representatives
Redistricting Plan 2001
Geography Report

DISTRICT	Geographic Description	STFID	Population
001		District Population:	**21,741**
	Bloomfield town: Block Group 1	090034713001	1,462
	Bloomfield town: Block Group 2	090034711002	679
	Bloomfield town: Block Group 2	090034712002	548
	Bloomfield town: Block Group 3	090034712003	820
	Bloomfield town: Block Group 3	090034711003	1,396
	Bloomfield town: Block 1001	090034712001001	122
	Bloomfield town: Block 1002	090034712001002	8
	Bloomfield town: Block 1003	090034712001003	0
	Bloomfield town: Block 1004	090034712001004	141
	Bloomfield town: Block 1005	090034712001005	274
	Bloomfield town: Block 1006	090034712001006	23
	Bloomfield town: Block 1007	090034712001007	138
	Bloomfield town: Block 1008	090034712001008	49
	Bloomfield town: Block 1009	090034712001009	45
	Bloomfield town: Block 1009	090034711001009	31
	Bloomfield town: Block 1010	090034712001010	43
	Bloomfield town: Block 1010	090034711001010	387
	Bloomfield town: Block 1011	090034712001011	284
	Bloomfield town: Block 1011	090034711001011	32
	Bloomfield town: Block 1012	090034712001012	0
	Bloomfield town: Block 1012	090034711001012	32
	Bloomfield town: Block 1013	090034712001013	66
	Bloomfield town: Block 1014	090034712001014	53
	Bloomfield town: Block 1015	090034712001015	77
	Bloomfield town: Block 1016	090034712001016	63
	Bloomfield town: Block 1017	090034712001017	113
	Bloomfield town: Block 1018	090034712001018	2
	Bloomfield town: Block 2000	090034713002000	43
	Bloomfield town: Block 2001	090034713002001	0
	Bloomfield town: Block 2002	090034713002002	0

EXHIBIT 5-5

DISTRICT	Geographic Description	STFID	Population
002		District Population:	**22,608**
	Bethel town: Census Tract 2001	09001200100	3,504
	Bethel town: Census Tract 2003.02	09001200302	5,113
	Bethel town: Block Group 3	090012002003	907
	Bethel town: Block Group 4	090012002004	827
	Bethel town: Block 2000	090012002002000	60
	Bethel town: Block 2004	090012002002004	0
	Bethel town: Block 2005	090012002002005	79
	Bethel town: Block 2006	090012002002006	66
	Bethel town: Block 2007	090012002002007	361
	Bethel town: Block 2008	090012002002008	0
	Bethel town: Block 2009	090012002002009	0
	Bethel town: Block 2010	090012002002010	183
	Bethel town: Block 2011	090012002002011	0
	Danbury town: Block Group 2	090012105002	1,372
	Danbury town: Block Group 3	090012107003	1,728
	Danbury town: Block Group 4	090012105004	1,057
	Danbury town: Block 1000	090012106001000	1,011
	Danbury town: Block 1001	090012106001001	[illegible]
	Danbury town: Block 1002	090012106001002	0
	Danbury town: Block 1004	090012106001004	151
	Danbury town: Block 1005	090012106001005	0
	Danbury town: Block 1006	090012106001006	0
	Danbury town: Block 1007	090012105001007	156
	Danbury town: Block 1008	090012105001008	0
	Danbury town: Block 1009	090012105001009	5
	Danbury town: Block 1010	090012105001010	421
	Danbury town: Block 1011	090012105001011	0
	Danbury town: Block 1012	090012105001012	2
	Danbury town: Block 1013	090012105001013	14
	Danbury town: Block 1014	090012105001014	8
	Danbury town: Block 2000	090012107002000	189
	Danbury town: Block 2001	090012107002001	209
	Danbury town: Block 2006	090012107002006	47
	Danbury town: Block 2007	090012107002007	58
	Danbury town: Block 3008	090012108003008	6
	Danbury town: Block 3009	090012108003009	0
	Danbury town: Block 5000	090012105005000	0
	Danbury town: Block 5001	090012105005001	0
	Danbury town: Block 5002	090012105005002	0
	Danbury town: Block 5003	090012105005003	0
	Danbury town: Block 5004	090012105005004	160
	Danbury town: Block 5005	090012105005005	13
	Danbury town: Block 5006	090012105005006	1,045
	Danbury town: Block 5007	090012105005007	17

EXHIBIT 5-6

DISTRICT	Geographic Description	STFID	Population
003		District Population:	**21,871**
Hartford town:	Census Tract 5029	09003502900	3,077
Hartford town:	Census Tract 5030	09003503000	3,181
Hartford town:	Census Tract 5041	09003504100	2,076
Hartford town:	Census Tract 5043	09003504300	3,130
Hartford town:	Census Tract 5046	09003504600	49
Hartford town:	Census Tract 5049	09003504900	4,415
Hartford town:	Block Group 2	090035028002	1,120
Hartford town:	Block Group 4	090035044004	1,113
Hartford town:	Block 1000	090035028001000	29
Hartford town:	Block 1001	090035028001001	87
Hartford town:	Block 1001	090035027001001	228
Hartford town:	Block 1001	090035045001001	335
Hartford town:	Block 1001	090035047001001	0
Hartford town:	Block 1002	090035047001002	450
Hartford town:	Block 1002	090035045001002	173
Hartford town:	Block 1002	090035028001002	344
Hartford town:	Block 1004	090035028001004	91
Hartford town:	Block 1004	090035045001004	328
Hartford town:	Block 1005	090035028001005	137
Hartford town:	Block 1008	090035028001008	228
Hartford town:	Block 1010	090035047001010	38
Hartford town:	Block 1011	090035047001011	54
Hartford town:	Block 1012	090035047001012	40
Hartford town:	Block 1013	090035047001013	151
Hartford town:	Block 1014	090035047001014	103
Hartford town:	Block 1015	090035047001015	66
Hartford town:	Block 1016	090035047001016	65
Hartford town:	Block 1017	090035047001017	5
Hartford town:	Block 1018	090035047001018	0
Hartford town:	Block 2002	090035031002002	0
Hartford town:	Block 2003	090035031002003	0
Hartford town:	Block 2004	090035031002004	0
Hartford town:	Block 2005	090035042002005	265
Hartford town:	Block 2006	090035042002006	87
Hartford town:	Block 2009	090035042002009	0
Hartford town:	Block 2010	090035042002010	0
Hartford town:	Block 3003	090035031003003	0
Hartford town:	Block 3004	090035044003004	54
Hartford town:	Block 3004	090035031003004	0
Hartford town:	Block 3005	090035044003005	352

Testimony of Steven Perruccio
CEUI President
August 2, 2004

Good morning Senator DeFronzo, Commissioner Flemings and members of the Task Force on Contracting Reform. My name is Steven Perruccio. I am the President of Connecticut Employees Union Independent, SEIU, Local 511, which represents the NP-2 Service and Maintenance bargaining unit employees of the State of Connecticut. I am here to day to share the impact that contracting out has had on my union and its members.

Over the past ten years I have seen CEUI's membership decrease from 8,000 to 5,000 members, due to the strong interest by the state to contract out work that was once performed by maintenance employees and state workers. Some primary examples are, UCONN Print Shop, DAS Laundry/Warehouse and BESBE.

About this time last year CEUI learned that, once again in their efforts to "save" money, DAS voiced interest in privatizing fleet operations. This attempt has created nothing but havoc and inappropriate spending of tax dollars. Lay-off letters were issued to the employees and seven (7) of our members were involuntarily transferred to the Department of Transportation. It has also created a backlog for regularly scheduled preventative maintenance. Believing it would privatize DAS started selling the vehicles. The state has opted not to buy new loaner vehicles to replace the ones sold. As a result of no loaner vehicles being available, the state has entered into a contract with Enterprise. Would DAS have been able to prove that they would save money? We were able to prove that they would not.

DAS has recently made new efforts to consolidate print and mail operations into one central system. The contract ensures that IKON will be awarded 60% of the first $500,000 of savings. The language of the contract is obviously unclear. There are many unanswered questions such as, is this a pass thru savings for every year from now, or just for the first contract year? How is this going to affect the employees? How is this cost saving?

As you can see there has been several instances in which we have witnessed the failures of privatizing. Of course the Department of Motor Vehicle's inspection contract with Agbar Technologies, Inc. and second, the most recent debacle, Central Connecticut State University's food service $40 million contract with Cartwells. Here we see how the state has lost millions of dollars trying to repair the damages of contracting out.

There have been many efforts by the state to privatize the public employee jobs. There is absolutely no regulations set up for the state to abide by. The state has been inconsistent with their follow-ups with the jobs that have been performed by these private companies. If any work done by these private contractors is inadequate, the maintainers or state employees are always the ones that are called upon to rectify the problem. Keep in mind these are jobs that could have been performed by the members initially. There is also no cap on the amount of the contract, therefore the contractor is able to increase the amount of the initial contract at anytime. The contractors and the state are not held accountable for any changes that are made which results in increased cost for the state and the taxpayers. CEUI has maintained the position that if the state intends to contract out that it must first, allow the current employees the opportunity to bid on the work. Second, prove that a substantial cost saving to the state and to the taxpayer exist. Third, the Union to participate in the costing procedures. And, finally, any contract over $5 million be approved by a standing government committee.

As you will see in the exhibits that I have provided privatizing has not only disrupted the lives of our members, but it has failed to meet expectations. In 1993 Massachusetts passed a law that required states agencies to establish a cost saving to taxpayers before contracting out. It became evident to the state of Massachusetts that due to their experimentation with privatization, they had wasted millions of dollars of taxpayers' money. Massachusetts too was having budgetary problems and felt that privatizing was a great way to counter the problems. The law platforms steps or rather requirements that needs to be met before the agency is able to privatize. Also, in the exhibits you will find testimonies by members, and a contracting out arbitration that was won by the union.

There is currently no contract provision, Statue or regulation requiring the State to take these courses of actions. And these actions have proven over and over again to be beneficial to the state. I ask this committee to keep in mind these important factors when regarding state contracts.

Connecticut Employees Union Independent
SEIU, LOCAL 511, AFL-CIO, CLC
P.O. Box 1268 • Middletown, CT 06457
(860) 344-0311 • 1-800-622-3359 • FAX 344-8648

Salvatore Terenzo, *Vice-President*
Steven Perruccio, *President*
Stephen Zadroga, *Secretary-Treasurer*

The Truth About Privatization

Testimony on the real impacts of privatization of state services, by Members of the Connecticut Employees Union Independent

Tom Clarke
Joe Schlichiting
Jay Ames
Gus Yonclas
Tom Doyle

The TRUTH About Privatization

✓ Task labor costs MORE, not less...

At UConn, task labor costs about 20% more than state employee work would for the same jobs

COST TO TAXPAYERS: $300,000 in the last two years

Job	Contractor Rate	State Employee Rate
Electrician	$31.26 - $31.82	$16.71
Painter	$27.10 - $40.65	$16.71
Carpenter	$25.80 - $26.30	$16.71
Plumber	$30.19 - $45.29	$16.71
Laborer	$22.40 - $22.90	$14.61

✓ It may look good at first, but...

Prices for basic goods supplied by a contractor since the closing of the State Warehouse have skyrocketed 14% in ONE YEAR

COST TO TAXPAYERS: More than $3 million a year

✓ Quality of work suffers...

State employees are on call 24 hours a day and are committed to the people of this state; contractors come and go with the money and are not held accountable for the quality of their work

COST TO TAXPAYERS: Less safe, less comfortable, and less clean State facilities, roads, hospitals and schools

Southern Connecticut
State University
501 Crescent Street
New Haven, CT 06515-1355

392-6065

To: Robert G. Sheeley
Assoc. Dean for Facilities Planning and Operations

From: Alexander Gulianello
M.S. II Electrical
S.C.S.U.

Date: February 14, 1997

This letter of recognition is to commend Mark Gervais, Q.C.W. Electrical, S.C.S.U., for the outstanding job he did on a recent project in Moore Fieldhouse. Mark installed all the conduit, wiring, and controllers necessary to complete the installation of numerous roof top exhaust fans. Mark completed a very difficult task in a timely manner and his workmanship was neat and professional. In a time when so much emphasis is put on "contracting Out" to save money, it is refreshing to be given a chance to prove ones worth. In this case Mark should not only be commended for proving his worth but more importantly for saving this University money in financially strapped times. Mark was able to complete this project for twelve thousand dollars ($12,000) less than the price given by an outside contractor. This amounted to a fifty five percent (55%) savings for the University.

It just goes to prove that State workers, when given the chance, can compete just as professionally and in most cases more efficiently than their private counterparts.

Great job Mark!

cc: P. Norton
M. Gervais

Testimony of Thomas Clarke in favor of House Bill 6792 and Senate Bill 945 Before the Labor and Public Employees Committee

March 6, 1997

Senator Prague, Representative Donovan, members of the Committee, my name is Tom Clarke, and I am here to testify in favor of House Bill 6792 and Senate Bill 945. I am a Supervising Custodian at the UConn Health Center, where I have worked for almost 20 years.

A few years ago, the State decided to contract out custodial services in the dental clinics, academic buildings, and lower campus of the Health Center. The State claimed that contracting out these services would save money and that the quality of work would not suffer. All the contract workers were supposed to be fully trained and supervised by their own managers.

Since the contractor has been hired, none of these promises have been kept. We have had to train the contractor's supervisors and their rank and file workers, which is an ongoing process since turnover is so high that some workers are only at the Center for a few weeks or even days. When one of these workers walks off the job, a state employee must complete that assignment as well their own, and then a new worker must be trained all over again. We also provide all the equipment and supplies for the contractor.

On a daily basis, our state employees are called upon to finish or redo cleaning jobs that the contractor is being paid for. The contractor is also paid by the State to do larger projects such as stripping and refinishing floors, but inevitably our workers end up redoing the work so it gets done right. When it is time for the clinics to be re-certified, our state employees are sent over to clean them so they will be up to code. On top of all of this, we have to do our own jobs, too.

I understand that money is tight, and that privatization sometimes seems like a good idea. But the fact is, when the work is done so poorly that it has to be redone, we end up paying twice for every job. A state employee custodian makes barely more than $20,000 a year, not a lot, but enough to live on, and the job security and health care benefits make it possible to raise a family. When we pay a contractor, the State pays out nearly as much per worker, but those workers only make a fraction of the State's cost, with the rest going into profits for the contractor. Without decent wages and benefits, good training and a certain amount of dignity, these workers can't support their families and aren't likely to do quality work.

The cost savings just isn't there, especially when you take into account the fact that state workers often have to work overtime to complete work that the contractor is being paid to do and that the lack of supervision over contract workers leads to misuse of supplies, equipment, and many lost man hours.

I hope you will support House Bill 6792 and Senate Bill 945, so that the State will think twice before entering into more contracts like this one. We can't afford any more so-called bargains like the one we got with the privatization of the UConn Health Center.

Testimony of Joseph Schlichting before the Labor and Public Employees Committee of the Connecticut General Assembly

March 6, 1997

Representative Donovan, Senator Prague, members of the Committee and my fellow workers, my name is Joe Schlichting, and I am here to share what I have learned about the impact of privatizing state services.

I am a Fire Inspector and General Trade Worker with the Department of Mental Retardation, where I have worked for almost 18 years. In 1982, the State Fire Marshall came around to our agency asking for volunteers to be trained as Fire Inspectors, since his office was understaffed and unable to effectively inspect all state facilities. I volunteered, and was then enrolled in a 26-week, full time training program, at State expense, during which time I continued to receive my state salary and benefits. Clearly, the State believed it was important to have well-trained state employees available for the vital job of fire inspection.

Since 1982 I have performed sprinkler and fire extinguisher system installations and inspections for the Department of Mental Retardation. In 1993, things started to change. Region 6 was absorbed by Region 3, and seven new group homes were built in our region: two in Colchester, two in Franklin, one in Jewett City, one in Norwich, and one in Lebanon. These homes were built by private contractors, paid for by the State, and then I was sent in with my team to inspect the homes for safety compliance.

The privately built homes were disgraceful, and not one was even close to conforming to the building code. In a Colchester home, the contractor installed the sprinkler system with a ball valve instead of an "OSY" valve. That may seem like no big deal, but it can be a matter of life and death. With an OSY valve, when the sprinkler system shuts down for any reason, an alarm sounds at the fire dispatch center, alerting the fire department that the sprinkler system is not functional. With a ball valve, a sprinkler

system could remain disabled indefinitely, and would offer no protection to the residents in case of fire. Besides that, there were some homes where the entire septic systems had to be ripped out and rebuilt by yet another private contractor, and in others, the walls are cracking and the paint peeling after only a year.

We compiled a "punch list" of the many problems we found in the group homes and submitted it to management; it took a team of 6 to 8 workers almost a year to bring the buildings up to code. Because DMR was under pressure to shut down Mansfield Training Center, we were forced to make the repairs with the patients already in the homes, moving them out for a few days at a time if paint fumes were a problem. For all the problems and the shoddy work that was done, the contractor was asked to pay a fine of only $7,000, or $1,000 per home, and walked away with a huge profit.

Far from learning their lesson about contracting out, DMR then chose to privatize sprinkler and extinguisher inspection even though I have 18 years of experience, and was trained by the State. I do fire extinguisher inspections monthly; the contractor gets $4,000 to do them annually. His inspection is exactly the same as mine. I do sprinkler inspections monthly; the contractor gets $11,000 to do them quarterly. Again, our inspections are identical, except perhaps for the possibility that mine are better.

The fact is, the work I do can mean the difference between life and death for DMR clients who rely on us to take care of them. I'm not here to save my job; as far as I know, I'm not about to lose it. I'm here to ask you to support legislation which would force the State to think twice before privatizing, and to ensure that if privatization does occur, the quality services that I and my fellow state employees have provide will be continued. It's not worth it to hire a contractor if the work has to be redone. It's not worth it to hire a contractor if they are doing work that is redundant. And most of all, it's not worth it to hire a contractor if it means our most helpless citizens are put in mortal danger. Please, let us do our jobs. We do them with pride, respect, and care, and we do them better than anyone else can.

Testimony of Jay Ames before the Labor Committee on House Bill 6792 and Senate Bill 945

March 6, 1997

Representative Donovan, Senator Prague, members of the Committee, my name is Jay Ames, and I am here to testify in favor of House Bill 6792 and Senate Bill 945. I have worked as a QCW in the UConn Sign Shop for 11 years.

We, the support staff at UConn, feel we are part of a community. We are accountable for our work and we have built positive relationships with the students, administrators, and faculty we serve.

My small shop provides every type of signage needed at the University. We often receive last minute calls requesting signs for a home basketball game or a conference, and we never fail to respond. There are many other examples of UConn workers providing vital and specialized services that are best kept in-house: the maintenance of electrical and refrigeration equipment that preserves years of research work in the labs; the refurbishing of the President's Office; and the beautiful plantings and grounds work that are done with such care to present a positive image to campus visitors.

Where services have been contracted out, there have been problems. The new roofs on the warehouse, IMS and other buildings leak already. A countertop installed in the Child Development Center was so poorly constructed that no homeowner would have accepted the work; our carpenters and cabinet makers just don't do shoddy work like that, and they are often called upon to redo brand new contracted work.

Janitorial work has been contracted out in several buildings, and there have been so many problems with unsatisfactory work, theft, and high turnover, that many Departments are reluctant to turn over their keys for night-time cleaning. So far, two of these of contractors have been fired. The contractor's workforce is untrained, underpaid, and has

no stake in the community it serves. I don't believe it is beneficial for the State to lead the way to these wages that nobody can live on and inadequate pension and medical benefits. You get what you pay for.

The State has a choice. It can develop an expensive layer of bureaucracy to inspect the work of outside contractors whose primary concerns are speed and profit. Or, the State can keep its own workers who care about quality. At a ceremony I recently attended, the UConn Vice President for Finance commented that in a community where the top administration and many departments are constantly in flux, we, the service employees, provide needed continuity and a sense of history to balance and steady the changes.

Privatization is the latest trend. It's a catchy phrase; it's a fad. This ideology – and this administration – will soon be gone, but the replacement of experienced and dedicated people and costly equipment sold off at a fraction of the purchase price, and the rebuilding of relationships will take much longer. The passage of House Bill 6792 and Senate Bill 945 will help ensure that we do not destroy any more State services and agencies.

Written Testimony to the Labor and Public Employees Committee of Gus Yonclas, in support of House Bill 6792 and Senate Bill 945

March 6, 1997

Members of the Labor Committee, I am unable to be with you tonight at the Public Hearing, but I wanted to share with you my personal experiences with privatization.

My name is Gus Yonclas, I work for the Department of Mental Retardation, and I am a member of the Connecticut Employees Union Independent, SEIU Local 511. As a Skilled Maintainer, salary group 14, I earn an annual salary of $26,688. With all fringe benefits as determined by the State, my position costs the State $35,439, including payments toward the unfunded liability in the State Pension Fund.

For that $35,439, I did all the mowing and landscaping at 13 DMR group homes during approximately 5 months of the year, and was available to do other Skilled Maintainer work throughout the Region during the other 7 months. Recently, DMR decided to privatize my landscaping and mowing work. I have never been given a reason for this decision.

DMR now pays a private contractor $30,000 for the 5 months of landscaping work that is necessary each year. $30,000 for 5 months, and the only jobs it creates are part-time, low wage, no benefit, dead end jobs.

The difference between paying me to do the work and paying the contractor is only $5,349. For $5,439 a year, the State could have an experienced, Skilled Maintainer working full time. For $5,439 a year, the State could save a good job, one with benefits that supports a family.

Fans of privatization keep claiming that it saves the State millions of dollars. I don't see the savings. I hope you will support House Bill 6792 and Senate Bill 945. It's time we stopped selling off the State just for the sake of it, and started using a little common sense.

Thomas Doyle

181 Sherwood Road, Bristol, CT 06010

March 13, 1997

Members of the Labor and Public Employees Committee:

Due to the public hearing process that would have required me to take a full day off from work to testify, I was unable to speak to you at the March 6th hearing on privatization standards. However, I have some thoughts on the issue that I would like to share. In fact, I am inspired every time I see the billboards reading: "Cut State Spending: Make Connecticut Business Friendly". I think they should say: "Cut Greed: Make Connecticut People Friendly".

I was shocked to hear at the public hearing of the costly contracts given out at UConn and other state agencies. It sounds to me like these extravagant private contracts must be political payoffs!

I don't think Connecticut state employees are overpaid. When I was hired at the Old New Gate Prison in 1992, I was paid $6.58 per hour and allowed to work a 35-hour week. That's more than minimum wage, isn't it? Well, at the time I held a 7th-year certificate in education – I had four majors in college. They came in handy at my work site, a shrine of the American Revolution and a New England tourist mecca.

But Old New Gate Prison has not been given a fair chance to compete in the tourism industry. The State created an uneven playing field by giving 18 million dollars in economic development funds to the private owners of Lake Compounce in Bristol, while it appropriated less than a million dollars to the Old New Gate Prison and Copper Mine Museum. The Museum belongs to the State, to the people of Connecticut, and I would say the taxpayers of this State deserve better from their government, wouldn't you?

The point is, State funds are best spent on State workers and State interests, not on expensive private contracts and corporate welfare. Don't privatize our future. My fellow state workers and I work hard for the State and we care about the people we serve. In fact, the State has so much confidence in us that we are getting a longer work week this year.

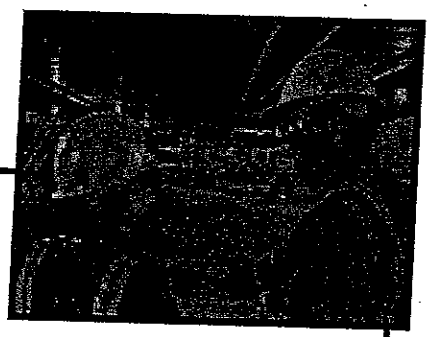
I could write on, but I know you have heard from many others about the dangers of privatization, and I want to leave you with one thought: if you only offer your workers peanuts, you will have your work done by monkeys. Please support House Bill 6792 and Senate Bill 945. Let qualified, dedicated state workers do the work of the State. We do it better than anyone else ever could.

Sincerely,

Tom Doyle

Elliott Sclar, Ph.D.

May 18, 2004



Privatization in Massachusetts: An Evaluation of the 1993 Privatization Law ("The Pacheco Law")

76 Stuyvesant Avenue
Larchmont, NY 10538

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About the Author

Elliott Sclar, an economist and urban planner, is the Director of graduate programs in Urban Planning at Columbia. He has published widely on the subject of privatization of public services. Professor Sclar's book on privatization, "*You Don't Always Get What You Pay For: The Economics of Privatization*," was published by Cornell University Press and won the Louis Brownlow Award for the Best Book of 2002 from the National Academy of Public Administration and the 2001 Charles Levine Prize from the International Political Science Association.

Introduction

In 1993 Massachusetts passed a law requiring state agencies (excepting some specifically exempted organizations) to concretely establish a cost savings to taxpayers prior to contracting out any service previously provided through in-house labor. This law, the first of its kind, essentially mandated that good management practices had to accompany privatization. The law required subject agencies to submit contracting plans to an independent audit, conducted by the Office of the State Auditor (OSA). Furthermore, the Privatization Law (Chapter 296 of the Acts of 1993, sometimes also called the Pacheco Law or the Pacheco-Menard Law) required that a cost comparison, that would accurately establish the savings taxpayers could expect to derive from any such contracting out action, accompany any proposal to outsource work currently done by state employees. The privatization solution to which this law was responding was born of a time when state budgets were being squeezed by simultaneous economic downturn and Federal reductions in fund transfers. A similar economic climate today may account for the renewed focus on privatization and points to the need for the Privatization Law to continue to bring rational order to privatization efforts.

The privatization law has created an atmosphere where state agencies are forced to think like private firms as opposed to assuming that a private provider working under contract will automatically solve any problem at a lower cost. It compels state agencies to think through the pitfalls that lie ahead and prods them to be sure they are making the highest and best use of scarce resources in difficult fiscal times.

Privatization, as it emerged in the early 1980s, held out the promise that taxpayers could have their cake and eat it. That is to say that by substituting private service providers for public employees, it would be possible to have high quality public services and lower costs and presumably lower taxes. This view, rooted in a libertarian ideology that distrusts government in general and views public employees in particular as inefficient, turns to a simplified model of a competitive market to justify the approach. But government is neither simply "good" nor "bad" and public employees do not go to work everyday to do a bad job. The vast majority of them are hardworking citizens dedicated to promoting the common good through their public service. Moreover the contracting out that would substitute for public service is itself not free from inefficiency and corruption. However in the 1980s and early 1990s the attraction of this simple solution was very powerful. Since then as difficult and costly experiences with privatization have accumulated both domestically and internationally a more balanced view has emerged. It holds that privatization is sometimes a good thing and sometimes not. But regardless of which

way a service is delivered its effectiveness depends upon good public management. Even the World Bank, an early and ardent proponent of privatization has begun to change its stance. It now argues that more important than the way the service is delivered is the managerial quality of the public agency responsible for its delivery.[1] The Massachusetts Privatization Law was an early exemplar of how to achieve this balance in public contracting.

In an era when public managers are looking with a more critical eye at privatization, the Massachusetts Privatization Law stands as a first-in-the-nation attempt to legislate sensible contract decision making for public agencies. The law has effectively helped the state save over $1.2 million per year and, more importantly, to avoid at least $73 million in bad contracts.[2] The process set up by the law effectively provides state agencies with assistance in measuring the likely impact of contracting decisions and helps them to ground privatization in reality.

This report clearly demonstrates that the Massachusetts Privatization Law is effective. The Law enables agencies that have a compelling, cost-saving way to effectively contract out a public service without sacrificing quality to do so.

Since 1993, various subject agencies and organizations have attempted to contract out 8 separate services.[3] Of these, the OSA approved six applications and two were rejected based on either a failing to adequately comply with the Privatization Law, or a failure to adequately establish true cost savings to the taxpayers. A review of the cases demonstrates that winning approval for contracting out a service is not a matter of institutional size, ability to hire consultants, or contracting experience. Rather the Privatization Law process simply rewards good management and good management processes. Operations as large as the Massachusetts Highway Department and as small as Holyoke Community College have successfully negotiated the required process and have contracted out services with a subsequent financial benefit to state taxpayers. A review of the various proposals submitted to the OSA demonstrates that the process works; it creates an atmosphere that encourages good management. The process does not discourage good contracting decisions, but avoids bad ones. It compels public managers to enter into a dialogue with an independent and competent public auditor to justify change in the name of either cost savings and/or improved services.

This report reviews the Privatization Law and its consequences. Four of the cases reviewed by the OSA are examined in-depth (two approved and two denied cases). These case studies and the general review of the impacts of the law are used to determine the efficacy of the law as it stands, and to derive recommendations for improvements to the current review system.

This report clearly demonstrates that the Massachusetts Privatization Law is effective. The Law enables agencies that have a compelling, cost-saving way to effectively contract out a public service without sacrificing quality to do so. The Law avoids being too cumbersome for smaller agencies to handle. Agencies can successfully complete the review process without outside legal or accounting assistance. The Privatization Law is effective because it forces state agencies to carefully consider the fiscal and service impacts of contracting decisions, just as any private firm would do. Taxpayers are spared the cost and service burden of privatization experiments, and agencies that have not carefully examined the impacts of a potential contracting solution are discouraged from doing so without first examining the finer detail.

It is easy to understand why managers in the public and private sectors can become excited over new ideas. Often the fight to implement change then pushes managers to oversell the value or cost savings associated with these ideas. The Privatization Law provides a needed counter balance. It gives subject agencies a workable process through which to ground their concepts and ideas in fact, and to ensure that a simple basic, "back of the envelope" calculation is not substituted for a careful managerial and financial analysis. The privatization law has created an atmosphere where state agencies are forced to think like private firms as opposed to assuming that a private provider working under contract will automatically solve any problem at a lower cost. It compels state agencies to think through the pitfalls that lie ahead and prods them to be sure they are making the highest and best use of scarce resources in difficult fiscal times. It avoids the squandering of public funds on untested ideas that has plagued privatization efforts in so many other places. Massachusetts voters and legislators should be proud of their ground-breaking law.

Issues Shaping the Current Debate

The term privatization has several different and highly case specific meanings. One of the most common meanings refers to an expanded reliance on outside contractors to supply all or part of public services. Contracting, regardless of whether it is public or private involves creating complex ongoing relationships between two parties that often have very different goals and missions. In the case of the multiyear contracts, which typify much of public sector contracting, the process is further complicated because there are a large number of factors that only reveal themselves in the fullness of time. Many times these factors, which can transform what initially seemed like a good idea into a nightmare, can be anticipated and avoided by a more through evaluation and questioning from a neutral third party.

The long-term nature of public contracts means that these contracts sit in the realm of what economists call "incomplete contracting."[4] It is a realm in which the information that the two parties (agency and contractor) have is typically unequal and in which the interests of contractors and the interests of the agency can greatly diverge. In these instances it is important that decision makers have analytic tools that allow them to go beyond price and look at the larger transactions costs of the new relationship. Transactions costs economics suggests that in contracting situations in which the parties have different knowledge bases and understandings about the product in question and there is future uncertainty because of the length of time of the relationship, the best decisions that either can make are problematic. Moreover contractors acting (properly) on their self interest in situations in which the instructions are not clear cut often make decisions that favor their interests over those of the state. These problems are especially prominent in cases where service outcomes are ambiguous such as care for the mentally ill or developmentally disabled. In these cases the transactions costs of supervising and maintaining an ongoing relationship with an outside contractor become significant.[5] That, by itself, is not a reason to not consider a contract, but it is reason to engage in a rigorous analysis that factors in the transactions as well as the direct contract costs before any decision is made. It is that analysis that the Privatization Law requires.

Whether services are contracted or directly supplied the only way to ensure that taxpayers get value for the money spent is to ensure that public mangers are required to engage in a process that sets out all the pertinent knowable facts at the outset. That is the larger lesson the entire world is now learning from the many failed attempts at privatization and deregulation that have been underway over the past two decades. The harsh and costly lessons that the citizens of nations like Argentina[6] are learning the hard way from their total embrace of privatization and deregulation should teach us that while there is a place for privatization and deregulation in the public sector there is also an equally, if not more important place for rigorous public oversight and sound regulation.

The Massachusetts Privatization Law was enacted in a political climate that encouraged frequent and poorly-considered privatizations.

The Massachusetts Privatization Law was enacted in a political climate that encouraged frequent and poorly-considered privatizations. These privatizations were enacted quickly and, "without legislative approval or oversight by the newly elected Weld administration."[7] Though it was often claimed that extensive savings were achieved through these almost random forays into privatization, cost data was never adequately tracked prior to privatization to do a credible job of comparing the public and private costs. Furthermore, significant questions regarding service quality were raised. Concerns that the state was privatizing away core services,

losing competencies in its core service provision areas, and possibly wasting taxpayer money led to the 1993 passage of the Privatization Law.

Independent outside auditors taking a more measured look at the MassHighway privatization judged it a money-losing venture. According to the Massachusetts House Post Audit and Oversight Bureau the first year's report showed that although the contractor complied with its contractual obligations, its administration of highway maintenance was of low quality and cost about $1.1 million more than the pre-privatization work. A review by the OSA also concluded that the state lost money. The OSA put the loss at $1.4 million.

The type pf problem that arose before the passage of that law can be illustrated by recalling one of Governor Weld's first hasty privatizations in the Massachusetts Highway Department (MassHighway). The pro-privatization atmosphere of the early Weld period was such that it was assumed, as opposed to determined, that the private sector could do it better. Governor Weld began the push to privatize MassHighway in 1992. Because some of the types of services that MassHighway performed (such as pothole filling and grass cutting) were widely available through small private contractors, this seemed at first glance to be a case where a competitive market of small suppliers did in fact exist. The problem was that highway maintenance is not simply a matter of stringing a bunch of simple tasks together. Rather it is a complex problem in managing these tasks and timing them. So when MassHighway let the project for bid, it was not the small landscape firms and paving contractors who came forward. Instead it was the very large and very well connected state highway construction firms who customarily divvy up all the state contract construction work who bid on the contract. Moreover, because they were being asked to do something they never did before, manage a regional highway maintenance operation, their bids ranged widely from a low of $3.7 million to a high of $8.1 million. The Weld Administration took the lowest bid and declared the project a success.

However independent outside auditors taking a more measured look at it, judged it a money-losing venture. According to the Massachusetts House Post Audit and Oversight Bureau the first year's report showed that although the contractor complied with its contractual obligations, its administration of highway maintenance was of low quality and cost about $1.1 million more than the pre-privatization work.[8] A review by the OSA also concluded that the state lost money. The OSA put the loss at $1.4 million.[9] To counter this bad publicity, the Weld Administration asked their privatization consultants Coopers & Lybrand to prepare another evaluation. The C&L "assessment," unsurprisingly concluded that, not only did the state not lose money but that it actually saved $2.5 million. [10] Although it is impossible to know the exact truth after the fact, my own assessment of the various analyses is that the state probably did lose money. The word "probably" is the

operative problem. It is impossible to know what happened because there was no careful cost analysis done by the Commonwealth before the fact. Moreover the contract did not adequately specify performance expectations. While the contract called for collecting litter and mowing the medians, it did not specify the order. Thus when the House auditors went to inspect the completed work they found mowed litter. Despite the protestations of the Weld Administration the best that can be said for the effort is that it was not a clear success. However at worst, it may have been a costly failure.[11] It was because of experiences such as these that the Legislature enacted the Privatization Law. The new law required measured and deliberative reason in an environment in which public money was being rapidly thrown at a series of untested privatization schemes.

The law continues to be relevant because it encourages careful consideration of privatization. The framework established under the law creates a process for agencies to follow and a dialogue with the OSA that grounds management decisions in the facts of costs and benefits. The Law does not prohibit contracting out. The law is not too onerous for small agencies to successfully privatize services. At its essence the law requires an agency to fully research and consider the cost and service impacts of contracting out services currently performed in-house prior to making a contracting decision. This is good for Massachusetts, its citizens, taxpayers, and state employees. It ensures that services are not contracted out at a loss. It ensures that service standards are at least maintained, if not improved. The law requires that agencies develop a credible case and a solid management plan for contracting out services. This is the type of behavior one would expect to see in the private sector. Firms carefully consider the impact of contracting out decisions. It is their fiduciary responsibility to their stockholders. Sometimes firms contract-out, sometimes they continue to perform work in-house. But successful firms always consider the relative costs and benefits of doing so prior to making such a decision. Massachusetts' Privatization Law provides an important avenue for state agencies to perform due diligence prior to making a contracting decision.

The Massachusetts State Privatization Law

The law itself lays out a process for evaluating the cost impact of proposed privatizations and provides a framework that ensures this evaluation is fair and accurate. The law ensures good governance by declaring allowable only those privatizations that will clearly save taxpayer money while continuing to provide comparable service The law excludes several types of contracts from review, including those valued under $100,000, those previously approved through the Privatization Law process (rebids), and those consisting solely of legal, management consulting, planning, engineering or design services. Furthermore, the law only

applies to cases where an agency proposes to use "private contractors to provide public services formerly provided by state employees."[12]

Following these exceptions, the Privatization Law lays out seven requirements that subject agencies must meet in order to legally privatize a function that falls within the purview of the law. First, (1) the agency must prepare a statement describing the service or function to be privatized. This statement must include the specific quantity of work required and quality standards to be met. The agency then issues a request for proposals from contractors to meet these requirements.

The law then requires (2) that bidding contractors (respondents to the RFP) pay employee wages at least equal to the entry level of those paid to current state employees, including at least a portion of health insurance costs for coverage similar to that which the state offers employees that work more than 20 hours per week. Third (3), the law requires contractors to offer available positions to qualified employees being displaced by the privatization who "satisfy the hiring criteria of the contractor."

Fourth (4), the privatizing agency must prepare a written estimate detailing the costs the agency would face if the service in question were performed in the most cost-efficient manner. Fifth (5), current employees must be allowed to submit their own bid for providing the service in question. Sixth (6), the privatizing agency must analyze the winning bid (lowest cost bidder) and provide to the OSA data detailing the bid price, and costs associated with the transition to contract provision. Decreases in income tax revenue must also be included, if the contracting agency plans to use out-of-state employees.

Since 1993 the OSA has reviewed proposals for the privatization of eight separate state services. Of these, six were approved and two denied.

Finally (7), The Agency must certify that the quality of the services to be received through a contract will both meet the agency's needs and will at least meet the level of in-house provision.

Once these requirements are met, the OSA has 30 days to conduct a review and to determine whether the requirements have been adequately met, and whether the privatization in question will indeed save taxpayer money. If the agency has met their obligations under the law, and the privatization is a cost saving measure, the winning bid is allowed.

Privatization Cases Under the Privatization Law

Since 1993 the OSA has reviewed proposals for the privatization of eight separate state services. Of these, six were approved and two denied. The majority of these cases were reviewed in 1996. Since that time two applications have been reviewed. One was denied and one approved. The table below lists all eight cases, their dates of review and whether they were approved or denied.

Cases Review by the OSA 1993-2002

	Date	Case	Approved /Rejected
1	1/96	Department of Employment and Training – Storage and Retrieval of Records	Approved
2	6/96	MBTA - Real Estate and Property Management	Approved
3	8/96	Massachusetts Highway Department – Highway Maintenance in Central and Western Massachusetts	Approved
4	9/96	Holyoke Community College - Food Services	Approved
5	12/96	MBTA – Bus Shelter Maintenance	Rejected
6	12/96	Massachusetts Highway Department – Highway Maintenance in Worcester County	Approved
7	6/97	MBTA – Operation and Maintenance of Bus Routes Originating in Quincy and Charlestown	Rejected
8	6/00	U. Mass – University Store	Approved

This record demonstrates a 75% success rate for applying agencies, though it should be noted that some cases were initially denied for failing to adequately meet the requirements spelled out in the law, and were subsequently approved upon resubmission.

As each case reviewed and approved by the OSA must include cost comparisons, it is possible to generate an estimate of the cost savings generated through the application of the Privatization Law. The table below lists the estimated savings associated with each approved privatization.

OSA Determined Savings Generated by Approved Cases Under the Privatization Law

Case	Savings per Year
Department of Employment and Training – Storage and Retrieval of Records	$ 88,000
MBTA - Real Estate and Property Management	$ 41,000
Holyoke Community College - Food Services	$ 55,000
Massachusetts Highway Department – Highway Maintenance in Worcester County	$ 830,000
U. Mass – University Store	$ 260,000
Total	**$ 1, 274,000**

As the table above demonstrates, the Privatization Law has enabled over $1.2 million in annual savings. This figure represents the value of good contracting to the taxpayers of Massachusetts. However, it does not highlight the value of bad contracts avoided. The requirements of the Privatization Law have also not prohibited smaller institutions, like Holyoke Community College from complying. However, it is extremely likely, given the pace of privatization prior to the enactment of the law, that it has prohibited many poorly thought through privatizations from occurring. The net effect of the Privatization law is that it provides subject agencies with an avenue through which to perform a solid assessment of the value of contracting prior to entering into an agreement, and it establishes a dialogue between the OSA and those agencies, which can be used to proactively manage those costs.

Assessment of the Impacts of the Current Law and Case Studies

Overview

In this section I review four of the eight proposals evaluated by the OSA under the Privatization Law. The purpose of this review is to understand exactly how the law works in practice. These reviews also highlight how the law has provided a general guideline to state agencies, discouraging bad privatizations in general.

The four proposals considered here are the approved Holyoke Community College Food Services privatization, the approved MBTA Real Estate and Property Management privatization, the denied MBTA Bus Shelter Maintenance privatization and the denied MBTA Bus Route Operation and Maintenance privatization. In each case both the proposal and the OSA's determination are reviewed. If applicable, cost

savings associated with each privatization are listed. The two denied cases are examined to determine why they were unsuccessful, and to examine how each case might have been improved. The two denied cases were chosen because they are the only cases reviewed by the OSA to have been denied. The Holyoke and MBTA Real Estate and Property Management cases were selected because they represent two agencies of different sizes and resource levels.

Each case study highlights the exactness of the process used by the OSA to reach a determination of cost savings. It is clear that the successful subject agencies did their homework in terms of both present costs and contracting alternatives. Agencies that found genuine cost savings to be derived through privatization while maintaining consistent service were allowed to privatize. The two cases where the privatization was disallowed provide insight into the more complex operations of the review process.

The Privatization Law has enabled over $1.2 million in annual savings.

The most important finding from all four cases is that they highlight the dynamic dialogue that took place between the subject agencies and the OSA. The greatest strength of the Privatization Law is the way in which it compels outside review of the subject agency's management. It is clear, for example, in the MBTA Route Privatization case reviewed below, that the management of the MBTA fell in love with an interesting idea based on "back-of-the-envelope" calculations. The dialogue between the MBTA and the OSA set up by the law grounded that idea in the facts and ultimately avoided enormous unnecessary costs to the taxpayers of the Commonwealth.

Case Study 1: Holyoke Community College Food Services

Introduction

In 1996, Holyoke Community College released a request for proposals to privatize its food services operation. The college is a two-year public community college located in Holyoke, Massachusetts. In 1996, the college had approximately 3,500 students attending day classes and 2,000 attending evening and Saturday classes. Approximately, 1,000 students were enrolled during the summer. At the time the RFP was released, the school employed 360 full-time faculty and staff, supplemented with part-time employees. The college is a commuter school, and does not have dormitories. Dining services were staffed with state employees, and the service was run in conjunction with the School's Hospitality Management

Program. Students would work in the school's cafeteria as part of their curriculum, and costs were assigned to the program when appropriate. Food services at the college consisted of a dining area in the Campus Center and a separate café on-campus open during class hours. The service also provided catering services on demand for different special events.[13]

This case indicates that small governmental entities such as Holyoke Community College are able to comply with the Privatization Law in privatizing operations for cost savings.

Holyoke College made the decision to privatize food services because the service was consistently losing money. In fiscal year 1994, the service lost $56,333. In 1995, the service lost $178,311 and in 1996 the last fiscal year before the RFP was released, the service lost $119,661.[14]

The RFP asked potential contractors to maintain the current year round operation, hours, and the quality of the program. In addition, it was stated that preference would be given to bidders who would be willing to work cooperatively with the Hospitality Management Program but there was no requirement that the program be integrated with the department as in the past.[15] The RFP was released without notifying the OSA but prospective bidders were asked to consider that the privatization law could apply. The College's Dining Services Proposal Review Committee reviewed three bids. Two of the bids were from private firms, and the third was an in-house bid submitted by the director of dining services. Fame School and College, Inc. (FAME) was chosen over both Grace Food Service Associates, Inc (GRACE) and the in-house proposal. In the recommendation section of the committee's memorandum to the College's Vice President for Administration and Finance it was stated that FAME was chosen, "based on the guaranteed financial return to the College in their proposal." It was then written that this recommendation was, "based on the underlying assumption that the Pacheco Bill will apply; should Pacheco be judged not to apply, the committee's preference would then be Grace Food Service Associates, Inc."[16] The memo indicates that the committee was more comfortable with the Grace proposal because of their "extensive community college experience."[17] The memo also included an evaluation matrix that indicated the level of financial return estimated or promised to the college. The Fame proposal guaranteed an 8% commission or $35,000, and the GRACE proposal guaranteed a 2% commission or $9,000. The in-house proposal did not offer a guarantee to the college but projected a $30,898 return to the college.[18]

Privatization Proposal

As was noted, the college released the RFP without notifying the OSA, contending that the proposed outsourcing was not subject to the privatization law.[19] AFSCME Council 93 objected to the release of the RFP on the grounds that it violated the privatization law, and requested an inquiry from the OSA.[20] On July 11th, Holyoke College officials submitted a proposal for privatization of campus food services to the OSA but it was deemed incomplete on the grounds that it did not indicate the designated bidder's compliance with certain state and federal statutes and because the proposal was not signed by the College President or the State Secretary of Administration and Finance.[21] A subsequent August 23rd proposal was judged complete by the OSA and review of the proposal began on August 26, 1996.[22]

In its proposal to the OSA, the college estimated that the winning bid by FAME School and College Inc. would yield net revenues of $37,650 while efficient operation by the school would yield a net loss to the school of $32,944.

Auditor's Determination

On September 26, 1996 the OSA determined that Holyoke Community College had complied with the privatization law in awarding a contract for management of food services activities.[23] The determination letter outlines the college's compliance with the statutory provisions of the law including wage rates, health insurance requirements, food service quality, and the hiring of qualified agency employees. In terms of cost impact, the OSA determined that the estimated cost of the work performed under contract would be less than the estimated cost of the work performed with state employees. Specifically, privatization of food services was found to yield net revenues of $29,880 while continued operation by the college would result in the loss of $25,314.[24] The total savings generated by the privatization was then estimated as $55,194, the sum of the estimated revenue from privatization and the loss avoided from continued in-house operation of dining services. This figure differed from the total savings figure of $70,594 submitted by the college as part of the proposal because the OSA made five cost adjustments. Two adjustments were made to the in-house cost estimate and three were made to the privatization contract. The cost comparison table below shows the cost and revenue figures submitted by the college and the adjustments made by the OSA. Total costs for the in-house operation include direct and indirect costs while total costs for the private operation equal Holyoke College's costs for contracting food services, including contract administration, transition costs, and unemployment insurance. Total revenue for the in-house operation includes all sales while revenue for the contract operation is the projected contract price to the school (8% of sales or $35,000).

Cost Comparison	In-House Operation	Privatized Operation/Performance Costs
Total Costs	$568, 944	$2,350
Total Revenue	$536,000	$40,000
Net Profit	$(32,944)	$37,650
Audit Adjustments	$(7,630)	$7,770
Adjusted Cost Net Profit	$(25,314)	$29,880
Total Savings		**$55,194**

Conclusion

Initially, Holyoke Community College attempted to contract out the operation of food services to an outside vendor without a review by the OSA. It is unclear exactly why the college wanted to avoid the process but it does not appear that there was a protracted fight over the issue. Holyoke College submitted its proposal to the OSA a little over two months after the OSA began its inquiry into Holyoke's RFP. In internal memos included with the college's proposal, it is revealed that the Grace Food bid would have been chosen if the Privatization Law did not apply, even though the bid guaranteed $26,000 less than the winning Grace proposal and a 2% commission on revenues compared with 8% in the FAME proposal. In this case, it is clear that the privatization law had an effect throughout the entire RFP process, requiring the college to ensure compliance with the law in its bidding process and influencing the selection of the FAME proposal because the bid guaranteed the most cost savings over in-house operation.

In approving the college's choice of FAME, the OSA verified compliance with all aspects of the privatization law. The OSA evaluated financial figures submitted ensuring that only avoided costs were included in evaluating the loss expected from continued in-house operation of food services, and that all of the costs of contracting were included in estimating net revenues from the college's privatization proposal. Accordingly, the OSA made five adjustments to the financial figures submitted by the college in calculating a total estimated savings of $55,194 in privatizing food services compared with continued in-house operation of the function.

This case indicates that small governmental entities such as Holyoke Community College are able to comply with the Privatization Law in privatizing operations for cost savings. Additionally, there is no evidence that the college relied on outside expertise to navigate the OSA's process in complying with all aspects of the law. In this case, the law did not create a barrier, but rather guided the choice of a contractor that would maintain quality standards and employee benefits while saving the

greatest amount of money as compared with continued in-house operation of food service provision. Holyoke CC was able to use the guidance provided by the OSA to comply with the law and make a good management decision.

Case Study 2: Massachusetts Bay Transit Authority Real Estate Department

Introduction

On December 18, 1995, the Massachusetts Bay Transit Authority (MBTA) issued a request for proposals to privatize their property management and real estate development functions. At that time the MBTA sent notification, and a copy of the RFP to the OSA, signaling the intent of the agency to outsource its Real Estate Department's major functions.[25]

In this case, the OSA determined there could be savings of $206,257 as a result of the privatization and the proposal was approved. In the absence of the OSA's review, though, an inappropriate accounting methodology could translate into a privatization that costs additional money compared with continued government provision.

The MBTA operates the fourth largest mass transportation system in the country with operations concentrated in the Boston Metropolitan Area. The agency's service area has a population of approximately 2.6 million in an area of 1,038 square miles, spread among 175 municipalities in two states. The agency operates 155 bus routes, 3 rapid transit lines, 5 streetcar routes, 4 trackless trolley lines, a commuter boat, paratransit services, and 13 commuter rail routes.[26]

The primary mission of the MBTA is the provision of mass transportation, but the Authority has considerable real estate holdings related to its transit services. For example, it owns right-of-ways maintained for its commuter rail operations, and space within transit stations. At the time of submission to the OSA, the Authority was the fourth largest landholder in Massachusetts, with total holdings estimated at 4,000 parcels.[27] The Authority's Real Estate Department (RED) managed real estate holdings with responsibilities including the leasing of concessions, sale of surplus property, and initiation of joint development projects proximate to major transit stations.[28] These functions and responsibilities were undertaken with 27 staff divided into four groups: development, disposition, facilities management, and acquisition. Additionally, the department received substantial support from the legal department with five full-time attorneys assigned to real estate issues, and the Revenue Collection Department with one employee dedicated to real estate accounts receivable and collections.[29]

The Decision to Privatize

As previously stated, the MBTA is one of the largest landowners in the commonwealth but the primary mission of the Authority is transit provision. Concern that real estate assets were not being maximized to support this core mission precipitated the hiring of Kenneth Leventhal & Company to undertake a management study in 1993. The report recommended strategies to reassert the importance of the Real Estate Department within the Authority's mission through organizational, operational, and systems improvements. For example, the report recommended setting increased annual revenue goals for the department and the creation of a separate data management system for leases as opposed to using 20-year old tenant ledger information technology.[30] As a follow-up in November 1995, the Audit Department of the MBTA hired E&Y Kenneth Leventhal Real Estate Group to audit the 20 year-old tenant ledger managed by the MBTA's Department of Revenue. This ledger is composed of 862 entries cataloging the Authority's leases. The study found that the tenant ledger was not being managed to maximize lease revenues.[31] Eighty-three percent of the leases were found to be under performing, 580 tenants were found to be operating without a lease, and rents were not adjusted after 1980 on over 300 leases.[32]

According to the Authority's submission to the OSA, the findings of these two reports confirmed suspicions that the Real Estate Department was not performing well, and also served as a basis to justify the outsourcing of real estate management. In a management study included as part of the MBTA's official submission to the OSA it is stated with reference to the tenant ledger review, "in light of these findings, and others detailed in the appendices, the perception that the property management and development functions would be handled much more efficiently and effectively by an outside contractor was confirmed". Further, it stated that, "the results clearly show that the department has been performing at unacceptable levels at some considerable cost to the Authority."[33]

The RFP and Selection Process

The RFP asked prospective bidders to provide services in two main areas: real estate asset management and formulation of strategies to plan, finance, and construct 5,000 parking spaces over the subsequent five years. The latter aspect of the RFP was to help fulfill the MBTA's commitment to construct 20,000 parking spaces by 1999 as part of mitigation for Boston's Central Artery roadway project. The designated contractor would essentially perform the functions of the Real Estate Department, with the exception of new property acquisition, which would continue to be performed in-house by the Authority.[34] Accordingly, the RFP implies that the six

employees and legal support currently working in the acquisition division of the department would be retained. Other legal support dedicated to other divisions of the department, and support from the revenue department would be outsourced as part of the contract.[35] The department would also maintain management and oversight functions to act as liaison to the Authority's Board of Directors and operating divisions.[36] The initial contract would be bid out for five years, with plans to subsequently re-bid every three years.[37]

The RFP noted that in fiscal year 1995, the Authority collected $4.0 million in lease income, and $1.6 million in property sales for a total of $5.6 million in net revenues. For FY 1996, it was estimated that the authority would collect a total of about $6.5 million in net revenue.[38] Total personnel costs in fiscal year 1995 totaled $1,203,121.[39] Clearly, though it was implicit in this offering that the authority believed revenues were not being maximized.

There were four responses to the RFP, with three submitted by private consortiums and one union response. All four were numerically ranked using bid criteria developed by the MBTA. There were however two evaluation forms: one for the private firms, and one for the unions. In its submission to the OSA, the MBTA stated that a separate evaluation form was made for the union response because, "the union response was, at their discretion, not required to address the disadvantaged business enterprise requirements or the design, financing, management of construction, and operation of the parking garage." It is further stated that the points allocated in these categories were spread over the other evaluation categories.[40]

The MBTA selected a consortium of companies called Transit Realty Associates LLC. This consortium consisted of two teams of companies to provide both real estate services functions and parking garage design, construction, and management functions respectively. The team scored 82.3 points out of 100 and offered a fixed fee price of $6.730 million that was reduced to $6.178 million during contract negotiations.[41] In addition, it was agreed that there would be additional money paid on a performance basis dependent on property sales. The second place team, Codman Corporate Services Inc, had the lowest fixed fee price, $6.702 million and scored 74.1 out of 100 points. The third place team, EDTAM, Co., LLC. Scored 69 out of 100 points and bid the highest price for the contract, $8.286 million dollars. The Union bid finished fourth among the bids with a score of 31.1 out of 100 points. The Union submitted a bid of $2.483 million for salaries only. In the submission to the OSA, the MBTA claims that the union made this bid based on eliminating staff from the department but did not anticipate laying off employees from the Authority. Therefore it is stated that since there would be no layoffs, "there are no anticipated cost savings to the Authority," and total cost was re-calculated to be $10.154 million.[42]

There was no detailed rationale in the submittal to the OSA regarding the selection of Transit Realty over the other bidders. Transit Realty did submit a higher initial bid than the second place finisher, but this initial figure was lowered below the Codman bid in contract negotiations. The winning team also initially included commissions on the sale of properties in the bid, but this was changed to performance bonuses in contract negotiations.[43] Performance bonuses and commissions were included within the MBTA RFP[44]. There is a detailed rationale on why the union bid was not chosen. In the executive summary of the submission to the OSA it is stated of the union bid: "The proposal is so lacking in detail that it could almost be deemed non-responsive.[45] In general, the MBTA did not accept that the union bid would help avoid costs and the bid excluded a response to the parking space development aspect of the RFP.[46]

Privatization Proposal

On April 24th, 1996, the MBTA submitted its privatization proposal to the OSA. On April 29th, 1996, the OSA conditionally began is 30 business day review of the proposal as the initial proposal was deficient in several areas.[47] The MBTA disputed the time taken in the review period, and attempted but then held off of awarding the contract before the OSA had rendered an opinion.[48]

The proposal itself included nine parts including the proposed contract, cost forms, summary of bids received, and a management study. The RFP included privatizing existing functions of the Real Estate Department and new functions as recommended in its management study such as changes to lease management and property inventory procedures. Therefore, the MBTA presented in its cost forms existing in-house costs and costs of additional services to document the avoidable costs of additional functions and changes recommended in the management study. There were, however, no costs related to the parking garage program included because the program was to be funded from Authority revenues or from project-specific funding.[49]

Throughout the OSA's review period, Local 453 of the Office & Professional Employees International Union corresponded with both OSA and the MBTA regarding alleged deficiencies in the submission. These alleged deficiencies included using un-adjusted 1992 wage rates and claiming savings for the elimination of positions that were vacant.[50] Both these issues were addressed in the OSA's adjustment of the MBTA's cost forms in reviewing the privatization proposal.

Auditor's Determination

On June 10th, 1996, the OSA issued a determination concluding that the MBTA complied with Massachusetts' privatization law, Chapter 296 of the Acts of 1993 in awarding a privatization contract for the management of its real estate activities. The determination details the MBTA's compliance with statutory requirements of the law including wage rates, health insurance requirements, service quality, and the hiring of qualified agency employees. By approving the MBTA's proposal, the OSA determined that the estimated cost of work performed under contract by Transit Realty would be less than the estimated cost of work performed with state employees. Privatization of most real estate functions of the MBTA was determined to cost $8,526,886 in performance costs representing a cost savings of $206,257 compared with the estimated cost of continuing to perform the work in-house with state employees.[51] This cost savings breaks down to an estimated annual savings of $41,251 over the five-year life of the contract. This total savings figure is significantly less than the figure provided by the MBTA because of ten adjustments made by the OSA. The MBTA, in its proposal, claimed saving and gain to the authority of $7,583,460. This figure includes a $5,184,000 revenue enhancement for expected lease revenue.[52] The OSA, however, subtracted this projected revenue enhancement, from the performance costs of the privatization contract. With regard to this adjustment, the OSA stated, "there is no acceptable or demonstrated reason why MBTA management cannot increase revenues by holding itself to the same standard of performance expected from the contractor and by using the same updated tenant that will be used by the contractor."[53]

Cost Comparison	**In-House Operation**	**Privatized Operation/Performance Costs**
Total Costs	$10,154,208	$7,754,740
Total Revenue	Not identified	$5,184,000[54]
Net Profit	N/A	N/A
Audit Adjustments	($1,421,065)	$5,956,146
Adjusted Cost	$8,733,143	$8,526,886
Total Savings		**$206,257/$41,251 per year**

Accounting Methodology

The OSA's cost savings figure represents a difference of over $7 million dollars compared with the MBTA estimate, indicating differences in accounting methodology, and possibly managerial philosophy. The largest audit adjustment concerned a projection by the MBTA that revenue collections would increase by over $5 million if the contract was awarded to Transit Realty and recommendations from the two management studies were implemented. In assigning increased revenues to the privatized operation with the improvements recommended in the management study and not assigning increased revenues to the in-house operation, the MBTA is essentially arguing that recommendations cannot be implemented by state employees. In contrast, by subtracting increased revenues from the proposed privatized operation of real estate services, the OSA is arguing that there is no demonstrated reason why the MBTA cannot improve in-house revenue enhancing performance as recommended by its own management studies. This significant audit adjustment could simply represent a difference in philosophy about the effectiveness of public employees between the MBTA and OSA. Regardless, it indicates different accounting methodologies were employed, with the MBTA projecting that private operation would allow for improved performance and the OSA strictly calculating avoidable and performance costs. The end result, an approved privatization proposal, is the same but the approved cost figures follow the OSA's methodology and the savings projected are much more modest. The significant cost difference is indicative of how different accounting methodology can significantly change calculations of cost savings with respect to privatizations. In this case, the OSA determined there could be savings of $206,257 as a result of the privatization and the proposal was approved. In the absence of the OSA's review, though, an inappropriate accounting methodology could translate into a privatization that costs additional money compared with continued government provision.

Conclusion

In December 1995, the Massachusetts Bay Transportation Authority issued an RFP for operation of its real estate functions, as well as planning and construction of 5,000 parking spaces in central Boston. The MBTA sought this privatization to improve the management and financial return of its extensive real estate assets. The release of the RFP followed two independent management studies of the Authority's management of its real estate assets in 1993 and 1995. The 1993 study concluded that real estate assets were not being maximized for many reasons including lack of appropriate management systems. The follow-up 1995 study focused on

management of the Authority's tenant ledger and the results indicated that the Authority was unable to implement recommendations made in the 1993 study.

The MBTA's submission to the OSA included detail on the reasons for privatization and a management study, summary of bids received, bid evaluation criteria, and cost forms. The selected team, Transit Realty, did not have the lowest initial bid but was deemed to have the best qualifications to fulfill the scope of services in the RFP. The union bid scored the fewest points of the four bidders. On this subject, MBTA stated that it was difficult to compare the union and private bidders because the union bid, at its request, was evaluated with different criteria. The union bid was judged to lack detail, and avoidable costs to the department. For example, the union proposed to eliminate staff from the department, but not from the agency as no layoffs were included in the proposal.

Unlike the approved Holyoke College food services privatization case, the MBTA notified the OSA of its intent to outsource functions when the RFP was released. There was not, in this case, any apparent disagreement over the OSA's jurisdiction to review the proposed contract for privatization. The only friction concerned the timing of the OSA's review, with the MBTA arguing in letters to the OSA that the time of the review period was excessive. Still, the review took just over a month from initial submission, and under six months from release of the RFP. The OSA approved the MBTA's proposed contract with Transit Realty on July 10th, 1996. In its cost forms, the Authority claimed that outsourcing real estate functions to Transit Realty would save $2.4 million and enhance revenues by $5.18 million for a total savings of $7.58 million. Ten audit adjustments were made in evaluating these cost forms. Notably, the OSA would not allow the MBTA to count estimated increased lease revenue of over 5 million dollars through more efficient management of the tenant ledger by Transit Realty. The OSA did accept the Authority's assertion that the parking garage development program not be evaluated for compliance with the privatization law because it would be funded from other sources. After the ten audit adjustments, the OSA determined that the proposed contract could be expected to save $206,257 over the life of the 5-year contract and this privatization proposal was approved.

Case Study 3: MBTA Bus Shelter Maintenance

Introduction

> *The Weld Administration viewed this as an ideal case with which to undermine a law that was bothersome to them.*

In 1995, the Massachusetts Bay Transportation Authority (MBTA) began exploring possibilities for increasing revenue by including advertising on bus shelters. Accordingly, the marketing department carried out research on bus shelter advertising programs in New York, Toronto, and San Francisco and determined that these cities had success with contracting out the service to specialized advertising and marketing companies. Additionally, it was determined early on by the MBTA that it is frequent industry practice for the advertising contractor to also undertake cleaning, repairing, and replacement of shelters hosting advertising. This is because the advertising company has a vested interest in ensuring that it can secure an attractive environment for advertisers.[55]

Initially, the MBTA either did not realize that contracting out for bus shelter advertising and maintenance would be subject to the Privatization Law, or hoped to avoid the process, but after being notified by the OSA, the RFP process was delayed. Before releasing an RFP in January 1996, the MBTA had 198 bus shelters located throughout 68 of the 78 municipalities served by the MBTA. Twenty-seven of the shelters were glass and sheet metal while the remaining were constructed with lexan and sheet metal. These shelters were maintained by 2 full-time employees with support from one sheet metal worker. On average, these workers cleaned six shelters per day, thus each shelter was normally cleaned once every two months. Included in the cleaning regimen was washing and disinfecting of shelters as well as graffiti removal.[56]

RFP and Selection Proposal

The January 1996 RFP had two-phases: pre-qualification and the actual proposal submission. As previously stated, the RFP was not initially crafted to allow for compliance and review with respect to the privatization law. After agreement with the OSA that the contract would be subject to the privatization law, an addendum to the RFP was added that required compliance with the requirements of the law. The union was then notified, and the deadline for submission was extended from

February 14 to March 1, 1996 for private bidders, and to March 8 for a union response.[57]

In addition to requiring compliance with all provisions of the privatization law, the RFP was comprised of three parts: the advertising function, the cleaning, maintenance, and installation of bus shelter function, and other performance indicators. The advertising function consisted of all steps necessary to upgrade or replace existing shelters to include advertising. This function also included obtaining all local permits necessary for the upgraded or replaced shelters. Additionally, the contractor was asked to draft an advertising strategy to maximize revenues. The cleaning, maintenance, and installation function included daily, twice monthly, and as needed maintenance services that exceeded the current level of service. Finally, the other performance indicators section included performance benchmarks related to two objectives of the contract; increasing revenue and improving cleanliness of bus shelters.[58] Performance indicators were required to allow the MBTA the ability to sever the contract if benchmarks were not met.

As previously stated, the bid process had two phases. Three private vendors, TDI, Inc., Park Transit Displays, Inc., and Outdoor Systems submitted pre-qualification bids. All were accepted but only Outdoor System and a union group called the Union Consortium submitted actual bids for advertising and bus shelter maintenance services.

The Outdoor Systems Advertising Group bid proposed to clean and maintain shelters at a rate of 18 shelters per day, exceeding specifications in the RFP scope of work. At this rate, shelters would be cleaned once every two weeks as opposed to once every two months as was the standard in house at the time the RFP was released. The cost of maintenance over 5 years totaled $665,000, however, there would be no cost to the MBTA for these services as the centerpiece of the contract would be for Outdoor Systems to pay the Authority a minimum of $2.1 million per year for advertising rights to bus shelters. Additionally, Outdoor Systems would replace about half of the 198 existing bus shelters and provide several hundred new shelters without any cost to the transit authority. Outdoor Systems proposed to pay extra in advertising revenue for each replaced and new shelter installed.[59]

The Union Consortium Bid addressed the cleaning and maintenance functions of the RFP but did not offer to provide advertising revenue to the Authority. The union bid a price of $1,232,065.63 covering labor costs for maintaining and repairing the bus shelters over the five-year contract term. According to the Authority's proposal submitted to the OSA, this price did not include other costs such as materials and supplies, depreciation, maintenance, and insurance. After including these costs, the union's bid was adjusted by the MBTA to $1,633,314. The union also recommended that certain changes be made to the bus shelter program in order to facilitate more

efficient maintenance but after review by the Authority it was determined that these recommendations, which included replacing glass with lexan material, were inconsistent with the ability to provide advertising services.[60]

Unsurprisingly, the Authority chose to select Outdoor Systems for maintenance of its bus shelters stating, "the cost of contracting with Outdoor Systems, without consideration of the lack of inclusion of materials and supplies or other direct costs by the unions, is $597,220 less than the Unions' bid."[61] Further, the Authority also believed that the union's bid exceeded current in-house costs. This, however, was most likely not a determining fact in the ultimate decision to select Outdoor Systems. Although unstated in the Authority's evaluation of bids, the union consortium did not address the real purpose of the RFP - increasing revenue through advertising on bus shelters.

Privatization Proposal

In July 1996, the MBTA submitted its first proposal to privatize bus shelter advertising and maintenance. This proposal was rejected on August 15th, 1996 because, "The Office of the State Auditor determined that the MBTA had not met the requirements of the Privatization Statute in that the contractor's maintenance cost estimate was incomplete, unauditable, and could not be documented."[62] Additionally, Outdoor System's compliance with certain regulatory statutes could not be documented.

On November 12, 1996, the MBTA formally submitted its second privatization proposal to the OSA and two days later on November 14, 1996 the OSA began a formal review of the proposal.[63] The MBTA immediately disputed the OSA's review period in a letter to the OSA, arguing that the review should take 30 calendar days, not 30 business days as stipulated by the OSA.[64] This second proposal's ten parts included the written statement of services, proposed contract, cost forms, supporting documentation, and a management study. It also attempted to respond to the shortcomings of the first proposal by including more detailed cost comparisons between present in-house maintenance, and future maintenance costs under the proposed privatization.

The cost forms indicated that in-house costs for the cleaning and maintaining of bus shelters would total $1,177,867 over the proposed five-year life of the contract, while Outdoor System's cost would be $634,846 but would in fact cost nothing to the Authority. In the Summary of Bids received section, it is explained that Outdoor Systems is able to maintain shelters at a lower cost than the Authority because they would use a more efficient method of cleaning and utilize staff that are proficient in

all needed tasks so that fewer employees are necessary to undertake cleaning and maintenance.[65] The in-house cost comparisons did not account for the number of shelters increasing as planned by the chosen contractor, Outdoor Systems. The MBTA estimated that contract performance costs would result in net revenues of $2,063,557, leading to a total cost savings of $3,241,424.[66]

The major argument of the proposal submitted to the OSA was that the plan would allow the MBTA to realize significant guaranteed revenue, and the possibility for additional revenue through the planned installation of additional advertising space on new or replaced shelters to be installed by the contractor. It presented the cleaning and maintenance of bus shelters as an additional benefit of contracting out advertising that would improve performance over in-house provision of the service at no cost to the Authority.

Auditor's Determination

On December 11, 1996, the Office of the Auditor issued a determination objecting to the awarding of a contract to Outdoor Systems that would involve maintenance of bus shelters. The determination denied the MBTA's request on the grounds that it had not met two of the requirements of the Privatization Law. In rejecting on the grounds that basic requirements were not met, the OSA did not provide cost comparisons between continued in-house provision of cleaning and maintenance, and privatization of the function in conjunction with contracting out advertising on bus shelters. The determination indicated the OSA's readiness to accept a contract without shelter maintenance.

Specifically, the OSA determined that the MBTA had not met the requirements of Section 54(7) (iii) and Section 54(7)(iv) of the privatization law. Section 54(7)(iii) requires that "the agency must certify and demonstrate that the proposed contract cost will be less than the estimated cost of keeping the service in-house, taking into account all comparable types of costs." In rejecting the proposal partly on this basis, The OSA was essentially saying that the MBTA had provided a proposal for maintenance that could not be compared to present operations in that the chosen contractor planned to increase the number of shelters. The OSA wrote; "based on the presentation of costs estimated by both the MBTA and the proposed outside contractor, it is clear that both costs may be based on a significant variance in the number of shelters that are the subject of this proposal." Further, "because this substantial variance remains unreconciled it cannot be demonstrated or determined that the contracting out of the service will result in any cost savings." Section 54(7)(iii) concerns certification that a designated bidder has complied with all relevant federal or state statutes. On this section the OSA wrote that; "the MBTA has

not provided sufficient, competent evidence of the proposed contractor's compliance with certain significant relevant regulatory statutes, namely certification of good standing from the state and federal tax collection agencies."[67]

It should be noted that in disapproving this privatization, the OSA reversed a draft approval determination that was circulated to the MBTA. This draft approval outlined the MBTA's compliance with all sections of the privatization law. With respect to cost comparison, the OSA adjusted the amount to be paid to the MBTA for advertising out of the performance costs, claiming that the MBTA did not demonstrate why only the private contractor, and not the MBTA could realize revenue from bus shelter advertising. After subtracting this revenue source from the package along with other audit adjustments, the OSA determined that the contract would save $23,967 per year or $119,833 over the five-year life of the contract.[68] The draft approval was reversed once the OSA determined that the MBTA had been using conflicting estimates of the number of bus shelters to be maintained when evaluating Outdoor Systems' and the union's proposals.

Court Challenge

There is no administrative process through which to appeal the OSA's decision. However there was and is nothing in the law to prevent the MBTA from re-submitting its proposal to conform to the OSA's implementation of the law's requirements. Rather than preparing a third proposal, the MBTA instead elected to challenge the constitutionality of the privatization law, and decisions made under that law in court. The court challenge that ensued in this case must be viewed in the context of the politically charged atmosphere within the Weld Administration. The Executive Office of Transportation and Construction, the super agency that oversees the MBTA as well as MassHighways, was a particular administration focal point for the creation of privatization initiatives. The uncritical acceptance of the notion that public contracting could cure virtually all the problems of government was strong among the senior management of that high level agency at that time. Thus the MBTA's executive staff was working under the notion that with sufficient contracting it could eventually transform into what they termed a "virtual" agency or a department that did nothing but manage contractors. At the same time that the bus shelter privatization proposal was preceding a more ambitious proposal to begin the eventual privatization of the entire MBTA bus system was also just getting underway. That more ambitious project was to begin with the proposal to privatize bus routes in Quincy and Charleston, reviewed below. In June 1997 the OSA rejected that bus privatization proposal on the straightforward grounds that it would cost more than present operations. In the context of these rejections, and the larger ideological mission that the Weld Administration set for itself, the OSA was, as far

as they were concerned, not a public watchdog but an obstacle to a political agenda. The agenda was to massively transform public service in the Commonwealth by putting as much of the public work as it could out to bid.

On February 16, 2000, the Massachusetts Supreme Judicial Court ruled against the MBTA, and in favor of the OSA in two areas. The court ruled with respect to the constitutionality of the law, that the MBTA did not have standing to challenge the law because it is a state statute. Although the court did not grant the MBTA standing, it also made a specific determination on the bus shelter proposal concluding that, "there was ample evidence that the MBTA did not clearly establish that its "in-house" and "contract" cost estimates were based on the same number of bus shelters". In conclusion the court stated, "the Auditor's objections, therefore, were reasonable and followed the statutory mandate that he independently review the contract."[69]

Conclusion

This case was more complex than the others in that issues of revenue enhancement became conflated with issues of service cost to the detriment of both. The problem here was that, for the MBTA, politics came to trump good public management. Despite the claims of potential savings and more importantly revenue enhancement, the OSA rejected the MBTA's second proposal. They did so because the legal mandate under which they operated required them to compare direct service cost issues for the task that was to be privatized apart from revenue issues which as we saw in the real estate case they regarded as separate. Indeed the 2000 decision of the Supreme Judicial Court upheld this interpretation of the law. They rejected the proposal for privatization of bus shelter maintenance and repair because they found that the proposal did not accurately compare the cost of in-house operations with the contract proposal costs because the proposer intended to increase the number of shelters to be maintained and because of conflicting estimates of the actual number of shelters to be maintained. Additionally, the OSA found that insufficient evidence was provided on Outdoor System's compliance with federal and state statutes related to tax payment.

The heart of the MBTA's disagreement with the decision was that from their point of view contractor maintenance costs were irrelevant to the substantive issue here. The substantive issue for the MBTA was that it was not a matter of privatizing the maintenance function as much as it was a chance to enter into a new profitable relationship and bring in needed revenue. Outdoor System's essentially proposed to "throw in" shelter maintenance along with substantial payments to the MBTA in

exchange for the right to sell advertising on existing shelters and expand the number of shelters to expand the number of salable advertising venues.

The problem here was neither the law nor the OSA's application of the law. The problem was that, because the MBTA made a determination to use this case to undermine the law, all fruitful communication to resolve the problem broke down. To a large extent that was intentional because the Weld Administration viewed this as an ideal case with which to undermine a law that was bothersome to them. The tragic part of this from a public point of view is that the proposal had the potential to bring in substantial new revenue and involved outsourcing advertising on bus shelters. The MBTA could have separated the issue. It could have retained its own cleaners and collected more revenue from its contractor. But it never chose to even explore the option for two reasons. First it never seriously entertained the possibility that its employees might want to work with management to make this work. Secondly it cared more about the principal of executive privilege to contract at will than it did about the specific situation at hand.

Case Study 4: Bus Service Delivery Privatization

Introduction

This case shows how the Privatization Law protects the interests of the public and forces public sector managers to clearly think through contracting decisions prior to committing the public to risk and liability.

Possibly the most well known Privatization Law review case is that of the twice-litigated Massachusetts Bay Transit Authority's (MBTA) proposal to privatize the operation and maintenance of Charlestown/Fellsway and Quincy bus fixed bus routes. In a case that was widely reported on in the press, the OSA twice turned down the MBTA's request to authorize the contracting out of these services, because the MBTA failed to adequately demonstrate a positive cost savings associated with this proposal. This case is instructive in that, despite reliance on both legal counsel and outside consultants, the MBTA was unable to comply with the Privatization Law requirements, and demonstrate a fiscal benefit to the plan. Furthermore, the case, and the legal proceedings that followed from it, showed that the MBTA had not done an adequate job pricing its anticipated cost savings in terms of avoidable costs. This is important, because, had the privatization been allowed, the public would have been left holding a significant liability. For these reasons, the MBTA route privatization case demonstrates the ultimate efficacy of the law - it forces agencies to fairly forecast the ultimate impact of contracting decisions on the public,

which is the ultimate owner of state assets and systems. This case shows how the Privatization Law protects the interests of the public and forces public sector managers to clearly think through contracting decisions prior to committing the public to risk and liability.

The MBTA's plan would have incurred an extra $73 million if the privatization had been allowed.

Following an audit and operational review in mid 1993, a consulting firm[70] recommended that the MBTA move quickly (by Spring 1994) to privatize or contract out a significant portion of the fixed bus routes then operated by the authority.[71] According to the COMSIS report, such action was the only way to stabilize what was then viewed as the MBTA's increasingly perilous financial situation.[72] The consultant highlighted two significant cost issues that seemed to make a strong case for such a contracting decision. First, the consultant observed that in FY 1991, the MBTA had an overall bus operating cost of about $95 per revenue hour, a cost level second at that time only to Seattle's.[73] Second, the consultant noted that the MBTA was then paying private contractors to operate marginal routes at about $46 per revenue hour.[74] The consultant's report used these two accurate facts to imply that by contracting out, the MBTA could save as much as fifty to sixty percent on routes it chose to privatize.[75] This suggested a savings of close to $30 million per year on the Charlestown/Fellsway and Quincy routes, though the report itself did not place a dollar figure on the savings, promising only that "the MBTA can achieve significant savings"[76] through such a privatization.

Clearly the suggestion of an opportunity to significantly reduce costs deserves careful consideration. MBTA was clearly correct in pursuing these savings and further examining the likely impact of such a privatization. However, it is also clear that the COMSIS cost assessment was, at best, lacking in finer detail. A review of the COMSIS proposal demonstrates that the net cost impact of such a privatization would not be a $30 million savings. In fact, the net impact of the COMSIS proposal was likely to be a cost increase – exactly the kind of poor privatization decision that the Privatization Law was designed to guard against.

This case study will review the COMSIS cost assessment. It will demonstrate how that assessment failed to recognize ongoing cost liabilities. The MBTA privatization application will be reviewed, as well as the OSA's objections. This case study will conclude with the likely cost impact of the privatization, had it been allowed, along with a summary discussing the value of the case as a demonstration of the efficacy of the Privatization law.

Privatization Proposal

In May of 1997 the MBTA submitted a revised application for the contracting out of two "bundles" of fixed route bus service operation and maintenance that had previously been operated by MBTA employees. The MBTA's August 15,1996 RFP had solicited bids for any of the five bundles, based on the existing facilities in Albany/Cabot, Bartlett, Charlestown/Fellsway, Lynn, and Quincy.[77] Though the document record does not clarify the reasons why, MBTA selected ATC/Vancom as vendor to operate and maintain the Charlestown/Quincy routes and ATE/Ryder for the Quincy bundle. No privatization of the other bundles was applied for at that time.[78] In the RFP, the MBTA explicitly recognized the applicability of the Privatization Law, and attached the state privatization guidelines, highlighting the re-employment provisions, the data requirements, and the performance measurement requirements.[79] The OSA's final determination declined the privatization due to a failure to establish cost savings.

Prior to the OSA's negative determination of June 1997, the MBTA had previously submitted a rejected application.[80] In the MBTA's submission, it was estimated that the privatization of the Charlestown/Fellsway routes and maintenance associated with those routes would save $17,542,608 and that the privatization of the Quincy bundle would save $9,165,347.[81]

MBTA Submission	Charlestown	Quincy
In House Costs	$261,217,706	$71,275,253
Contract Costs	$243,675,098	$62,109,906
Savings	$17,542,608	$9,165,347

Once rejected by the OSA for deficiencies, the MBTA reworked its application and resubmitted on May 23, 1997.[82] In the second submission, the MBTA acknowledged some of the OSA's objections to the first submission, clarified some of the facts as requested by the OSA, and reduced its savings estimates by over $2.7 million for the Charlestown/Fellsway bundle and by almost $1 million for the Quincy bundle. The MBTA's submission estimated a savings of over $23 million through the privatization of both bundles. However, the OSA's analysis indicated that between deficiencies in the MBTA's second submission and the understatement of the value of concessions by the primary union, the privatization would actually end up costing money. The OSA's determination is reviewed below.

Auditor's Determination

> *The OSA determined that the liability cost, "by itself, would more than exhaust the total savings claimed for the two proposals, without even considering other significant findings. The OSA's estimation of the cost of this liability was that it was greater than $47 million.*

The OSA rejected the MBTA's second submission because it failed to adequately establish a cost savings through contracting out. Furthermore, the OSA determined that the MBTA would actually lose money on the contracts between the contract price and the unavoidable costs associated with the privatization.[83] First, the OSA determined that the MBTA's proposals were dependent upon "unreasonable cost savings." The MBTA's proposed contracts included a requirement that the contractors would use a heavy maintenance facility owned by the MBTA in Everett for the first two years of the contract in exchange for a fee. The MBTA labeled this the 'vehicle maintenance plan.' However, the MBTA included the revenue from this agreement over the five year life of the contract. The MBTA did not demonstrate how it would reduce the costs then associated with the to-be-privatized bundles at the Everett facility after two years.[84] The MBTA's second submission did not address this issue.

In addition to the questionable savings related to the vehicle maintenance plan, the OSA questioned a cost savings of over $1 million in non-revenue vehicle repair associated with the contracts. However, the MBTA presented no plan for the reduction of non-revenue vehicles or their repair. The issue at stake is whether the costs of supporting those vehicles would truly be avoided by the MBTA, or merely shifted to another accounting unit. The statute clear demands that the subject agency truly reduce costs and not just shift them around.

Similarly, the MBTA's submissions failed to address the issues of "nonscheduled service" and performance payments, both of which were included in the proposed contracts.[85] The MBTA submissions included non-scheduled and emergency service costs that could potentially exceed $29.2 million for the two bundles, however the cost of in-house provision of these services was never factored in. More seriously, the MBTA failed to include incentive payments, detailed in the contracts into the cost of contracting out. These payments could have potentially cost the MBTA $4.3 million, "in the event contractors [met] some of the performance standards that are currently achieved by MBTA employees."[86]

The MBTA also included an estimated savings on pension costs of about $20.4 million should the 729 "nonvested" employees affected by the privatization be displaced. Likewise, the MBTA included savings related to vacation accrual that they would save should the affected employees be let go. The OSA took issue with both of these. The MBTA presented no plan for avoiding the costs of the pensions, as it was not legally clear that the employees in questions would be deemed to have left of their own volition. The vacation savings cited by the MBTA included accrual already earned by the affected employees.[87]

Of greatest cost concern, however, is the issue of "13(c)" liability. It was not clear, at time of submission, the extent to which the MBTA would have been liable for displaced worker severance pay as required by federal statute. The MBTA did not include these potentially substantial costs in its estimates despite a lack of resolution on the issue. At the time of the second submission, the MBTA and the affected union were attempting to seek arbitrated resolution to the issue. The OSA determined that the liability cost, "by itself, would more than exhaust the total savings claimed for the two proposals, without even considering other significant findings [by the OSA]."[88] The OSA's estimation of the cost of this liability was that it was greater than $47 million.

In addition to problems with the cost comparisons in the MBTA's two submissions, there was also concern that the two contractors would not be able to meet quality of service levels as this went unaddressed in the MBTA's submission. That is, it was unclear that the contractors could provide service that was as good as the MBTA was capable of providing in-house. In response to OSA concerns, the MBTA did develop a short set of performance targets, however these were not included in the proposed contracts.[89] In addition, the MBTA made no effort to determine the level of performance achievable in-house, instead it relied on existing performance levels. This violated both the spirit and letter of the statute which was intended to cause the subject agency to carefully consider operational performance, improvement opportunities, and costs prior to contracting.

During the process of making its applications, the labor unions volunteered concessions and other cost savings opportunities worth $21 million, but the MBTA failed to include these in its estimates.[90] The MBTA failed to adequately establish the cost savings that would derive from contracting out, and failed to consider in-house improvements achievable. The OSA's two reviews both correctly denied the application of the MBTA to privatize the two service bundles in question.

Conclusion

Given the OSA's objections and the labor concessions, it is clear that had the proposed privatization been allowed (if, for example, there were no Privatization Law), the MBTA's contracting decision would have resulted in a loss to the taxpayers of Massachusetts. As the table below demonstrates, the Labor concessions alone would have negated any cost savings associated with privatization

Cost Comparison	In-House Operation	Private Operation
Total Costs	$332,492,959	$305,785,004
Net Savings (Loss)	($26,707,955)	$26,707,955
Adjusted Costs with Concessions	$304,578,665	$305,785,004
Adjusted Cost Net Savings (Loss)	**$1,206,339**	**($1,206,339)**

Furthermore, the OSA identified several cost factors missing from the MBTA's assessment. Excluding those costs identified, but not specified by the OSA (vehicle maintenance plan, non-revenue vehicle maintenance, emergency service, vacation time, and fuel costs), the MBTA's plan would have incurred an extra $73 million if the privatization had been allowed. As a result of the labor concessions and the additional non-avoidable costs, the privatization would have cost taxpayers $73,206,339, as described in the table below.

Cost Comparison	In-House Operation	Private Operation
Total Costs	$332,492,959	$305,785,004
Net Savings (Loss)	($26,707,955)	$26,707,955
Adjusted Costs with Concessions	$304,578,665	$305,785,004
Non Avoidable Costs		
Performance Payments		$4,300,000
Pension Costs		$20,400,000
13 (c) Liability		$47,300,000
Subtotal	$304,578,665	$377,785,004
Adjusted Cost Net Savings (Loss)	**$73,206,339**	**($73,206,339)**

It is clear, then, that this particular privatization was not adequately thought through. It is equally clear that without the Privatization Law, it would have been carried out nonetheless.

Following this case through from COMSIS report to the final MBTA submission and OSA determination, it is clear that several of the flaws related to the initial concept were carried through to the contracting decision. Costs, and particularly savings were not considered carefully enough. Furthermore, issues of cost avoidance and of adequate service were insufficiently examined. The Privatization Law exists to ensure that that subject agencies make good management decisions related to privatization, and in this case the law was successful.

Conclusion to the Case Studies

The review of the cases assessed by the OSA under the Privatization Law and particularly those cases reviewed in-depth here highlight the efficacy of the statute. The Privatization Law has helped Massachusetts effectively avoid poorly thought through privatizations. Privatizations performed under the assumption that the private sector can deliver higher quality at a lower price are not allowed. Only carefully considered contracting decisions, including a thorough cost analysis and clear establishment of service and quality standards, are permitted. The process used by the OSA is clear, and while it requires specific measures, it is not so complicated that smaller agencies are unable to comply with it. Furthermore, the law's lower limit of $100,000 avoids superfluous applications and tedious assessment for smaller contracting decisions. The Privatization Law therefore effectively protects Massachusetts' taxpayers from bad privatization decisions, while allowing them to enjoy the benefits of good contracting.

Previous Studies of the Privatization Law

Despite the highlighted efficacy of the statute, the Privatization Law has not been without its critics. The predominant critic has been the pro-privatization think tank, the Pioneer Institute.[91] At the same time, the law has received significant positive review.[92] The aim of this section is to briefly review the major criticisms of the Privatization Law with reference to the case study findings covered above.

The Pioneer report mixes its criticisms of the Privatization Law together with its complaints about the process that the OSA employs to review applications. However, several major themes emerge:

1. Privatization is generally good and should not be discouraged.
2. Avoidable cost accounting is generally bad, and full cost accounting should be used to determine cost savings associated with privatization.
3. Transitional costs (costs of moving to contracted provision) should not be considered as they over-emphasis short term costs at the expense of long term gains.
4. Contract monitoring costs are over emphasized as they de-emphasize the benefit of performance monitoring to service quality.
5. Allowing employee bids or concessions is unfair.

The Pioneer report spends the bulk of its time arguing the first, and then the second point. As long time privatization advocates, Pioneer presumes that privatization is a good thing and should not be discouraged. In their study the law is held to, "present both statutory and political roadblocks to efficient government operations," and has provisions that "essentially slam the door on many opportunities that have been shown to improve services and save money in other places."[93] The law is held to disregard all potential privatization benefits, other than reduced costs. The institute claims that, "well-designed contracts allow agencies to improve quality, accommodate peak demand, speed project delivery and meet deadlines, gain access to expertise, improve efficiency, spur innovation, and manage risk more effectively."[94]

Privatization is Generally Good?

We have no way of knowing how many agencies have contemplated privatizations, researched them, and rejected them because they could not meet cost or service level requirements. Is this a bad result of the law?

Both the review of the impact of the law (above) and the case studies (also above), paint a different picture of the Privatization Law. The Law does not 'block efficient government operations,' rather it provides clear guidance to agencies to help them make successful contracts. The law certainly does not prohibit privatizations; 75% of applications have been successful. Rather the law forces agencies to consider the impact of contracting out before making a decision. This is not a bad thing. It can only be through careful consideration of costs and service levels that an agency can expect to achieve all the positive benefits that Pioneer suggests can be the fruit of 'well-designed contracts'. The 'privatization is a generally good idea' argument is

somewhat superfluous here. The authors of the Pioneer report bitterly complain that the Privatization Law focuses on cost, making it the only point of contention in OSA reviews, and ignoring issues of improved performance achievable through contracting.[95] It is true that the law focuses on costs – an agency may not privatize unless it can save money by doing so – but it also places a significant emphasis on performance.

Pioneer does not advance any argument to explain why it is that contractors can improve service when subject agencies cannot. In the end, this is the fundamental problem with the 'privatization is a generally good idea' argument. Proponents cannot explain how it is that private firms can bring such great improvements in cost effectiveness and service levels, but fail to meet the Privatization Law's standards. The standards are clear, the cost of a five year contract, including the cost of implementing, monitoring, and maintaining that contract must be less than the in-house costs to provide the same service. Service levels to be provided by the contractor must be at least to the level that the subject agency can provide in-house. Finally, the privatization must be in the public interest, a clause that has never been used by the OSA as grounds for rejecting an application. If the private sector is able to do the job that Pioneer suggests – if it is better, faster, smarter – meeting these goals should not be difficult. And indeed, most agencies that submit applications for privatization are successful.

Pioneer sees the fact that eight services privatizations have been attempted since the law went into effect as a negative consequence of the Privatization Law. This would make sense if the OSA routinely rejected applications. The pass rate, however, belies this assumption. What would be a more logical conclusion, is that the requirements of the law, being what they are, have demonstrated to managers that they must carefully consider privatization opportunities. We have no way of knowing how many agencies have contemplated privatizations, researched them, and rejected them because they could not meet cost or service level requirements. Is this a bad result of the law? Of course not. This is how we want our public service managers to behave. We want them to research major contracting decisions prior to radically altering service delivery mechanisms. We want them to make complete assessments of the likely cost impacts of those decisions. What Pioneer labels as a failure of the current law is actually a success – subject agencies are not pursuing losing propositions and are only seeking to privatize where it makes sense.

Avoidable Cost Accounting

That the Reason Foundation, a pro-privatization, libertarian think tank accepts the logic of using avoidable cost accounting for making contracting decisions serves to highlight the tenuousness of Pioneer's position.

The second major complaint of the Pioneer Institute is that the Privatization Law requires subject agencies to consider cost avoidance when addressing the benefits of a potential contract. That is, how much will the agency actually save if a service is privatized?

Avoidable cost accounting is a widely accepted methodology for understanding savings to be derived from a contracting decision. Quite simply, when a firm, or agency, contracts out a service, not all of the costs associated with in-house production necessarily disappear. Buildings or capital equipment may continue to be owned and depreciated, contractor performance needs to be watched and evaluated, and pensions and benefits for displaced workers may need to be paid. Avoidable cost accounting methodology helps decision makers understand the net effect of contracting out – what will actually be saved.

Accordingly, the Privatization Law requires that each privatization proposal prove a projected cost savings compared with continued provision of the service by the public sector. It is, however, much easier to define the goal of cost savings than it is to calculate, as assumptions always need to be made in order to create a realistic comparative cost model.[96] The realities of government service provision mean that savings from a privatization are not simply a matter of subtracting costs of the service to be privatized, and then adding any fee to be paid by the private sector operator. There is a continued governmental responsibility that varies with the particular service being privatized. This continued responsibility typically includes contract management, and other required areas of support to the contractor such as providing emergency back up, and administrative support. In short, it can be expected that the government would continue to bear overhead costs after a particular service is privatized. If lay-offs and productive transfer of workers are not possible, then labor costs often cannot be saved. If cost savings from a privatization is the goal, than a nuanced, individually tailored approach is appropriate.

Pioneer's complaint that avoidable cost accounting misrepresents potential cost savings is poorly argued, unsupported, and illogical. First, Pioneer argues that the value of privatization is that agency personnel can be redeployed elsewhere. Pioneer writes, "If [staff] are redeployed to other priorities, then there is a benefit from the privatization. This is true even if none of the support or overhead staff are removed . . ."[97] Pioneer's argument then, is that agencies should no longer include the cost of

staff that continue to work at the agency in question after a privatization if they do other work that was neither performed or paid for by the agency previously. How is this a cost savings? The agency in question is still paying for the staff and for the new contract. This is not good fiscal management. The example used by Pioneer to highlight this issue is that of the 1994 Department of Revenue proposal to privatize mail opening during the tax season. This proposal was approved.[98] Pioneer presents no evidence to indicate that this issue has actually interfered with a privatization. Second, the Pioneer report discusses "avoidance" of capital construction costs on future projects. The report implies that the Privatization law does not adequately account for these savings. However, Pioneer presents no evidence to demonstrate that this issue has prevented an otherwise good privatization.

Pioneer's argument about avoidable cost accounting is also poorly supported. Pioneer suggests that total cost accounting is a superior method for understanding savings to be derived from privatization. That is, agencies should examine what their costs are currently, what the contract cost will be, and subtract one from the other. This certainly holds the appeal of simplicity. Unfortunately this is also bad fiscal management. Clearly, any private sector firm, when making a contracting decision, would consider what their costs are now, *what their costs will be after contracting out*, and what the contract price will be. These ongoing costs include non-avoidable costs like continued staffing, capital equipment, rent, utilities, etc. and new contract monitoring costs. To support their assertion that agencies considering privatization should not be required to include these on-going and new costs in their decision, Pioneer cites a US EPA report.[99] However, these EPA reports are concerned not with accounting for the benefits of contracting decisions, but of understanding the environmental and other external costs of waste management systems. Full cost accounting definitely has a roll to play in fiscal management, just not in making privatization decisions. This is even recognized by the Reason Foundation, a sibling research institute to Pioneer.[100] That the Reason Foundation, a pro-privatization, libertarian think tank accepts the logic of using avoidable cost accounting for making contracting decisions serves to highlight the tenuousness of Pioneer's position. Pioneer's argument to the contrary goes unsupported.

Ultimately, Pioneer's argument that it is unfair or inaccurate for agencies that are considering privatization to calculate the total cost impact of that decision (current costs, contract costs, unavoided costs, and other new costs) is ultimately illogical, contrary to common practice and to good government recommendations. The taxpayers of Massachusetts deserve good fiscal management and the Privatization Law delivers this by mandating avoidable cost accounting.

Transition and Contract Administration Costs

Similarly, the Pioneer report makes nonsensical arguments about transitional costs and contract administration costs. Pioneer briefly suggests that the costs associated with moving into a privatization not be included in an agency's estimation of the value of a privatization. Likewise, the Pioneer report criticizes the inclusion of contract monitoring costs into the calculation. The first issue is not fleshed out in the Pioneer report, making it difficult to address. Pioneer does write that costs associated with displacing employees – retirement costs, accrued vacation payout, and other post-employment benefits – should not be counted as costs of privatization. As was seen in the case of the MBTA's route privatization proposal, these can be serious liabilities, and will cause costs out of the normal timing and scale the agency could otherwise anticipate. To ignore these would be a significant dereliction of good fiscal management.

Clearly, management of employees is good and necessary, but third party, or additional contract oversight is unnecessary. These costs are included in the privatization value calculation because they are necessary when contracting out. The "benefit" of monitoring contracts is factored in – in the price the contractor is charging for meeting service requirements.

More serious are Pioneer's criticisms of contract monitoring and administration costs. Pioneer makes two worrisome arguments with regard to these costs. First, they suggest that the benefit of contract administration should be factored into the cost analysis of the benefit of privatization. The benefit of contract monitoring is that agencies receive the services they pay for, at the service levels promised, and are not over billed. This is not necessary for in-house work because of the internal management systems already in place. Primarily, in-house service provision gains no profit through under provision. Clearly, management of employees is good and necessary, but third party, or additional contract oversight is unnecessary. These costs are included in the privatization value calculation because they are necessary when contracting out. The "benefit" of monitoring contracts is factored in – in the price the contractor is charging for meeting service requirements.

Pioneer goes on to argue that the system used to evaluate contract monitoring costs is unfair because some service areas interact with the public to a greater degree than others. Pioneer writes, "When customers immediately notice service problems and are motivated to complain, monitoring is fairly simple and less costly – the customers do most of the monitoring themselves."[101] It is Pioneer's contention then that services with a high degree of public interaction – bus service or food service, for example – require less monitoring then back office contracts like IT or support

services. This argument does not hold up under scrutiny. First, as Pioneer argues, contract monitoring is beneficial and important for good contracting and all services need to be monitored if they are contracted out. Second, monitoring involves both service levels and costs. The public cannot be asked to ensure that a service provider's billing is in order, not can they know if a bus operator is doing an adequate job of maintaining capital equipment. Service provision and effective delivery involves too many levels and areas of performance to ask the public to do the monitoring. This is not good fiscal management.

Employee Concessions

Finally, the Pioneer report takes issue with the fact that, as in the case of the MBTA Route Privatization proposal, the existing labor union may offer concessions, and that these must be factored into the privatization cost estimates. Good fiscal management, however, demands that agencies find the least costly method of delivering the required level of service. If a private firm that was considering contracting a service out determined part way through the process that it would be possible to reduce in-house costs and make in-house service delivery cheaper, that private firm would not refuse to consider the value of those costs reductions. Public agencies should be held to the same standard. This is the type of good management practice that the Privatization Law effectively delivers.

Summary

A review of the major criticisms of the Privatization Law suggests that critics continue to assume that privatization is a panacea for all public service delivery issues. These critics would like the Privatization Law to be overturned and to see no barriers to privatization. However, a review of their arguments demonstrates that they are illogical and unsupported. The Privatization Law does not prevent privatization, but it does require agencies considering contracting out to do a thorough review of the costs and benefits of doing so. The Law does not "slam the door" on privatization. The law does mandate good fiscal management helping Massachusetts to achieve affordable government.

Conclusions

The law has allowed over $1.2 million in annual savings and prevented at least $73 million in bad privatization decisions. More importantly, the Privatization Law has provided a framework with which agencies can accurately judge the likely cost impact of contracting concepts. The law has effectively delivered good management practice as relates to privatization to Massachusetts.

This study has aimed to examine the efficacy of the Massachusetts Privatization Law. A review of the law and its requirements, of the costing mechanisms used within the law, of the OSA's review procedures, and of the privatization cases heard by the OSA have demonstrated that the law creates an environment in which good management practice can flourish. Where contracting out services makes sense, the mechanisms used to enforce the law allow this to happen while making sure that the subject agencies clearly understand what they are getting into. Where agencies are under prepared for contracting out, or where the costs and benefits are unclear, the law forces them to carefully consider the outcomes of alternative service provision methods. The law has allowed over $1.2 million in annual savings and prevented at least $73 million in bad privatization decisions. More importantly, the Privatization Law has provided a framework with which agencies can accurately judge the likely cost impact of contracting concepts. The law has effectively delivered good management practice as relates to privatization to Massachusetts.

All this is not to say that the law is perfect or that it cannot be augmented or improved. The largest potential strength of the law has not always functioned perfectly, or even well. The Privatization law sets up a dialogue between the subject agency and the OSA. It is a great strength of the law that it inserts a third party that has the interests of the taxpayers of Massachusetts into the decision making process. The OSA's role, empowered by the statute has provided an external consultant with which subject agencies can think through the benefits of privatizations. Where this has functioned well, agencies have successfully put together valid justifications for privatizing, have clearly understood the impacts of their decision, and have saved money and maintained or improved service. Given the success of the Privatization Law, and its demonstrated ability to protect scarce public resources in tight fiscal environments, privatization law-like OSA review should be extended to rebids of existing contracts and possibly even to wholly new services. Such an extension of OSA oversight would allow the management and good contracting benefits of the law to further accrue in contracted service areas.

Massachusetts is well served by the Privatization Law. An innovative, first-in-the-nation law, it sets up a process by which reasoned decision making flourishes,

where costly mistakes can be avoided, and where contracting concepts are grounded in reality. The law works well. It is not unduly prohibitive. It allows a healthy dialogue between the contracting agency and a third party that represents the interests of the taxpayers. The law is not perfect. Expanded powers for the auditing agency could help improve the process. A depoliticized environment would also help, but this is likely outside the power of the law. In the final analysis, this is a law that not only benefits the taxpayers of Massachusetts, but that could benefit taxpayers across the country. Good government advocates should be studying the innovate work being done in Massachusetts and exporting it to other states.

Notes

[1] See World Development Report 2004: Making Services Work for Poor People (World Bank: Washington DC)
[2] These are the quantifiable savings based on those proposals that actually made it to the final stage of review – it is impossible know just how much taxpayer money has been saved by forcing decision makers to go through the process as some, or even many, may have determined on their own that the privatization was not justifiable.
[3] The OSA's records show that eleven different audits/determinations have been made under the law on these eight services, due to re-submittals by subject agencies.
[4] That is, it can be difficult for the contracting agency to know the quality of service provided. Also, there are temptations for the contracting firm to take advantage of the knowledge they gain by being close to work to the detriment of the contracting agency. Generally it is possible and even likely that contracting firms work to their self interest which may be exclusive from the interests of the contracting agency. The longer the term of contracts, the more likely these problems develop.
[5] See Williamson, Oliver E, "Transaction Cost Economics Meets Posnerian Law and Economics," Journal of Institutional and Theoretical Economics, 1993, 149(1), pgs. 99-118.
[6] Krauss, Clifford, "Economy's Dive Dazes Once Giddy Argentina," *New York Times*, International, Page A3, Sunday, September 30, 2001.
[7] The New England Institute for Public Policy, Privatization in Massachusetts 1991-2003: Is It Working?, April, 2003
[8] Commonwealth of Massachusetts, House Post Audit and Oversight Bureau. 1994. *Interim Report: Review of Essex County Privatization*. Boston, Massachusetts.
[9] Commonwealth of Massachusetts, Office of the State Auditor. 1995. Privatization of the Maintenance of Roads in Essex County, October 7, 1992 to October 6, 1993. Document no. 93-5015-3. Boston, Massachusetts.
[10] Coopers and Lybrand. 1996. *Independent Assessment of Massachusetts Highway Maintenance Privatization Program*. Prepared for the Executive Office of Transportation and Construction.
[11] See Sclar, Elliott D., You Don't Always Get What You Pay For: The Economics of Privatization, Cornell, University Press, Ithaca, NY, 2000, Page 29 for further detail.
[12] Massachusetts General Law Annotated, Part I, Title II, Chapter 7, (Privatization Law) §52 and 53
[13] Holyoke Community College, Submission to the Auditor, Proposal to Privatize Food Services Operations, Holyoke, MA, 1996, Page A-7.
[14] Holyoke Community College , Submission to the Auditor, Proposal to Privatize Food Services Operations , Holyoke, MA, Section D-7.
[15] Holyoke Community College, Submission to the Auditor, Proposal to Privatize Food Services Operations , Holyoke, MA, Section D-4, Page 1.
[16] Holyoke Community College, "Memo from Nancy B. Eddy to Hugh Robert: Final Report, Dining Services Proposal", Holyoke, MA, June 18, 1996, Page 3.
[17] ibid.
[18] Holyoke Community College "Memo from Nancy B. Eddy to Hugh Robert: Final Report, Dining Services Proposal", June 18, 1996.

[19] Holyoke Community College, " Letter from Nancy B. Eddy, to A. Joseph DeNucci, Auditor of the Commonwealth,", Hoyoke, MA, May 13, 1996.
[20] AFSCME Council 93, "Letter from George Masten and Peter P. Wright to A. Joseph DeNucci, Auditor of the Commonwealth,",Boston, MA, May 6, 1996.
[21] Auditor of the Commonwealth, "Letter from John W. Parsons to Curt C. Foster, Holyoke Community College", Boston, MA, July 15, 1996.
[22] Auditor of the Commonwealth, "Letter from John W. Parsons to Curt C. Foster, Holyoke Community College", Boston, MA, August 27, 1996.
[23] Auditor of the Commonwealth, State Auditor's Determination of Holyoke Community College's Proposal to Privatize Food Service Operations, Boston, MA, September 26, 1996.
[24] ibid, Page 4.
[25] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Boston, MA, April 9, 1996, Page 2-1.
[26] MBTA, www.mbta.com.
[27] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 10.
[28] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 8.
[29] ibid
[30] Kenneth Leventhal & Company, "Massachusetts Bay Transportation Authority Real Estate Function Organizational and Operations Diagnostic Review" Boston, MA, August 27, 1993, Page v.
[31] E& Y Kenneth Leventhal Real Estate Group, "MBTA Lease Verification", Boston, MA, January 1996.
[32] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, 1996, Page 8-5.
[33] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Pages 8-5 and 8-6.
[34] MBTA, Request for Proposals: Property Management and Real Estate Development Functions, Boston, MA, 1996, Page 8.
[35] ibid, Page 22.
[36] ibid, Page 13.
[37] ibid, page 25.
[38] ibid, Page 14.
[39] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Exhibit 4-2A.
[40] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 7-1.
[41] The Privatization Law requires the contracting agency to solicit bids and then compare those bids to in house estimates which are then submitted to the OSA.
[42] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 6-2.
[43] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 6-1.
[44] MBTA, "Request for Proposals", page 29.
[45] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, 1996.
[46] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 6-2.
[47] Auditor of the Commonwealth, "Letter to Patrick J. Moynihan, General Manager MBTA", Boston, MA, May 31, 1996.
[48] MBTA, "Letter to A. Joseph DeNucci: Real Estate Privatization", Boston, MA, May 30, 1996.
[49] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 4-1.
[50] Local 453 Office & Professional Employees International Union, "Memo to John Parsons: Real Estate Proposal", Boston, MA, May 7, 1996 and Local 453 Office & Professional Employees International Union, "Memo to John Parsons: Real Estate Proposal", Boston, MA, May 16, 1996

[51] Auditor of the Commonwealth, State Auditor's Determination of the Massachusetts Bay Transportation Authority's Proposal to Privatize Property Management and Real Estate Development Activities, Boston, MA, June 10, 1996, Page 4.
[52] MBTA, Submission to the Office of the State Auditor, Outsourcing of the Property Management and Real Estate Development, Page 4-3.
[53] Auditor of the Commonwealth, State Auditor's Determination of the Massachusetts Bay Transportation Authority's Proposal to Privatize Property Management and Real Estate Development Activities, Page 10.
[54] This figure represents estimated increased lease revenue compared with continued in house operation of real estate management.
[55] MBTA, Submission to the Office of the State Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Boston, MA, November 12, 1996, Page i.
[56] MBTA, Submission to the Office of the State Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Page 8-4.
[57] MBTA, "Letter from Dave Reynolds, Senior Buyer MBTA to Douglas Watts, Gannett Outdoor", Boston, MA, February 7, 1996.
[58] MBTA, Submission to the Office of the State Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Page 2-2.
[59] MBTA, Submission to the Office of the State Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Page 6-1.
[60] MBTA, Submission to the Office of the Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Section 6.0 Summary of Bids Received, November 12, 1996, page 6-2.
[61] MBTA, Submission to the Office of the State Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Section 6.0 Summary of Bids Received, page 6-2.
[62] Auditor of the Commonwealth, Privatization Reports, www.state.ma.us/sao/privpage.htm, Boston, MA.
[63] Auditor of the Commonwealth, "Letter from John W. Parsons, General Counsel to Lisa McCallum, MBTA Deputy Chief of Staff", Boston, MA, November 15, 1996.
[64] MBTA, "Letter from Lisa A. McCallum, Deputy Chief of Staff to John W. Parsons, Office of the State Auditor", Boston, MA, November 18, 1996.
[65] MBTA, Submission to the Office of the Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely by the Sale of Advertising Rights, Page 6-1.
[66] MBTA, Submission to the Office of the Auditor, Contracting for Cleaning Maintenance and Installation Services of Bus Shelters Supported Entirely By the Sale of Advertising Rights, Page 4-2.
[67] Office of the State Auditor, "Letter from A. Joseph DeNucci, Auditor of the Commonwealth to Patrick J. Moynihan, MBTA General Manager", Boston, MA, December 11, 1996.
[68] Auditor of the Commonwealth, DRAFT State Auditor's Determination of the Massachusetts Bay Transportation Authority's Proposal to Privatize Cleaning and Maintenance of Bus Shelters, Boston, MA, Date Unknown.
[69] Massachusetts Supreme Judicial Court Decision (SJC-08014), Feb. 2000.
[70] COMSIS Corporation in association with Howard/Stein-Hudson, Inc. and John T. Doolittle Associates, Inc., Henceforth "COMSIS".
[71] COMSIS, "Bus Service Delivery System, Final Report," July 1993
[72] COMSIS pg. ii
[73] COMSIS, based upon the U.S. Department of Transportation data labeled the "Section 15 Report". IN FY 1991, Seattle's system operated at a system-wide average of $111 per revenue hour.
[74] COMSIS pg iii
[75] COMSIS, pgs ii and II-7
[76] COMSIS pg VIII-1
[77] MBTA, "Request for Proposals for Operation and Maintenance of Fixed-Route Bus Service," August 15, 1996.
[78] See for example, "Letter from Winfield Homer and Thomas Roth to Jonathan Barnes, Esq., Director, Office of Labor Relations, MBTA," April 23, 1997
[79] MBTA, "RFP" Attachment 3

[80] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, May 16,1997. Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997
[81] MBTA, Submission to the Office of the Auditor, Contracting for Operation and Maintenance of Bus Routes from the Charlestown and Quincy Garages, April 18, 1997 (MBTA Submission I)
[82] MBTA, Submission to the Office of the Auditor, Contracting for Operation and Maintenance of Bus Routes from the Charlestown and Quincy Garages, May 23, 1997 (MBTA Submission II)
[83] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997, pg. 2
[84] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997, pg. 4
[85] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, May 16, 1997, pg. 5 and Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997, pg.7
[86] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997, pg. 7 *emphasis by OSA*
[87] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997
[88] Office of the State Auditor, "Letter from Joseph DeNucci to Patrick J. Moynihan, MBTA General Manager", Boston, MA, June 20, 1997, pg. 13
[89] The proposed contracts did include a single performance target – customer complaint levels.
[90] The Labor Bureau, Inc., "Initial Critical Analysis of the MBTA's Submission to the State Auditor Concerning the RFP for Operation and Maintenance of Fixed-Route Bus Service," April 1997
[91] Segal, *et al*
[92] In addition to academic discussion, (see for example New England Institute for Public Policy and Sclar, Elliott, You Don't Always Get What You Pay For: The Economics of Privatization.) several states have adopted laws that are similar to portions of MA's Privatization Law – California, Maryland, Michigan, and Vermont.
[93] Segal, *et al*, pg. ii
[94] ibid
[95] Segal, *et al*
[96] See discussion in Sclar, Elliott, You Don't Always Get What You Pay For: The Economics of Privatization, pg. 29.
[97] Segal, *et al*, pgs 15-16
[98] Note, this proposal was approved after the privatization had taken place. The estimated savings was $205,000 per year
[99] Pioneer cites US Environmental Protection Agency (EPA), "Questions and Answers About Full Cost Accounting (530-F-98-003)," 1998, pg. 1 and EPA, "Full Cost Accounting for Municipal Solid Waste Management: A Handbook (530-R-95-041)," 1997, pgs 28-29.
[100] Martin, Lawrence, How to Compare Costs Between In-House and Contracted Services, How to Guide #4.
[101] Segal, *et al*, pgs. 16-17

OVERVIEW OF CONTRACTING OUT

Union Issues #21 through #29, Article 13, Order of Layoff or Reemployment, Section Ten, Impact of Contracting Out

Union Issues #21 through #29 address the critical topic of "contracting out." Called at times by various names as "outsourcing" or "subcontracting," contracting out presents a topic of paramount significance and grave concern to this bargaining unit. John Brown mentioned in his testimony about the History of Negotiations that this bargaining unit has shrunk from approximately 8000 to fewer than 5000 members. While a portion of the decrease may be associated with attrition and layoff for fiscal reasons, adequate testimony and evidence emphasizes that contracting out remains a troublesome mechanism by which the State has deliberately eliminated many bargaining unit positions by transferring bargaining unit work to private contractors.

The history of the current contracting out language in Article 13, Section Ten, reveals prior negotiations between the State and Local 511 on the topic of contracting out.[23] In prior negotiations, the Union agreed that the State may contract out; but, in return, the State promised to follow a prescribed procedure which **pledged no layoff** and intended to prevent the erosion of the bargaining unit by advocating transfer and training of affected employees to qualify for different bargaining unit jobs.[24] The primary protection afforded NP-2 bargaining unit members in exchange for the agreement to

[23] In Connecticut public sector negotiations, contracting out has remained a mandatory topic of bargaining. The seminal decision in Connecticut regarding mandatory collective bargaining topics, *West Hartford Education Association v DeCourcy, 162 Conn. 566, 295 A.2d 526 (1972)*, interpreted the Teacher Negotiation Act, but has been applied to all other public sector bargaining in Connecticut, including the State Employees Relations Act ("SERA"), *Conn. Gen. Stat. § 5-270 et seq.* In *DeCourcy*, the Connecticut Supreme Court opted for a broad interpretation of "conditions of employment" and identified contracting out among the mandatory topics. *Id., 295 A.2d, at 535.*

[24] Section Ten appears in Article 13, Order of Layoff or Reemployment, but is separately and distinctly labeled "Impact of Contracting Out."

allow contracting out is found in Section Ten (d). This protection is the unambiguous **commitment of no layoff** as a result of contracting out bargaining unit work and dates back to the 1977-79 Master Contract (Joint Exhibit 2). With regard to the State's pledge of no layoff, and the further pledge to transfer or train instead of layoff, the pertinent contract sections are Article 13, Section Ten (d) and Ten (e), which read:

> (d) During the life of this Agreement, no full-time permanent employee will be laid off as a direct consequence of the exercise by the State employer of its right to contract out.
>
> (e) The State employer will be deemed in compliance with this section if: (1) the employee is offered a transfer to the same or similar position which, in the employer's judgement, he/she is qualified to perform, with no reduction in pay; or (2) the employer offers to train an employee for a position which reasonably appears to be suitable based on the employee's qualifications and skills. There shall be no reduction in pay during the training period.

Also of significance in the current language of Article 13, Section Ten, is the opening language, subsections (a) and (b), and the criteria intended to delineate the appropriate limited circumstances under which the State may initiate the contracting out of work normally performed by employees of the bargaining unit; as well as, subsection (c), which currently imposes severe restrictions on a grievance arbitrator's authority to grant meaningful remedy in such disputes. The Union has also proposed to change portions of these subsections through Union Issues #21 through #29.

The Bargained Promises

In prior negotiations, the State negotiated the right to contract out in exchange for certain broad and clear return promises, which included the pledge of no layoff. In place of layoff, the parties negotiated the transfer and training language of Article 13, Section Ten (e). If the Union and the State had not bargained these promises, the State

could **not subcontract**. Under such circumstances and without the right to subcontract, layoff would not be a realistic choice because the State often must still accomplish the work and provide the services it plans to contract out. Importantly, a direct relationship and linkage exists between the negotiated promises – the contracting out which enables transfer of the work out of the bargaining unit, and the related layoffs which could not occur in the absence of subcontracting because of the State's ongoing need to provide the services.

Over ten years ago, in 1989, with the increasing concern over "privatization" and the constant threat of private contractors seeking public employee work, the Union sought and won improvement to the no-layoff promise. (Joint Exhibit 8 at 14-17). The no-layoff promise simply did not address mismanagement and erroneous management choices for which NP-2 unit employees might become the victims. Because of the attitude and leaning of some state agencies towards the use of private contractors, contracting out became a significant issue during the negotiation of the 1988-1991 contract, which eventually was resolved by binding interest arbitration. This award in 1989 resulted in the addition of Article 13, Section Ten (a), (b), and (c), and the previous sections (the "promises" discussed above) which existed before 1989 became subsections (d) and (e). (See, Union Exhibit 1, Union Exhibit 20, Tab 13f, and Joint Exhibits 1 through 8).

Sadly, the 1989 language improvements did not dissuade the State. Contracting out has continued to increase since the language resulting from the Interest Arbitration Award for the 1988-1991 contract (see, Anderson Award, Joint Exhibit 8 at 14-17).

Additionally, in a couple of arbitrations, the State has convinced arbitrators to view the form of the language over the substance of the commitments.

During the current arbitration proceedings, the Union has introduced numerous exhibits and testimony regarding grievance and arbitration cases involving contracting out, and current and past examples of contracting out, including instances where layoffs were involved. (See, Union Exhibit 20, Tabs 13c, 13d, 13e, 13g, 13h, 13aa, 13bb, 13cc, 13dd, 13mm, 13nn, 13oo). Also, located apart from the Union Exhibit 20 binder is the most recent arbitration award on contracting out and layoffs, the DAS Laundry arbitration award, Union Exhibit 19, where the State was found to have improperly laid off Local 511 members when it contracted out the DAS Laundry. This is the first award to understand and enforce the intent of the no-layoff commitment.

The menace of contracting out and the State's willingness to distort the bargained language to avoid the commitment of no layoff remain primary concerns of the Union; Union Issues #21 through #29 represent the Union's attempt to mitigate the impact of contracting out on its bargaining unit members and to achieve the intent of the original language.

UNION ISSUE #21, Article 13, Order of Layoff or Reemployment, Section Ten (a) [introductory language]

A. Union Proposal

Section Ten. Impact of Contracting Out. (a) The State will not initiate the contracting out of work normally performed by employees within the bargaining unit unless two or more of the following conditions are demonstrated:

B. Rationale

Through Issue #21,[25] the Union initially sought to update the current language by striking the phrase "Effective July 1, 1989," and to expand the definition of contracting out by adding "or historically" to the current language. The Union's LBO on this issue no longer proposes the added definition, but does strike the "Effective July 1, 1989" phrase as it no longer is relevant. This phrase was part of the Union's LBO in the 1989 Interest Arbitration proceedings, and established the initial effective date of the provision. (See, Joint Exhibit 8 at 14-17).

Beyond that, the Union LBO represents current language with the important change from "one" to "two" conditions, which emphasizes the point of this issue.

As adopted by the Arbitrator in 1989, Article 13, Section Ten (a) sets forth the four specific conditions under which the State may contract out work normally performed by this bargaining unit. Under current language, the State must only meet one of the four conditions in order to initiate contracting out work normally performed by employees in the bargaining unit. The Union's LBO on this issue modifies the required standard to two conditions.

[25] As outlined in Union Exhibit 79 at 2, this issue is limited to Article 13, Section Ten (a), introductory language, which impacts the utilization of the four contracting out "conditions" found in the language of Section Ten (a)(1), (2), (3) and (4), which are the subjects of Union Issues #22, #23, #24 and #25.

Under the current language and standards, contracting out has proliferated. Numerous disputes have occurred; examples are in evidence:

- C-1168 Arbitration Award – Department of Public Safety: This 1992 award was a loss to the Union regarding layoffs and contracting out as the result of an "administrative decision to "downsize State government in response to perceived fiscal and/or budgetary problems." Arbitrator Litton negated the need even to look at the 4 conditions. (Union Exhibit 20, Tab 13c);

- C-1733 Grievance – Department of Public Works: Pending at arbitration, this grievance relates to the testimony of Union witness Jim Garuti regarding the Department of Public Works' justifying the contracting out of most Hartford-area custodial work by claiming so-called "budgetary constraints," as well as insufficient remaining workers due to attrition. (Union Exhibit 20, Tab 13e);

- C-1498 Arbitration Award – UConn Health Center: The Arbitrator rejected the Union's argument on the Section Ten (a) conditions, allowing UConn Health Center to contract out snow removal. (Union Exhibit 20, Tab 13h);

- C-1915 and C-1853 Grievances – DAS Central Warehouse: With grievances currently at arbitration, this example of contracting out (with layoffs) is the subject of Union Exhibit 20, Tabs 13s, 13t, 13u, and Union Exhibit 49. Reasons advanced by the State to justify the contracting out included alleged lower cost and discontinuation of services. (Union Exhibit 49, Step 3 Response at 4-5);

- C-1954 Grievance – DAS State Surplus: Pending at arbitration, this grievance protests contracting out of the State's surplus operation (with layoffs). State justification was alleged lower cost. (Union Exhibit 20, Tab 13aa, Step 3 Response at 4);

- C-1956 Grievance – UConn Print Shop: Pending at arbitration, this grievance concerns the contracting out of the UConn Print Shop (with layoffs). State justification for the contracting out ranged from "discontinuation of services" to "fiscal constraints." (Union Exhibit 20, Tab 13bb, Step 3 Response at 2);

- C-2102 Grievance – DMHAS: This grievance concerning contracting out of custodial work was denied using the justification that existing staff could not perform the work "within normal working hours," and "lower cost to perform the work." (Union Exhibit 20, Tab 13cc, Step 3 Response at 3);

- C-2153 Grievance – UConn: Hartford campus custodial work was contracted out; Step 2 Grievance Response claims justification that "the Department due to budgetary constraints is unable to hire full time employees" and that "the custodians who normally perform the work are unavailable to do the work even with a reasonable amount of overtime" and "the work can be contracted out at a

lesser cost." (Union Exhibit 20, Tab 13dd, Step 2 Response at 2). The grievance is pending at arbitration;

- C-2038 Grievance – Department of Public Works: An additional grievance regarding contracting out of custodial work, as testified to by Union witness Jim Garuti. Also pending at arbitration. (Union Exhibit 20, Tab 13mm); and,

- C-1909, C-1910 and C-1911 Grievances – Department of Mental Retardation: These grievances involve contracting out of maintenance work in DMR concerning sprinkler systems, fire extinguishers and backflow preventers. No justification has been specified by the State in Step 3 Grievance Responses. (Union Exhibit 20, Tab 13nn).

From the above examples, the State easily advances various justifications for contracting out, either by meeting one or more of the Section Ten (a) conditions, or by ignoring them entirely. The Union's LBO to require **two** conditions certainly will not halt contracting out, however, two conditions will better serve to balance the interests and welfare of the employees and minimize the virtual free reign currently enjoyed by management.

Under the conditions of Section Ten (a), the State "holds most of the cards." The State controls how many employees it retains in the various agencies, it allocates work assignments, and it decides the amount of overtime (conditions 1 and 2). The State and its agencies also control the overall State budget and the individual agency budgets (condition 4). The only condition not directly controlled by the State is condition 3, the cost factor. However, the State has controlled the access to the figures and facts, as well as the circumstances. The State basically can manipulate this condition. The Union's LBO for this issue does not usurp any of that control. Requiring two conditions instead of one, as a prerequisite for contracting out, represents pertinent and much needed improvement to Section Ten (a).

The Union's LBO is justified under the statutory criteria, particularly in light of the significant history of improper use of layoffs in connection with contracting out throughout the past decade, as testified to by Union witnesses Steven Perruccio, John Brown, Jeff Janusonis, Tom Clarke, Jim Garuti and Brian Krystof, and as further detailed in the argument and Union exhibits as discussed in the "Overview of Contracting Out" portion of this Brief. The evidence is clear that, for the most part, current language has been insufficient to curb contracting out, both large scale and small, with or without layoffs and with or without any accountability.

The real question is whether one or two of the conditions of Section Ten (a)(1), (2), (3) and (4) should be met before the State can contract out. Given the considerable evidence of continued contracting out since the 1989 Interest Arbitration Award which resulted in the current Article 13 Section Ten (a) language, the statutory factors (in particular the history of negotiations and the interest and welfare of the employees, 1 and 7) support an award of the Union's LBO to require <u>two</u> of the Ten (a) conditions to be met.

Despite the clear outline in Union Exhibit 79 of the appropriate topic to be the subject of the parties' LBOs on this issue, the State has instead presented an LBO which does not respond to the issue and inappropriately includes <u>all</u> of Section Ten (a), including subsections (1), (2), (3) and (4), which are the subject of later issues, Union #22, #23, #24 and #25.

The October 25, 2000 letter presented to the State and the Arbitrator on the final day of hearing (Union Exhibit 79) could not have been clearer in labeling the appropriate subject matter of Union Issue #21: "Proposal and LBO limited to Article 13, Section Ten

(a) introductory language." Substantively and procedurally, the Union's LBO is the more reasonable.

UNION ISSUE #22, Article 13, Order of Layoff or Reemployment, Section Ten (a), Conditions (1) and (2) [re-define conditions to initiate contracting out]

A. Union Proposal

(1) the bargaining unit employees who would normally perform the work are unavailable to do the work even with a reasonable amount of overtime;

(2) the bargaining unit employees do not possess the required qualifications and skills to do the work in a quality manner or would be unable to complete the work within the requisite time with a reasonable amount of overtime;

B. Rationale

The Union's LBO retains the current language of conditions (1) and (2) of Section Ten (a). The introductory language of Section Ten (a) is addressed under Union Issue #21.

The Union proposes no change to conditions (1) and (2); the Union's emphasis and focus in Section Ten (a) remains on the number of conditions to be met by the State before initiating contracting out (the previous issue, Issue #21) and modifications that the Union requests in conditions (3) and (4) which are discussed in the next three issues, Union Issues #23, #24 and #25.

As with the previous Issue #21, the State's LBO goes beyond the bounds of subsections (1) and (2) of Section Ten (a), and encompasses the introductory language that was the subject of the previous Union Issue #21.

Since neither party proposes changes to (1) or (2), the Union's LBO is the more reasonable since it is the only LBO responsive to the outline set forth in Union Exhibit 79.

UNION ISSUE #23, Article 13, Order of Layoff or Reemployment, Section Ten (a), Condition (3), First Paragraph [cost evaluation of contracting out]

A. Union Proposal

(3) the work can be contracted out at a lesser cost; however, any such proposal or contract shall be jointly evaluated. The State shall cooperate fully with the Union in accomplishing such cost comparison, and in providing the Union with all cost data and documents.

UNION ISSUE #24, Article 13, Order of Layoff or Reemployment, Section Ten (a), Condition (3), Second Paragraph [re-evaluation cost comparison]

A. Union Proposal

Prior to any renewal, the State and the Union shall jointly reevaluate the proposed renewal and, if such subsequent evaluation indicates that the work can be performed at the same or lesser cost by bargaining unit employees, the contract shall not be renewed.

B. Rationale

The Union LBO for the previous issue, Union Issue #22, proposes to retain the first two contractual conditions under which the State may contract out, Section Ten (a)(1) and (2). Next, Issues #23 and #24 both refer to condition (3), which currently provides that the State may contract out if "the work can be contracted out at a lesser cost." (See, current language of Article 13, Section Ten (a)(3), Joint Exhibit 1).

The current language of Section Ten (a)(3) poses difficulty because no contractual guidelines or procedures exist to control how such a determination should be made, and to encourage re-evaluation of the cost comparison prior to renewal. While the present language is salutary in concept, it needs refinement to have any meaning for the membership.

Union expert witness, Eleanor Prouty, gave a documented presentation which provided an overview of the wisdom of cost-benefit analysis, and the pitfalls of

contracting out of public services. Prouty further described specific examples within Connecticut state government where contracting out had negative results such as cost escalation: CT Department of Social Services and Maximus, and the DAS Central Warehouse, as well as the debacle of the attempt to privatize the state computer systems. Prouty's report also cites the Council of State Governments study that urges cost analysis of any planned contracting out. (See, Union Exhibits 15 and 15a, and testimony of Eleanor Prouty).

Union expert witness, Brian Lichtenstein, also detailed examples where the contracting out of the Central Warehouse (causing loss of this bargaining unit's jobs) has resulted in higher costs to the State over the subsequent years. (See, Union Exhibit 39 and testimony of Brian Lichtenstein).

Steven Perruccio introduced examples where the Union performed its own cost analysis and "bid" on bargaining unit work which the State was attempting to contract out, such as the UCONN Print Shop, Department of Public Works, and the DAS Laundry.[26] Examples of the Union's efforts can be seen in Union Exhibit 20, Tabs 13r, 13s, 13t, 13u, 13ee and 13ff. Despite Union efforts, the State ignored the Union input and contracted out the work. Reviewing these exhibits which demonstrate the Union's efforts to reveal the mistake of its specific contracting out plans, the Arbitrator will learn that all Union efforts over the years have failed to gain any recognition. Brian Lichtenstein's report (Union Exhibit 39) also explores some of the unfavorable results.

Demonstrating the wisdom of performing the work in-house with bargaining unit members, both Eleanor Prouty and Steven Perruccio testified to the success at

[26] See, DAS Laundry Arbitration Award, Union Exhibit 19.

Connecticut Valley Hospital (CVH), where major renovation and construction work was performed in-house by Local 511 members at an estimated cost savings of $1.3 million. In addition, Union witness Dave Cummings testified to his involvement in "bidding" on certain tasks at his workplace, Eastern Connecticut State University (ECSU) in order to preserve certain bargaining work in-house. While the cooperative efforts of ECSU and CVH management are rare, laudable successes, the overall approach by the State to contracting out remains one-sided and unsatisfactory, because no contractual language in place even suggests a joint evaluation of the proposed cost/benefit of the planned contracting out.

The evidence clearly shows that there have been several instances where the Union has been involved in attempts to participate in cost comparisons of contracting out; yet, the State has simply gone ahead and contracted out the work, despite the Union's efforts and input. Most often, however, the contracting out occurs without Union involvement. The current language allows the State to contract out if the work can be contracted out at a lesser cost, but there are no "rules of the game" in place, i.e. no requirement of Union involvement in the cost analysis, either before or after the work has been contracted out, to assess whether the alleged savings exists or are even likely. Prudent fiscal reasoning supports cost comparisons; the potential (and demonstrated) impact on Local 511 members warrants Union participation. The best interests of the public and the membership will be served by Union involvement early in the process.

The Union's LBO for Issue #23 leaves the current language of condition (3) in place, and adds the phrase "however, any such proposal or contract shall be jointly

evaluated." In addition, the Union's Issue #23 LBO includes the reasonable requirement for the State to cooperate fully with the Union in accomplishing such cost comparison and in providing the Union with all cost data and documents. Cost data from the State is obviously necessary for the Union to participate and accomplish cost comparison. Providing such data to the Union should impose no burden on management; even under the current language of Article 13, Section Ten (a)(3), the State presumably must develop comparative cost data to make a determination that "the work can be contracted out at a lesser cost." (See, current language of Article 13, Section Ten (a)(3), Joint Exhibit 1).

The Union's Issue #23 LBO accomplishes both objectives; and, consistent with sound public fiscal policy, strives for economy.

The language proposed by the Union is long overdue, given the history and evidence in the record. The Union asks for the Arbitrator's concurrence, in accordance with statutory factors 1 and 7.

The Union's LBO for Issue #24 adds an additional paragraph to condition (3), addressing re-evaluation of cost data prior to renewal of contracts. For all of the reasons cited above and in the "Overview of Contracting Out," the Union's Issue #24 LBO should be awarded as well.

UNION ISSUE #25, Article 13, Order of Layoff or Reemployment, Section Ten (a), Condition (4) [deletion of budgetary constraints]

A. Union Proposal

(4) Agency budget appropriation precludes the use of bargaining unit employees to do the work.

B. Rationale

Currently, there are *four* conditions listed in Section Ten (a). The Union's LBOs collectively leave two of the conditions unchanged, (1) and (2), and as described in Issues #23 and #24 retains condition (3) with the addition of cost comparison procedure. This Issue, #25, initially proposed the deletion of condition (4), which currently reads that "budgetary constraints preclude the use of bargaining unit employees to do the job." Recognizing that the Arbitrator may not be inclined to grant complete deletion, our LBO instead seeks reasonable modification of condition (4).

In the Union-cited examples of contracting out in the record, there always was money available to pay private contractors. Management makes the **choices** that the money should be spent on **private contractors**, as opposed to budgeting for bargaining unit positions. Condition (4) has been cited continuously by the Department of Public Works as part of its justification for contracting out; substantial **funds** are **available** for **contractors** but **not "budgeted"** for **employee salaries**. The decimated Department of Public Works custodial workforce furnishes an example of what this bargaining unit has endured at the hands of State managers who favor private contractors and simply manipulate the conditions. (Testimony of Union witnesses John Brown and Jim Garuti). As testified by DPW Building Superintendent, Jim Garuti, DPW formerly employed an NP-2 bargaining unit custodial workforce cleaning up to 30 buildings in the Greater

Hartford area, which has dwindled over the past decade to the point where only two DPW-maintained buildings in the Hartford area remain as work locations where our remaining bargaining unit members do the cleaning, while the work has been shifted to private contractors.

Dollars are dollars; the cost comparisons under condition (3) should determine realistically whether the dollars are "budgeted" for the contractors or for the State employees. In amending our proposal for condition (4), we replace "budgetary constraints" with "agency budget appropriation," to make it clear that condition (4) is not simply concerned with the category and column in the agency's ledger to which the managers allocate the dollars, but rather, whether there is money in the agency's portion of the annual State budget appropriation for the NP-2 bargaining unit work to be done.

Given the history of negotiations and the interest and welfare of the employees in particular (statutory factors 1 and 7), the Union seeks award of this LBO.

UNION ISSUE #26, Article 13, Order of Layoff or Reemployment, Section Ten (b) [apply Section 3 criteria – task labor]

A. Union Proposal

(b) The State may continue to contract out work, other than task labor, which has been contracted out historically, subject to the requirements of subsection #3 above.

B. Rationale

The Union's LBO on this issue leaves intact the State's right to continue to contract out work that has been historically contracted out, but ties it to the requirements of subsection (3). (See our discussion of subsection (3) under Union Issues #23 and #24; the evidence and argument under those issues applies here as well).

The LBO here reflects the consistent position on Union Issues #23 and #24 that cost comparison should determine whether the work continues to be contracted out or performed by bargaining unit employees. This proposal advances sound fiscal policy and finds support in statutory factors 1 and 7.

UNION ISSUE #27, Article 13, Order of Layoff or Reemployment, Section Ten (c) [improve arbitrator's authority]

A. Union Proposal

(c) If the State is found by an arbitrator not to be in compliance with Section 10(a), the arbitrator's remedial authority shall include the power to assess reasonable compensatory damages and to issue a cease and desist order applicable to any similar future contracting.

UNION ISSUE #28, Article 13, Order of Layoff or Reemployment, Section Ten (c) [additional paragraph regarding grievance expedited at new step 2]

A. Union Proposal

Grievances filed under this section may be filed directly at Step 2 of the grievance procedure. If the grievance remains unresolved, it may be submitted by the Union to expedited arbitration.

B. Rationale

These next Union Issues are discussed together because they pertain to the grievance and arbitration proceedings which result from disputes under Article 13, Section Ten (a).

Section Ten (c) drastically limits a grievance arbitrator's authority in disputes involving the Section Ten (a) contracting out conditions. Under the current language, a grievance arbitrator is restricted to a *"cease and desist order applicable to any similar future contracting."* (See, current language of Article 13 Section Ten (c), Joint Exhibit 1, emphasis supplied). In other words, the grievance arbitrator is currently powerless to stop the contracting out, and unable to make an award to affected employees or the Union for compensatory damages for losses incurred as a result of contract violations of the Section Ten (a) language.[27]

[27] Only grievances filed under Section Ten (a) are treated in this manner, as distinct from grievances alleging a violation of the Section Ten (d) protection of no layoffs as a direct consequence of contracting out. (See, Union Exhibit 19, DAS Laundry arbitration award).

The interest and welfare of the employees and the history of negotiations between the parties (statutory factors 1 and 7), in particular, are statutory factors that support the Union's LBO, which would modify the Section Ten (c) language to resemble the traditional grievance arbitrator's authority, to award the equivalent of a "make whole" remedy. The Union's LBO for Issue #27, which concerns the first sentence of Section Ten (c), should be awarded.

The Union has also proposed expedited arbitration to mitigate potential damage. Union Issue #28, which is a proposed additional sentence to conclude Section Ten (c), advocates the State's best interest, as well as the employee's, by having such cases expedited through the grievance procedure. Shorter time frames for resolution minimize potential damages; such is entirely warranted given the extensive history in the record of controversy over contracting out. (See, Overview of Contracting Out).[28]

Expedited arbitration is not a new concept under the contract for this unit. Article 16, Grievance Procedure, Section Nine (a) already provides that certain disciplinary matters and "...any issue the parties mutually agree to shall be expedited."

The statutory factors support the Union's LBO.

[28] Once again, procedurally, the State's LBO is deficient as well as lacking in merit. The State's LBO for Issue #28 contains the same language as its LBO for Issue #27, and does not respond to the issue.

UNION ISSUE #29, Article 13, Order of Layoff or Reemployment, Section Ten (d) [no layoff as consequence of subcontracting]

A. Union Proposal

(d) During the life of this Agreement, no full-time permanent employee will be laid off as a consequence of the exercise by the State employer of its right to contract out.

B. Rationale

Section Ten (d) memorializes the unambiguous pledge made by the State in return for the right to contract out referenced in detail in the "Overview of Contracting Out" section earlier in this Brief. As with many other unambiguous promises from the State, the State has crafted technical arguments to evade and undermine the intended commitment.

The current language of Section Ten (d) prohibits layoffs as a "direct consequence" of the exercise of the right to contract out. Section Ten (e), which the parties have agreed to retain as current language, describes certain further efforts, i.e. transfer and training, under which the State shall be deemed to have met its obligation under Section Ten in lieu of layoff.

Section Ten (d) originated in the Master Contract from 1977-79 (see, Joint Exhibit 2 at 16) and remains unchanged to this day, although now supplemented by the newer Section Ten (a), (b), and (c) language as a result of the 1989 Interest Arbitration Award. (See, Anderson Award, Joint Exhibit 8 at 14-17).

The Section Ten (d) language unfortunately became the subject of the first grievance arbitration in the NP-2 unit over contracting out.[29]

[29] The Arbitrator is urged, at this point, to read and compare in detail Union Exhibit 20, Tab 13c, which is the C-1168 arbitration award, and the most recent award on this topic, the DAS Laundry award, Union Exhibit 19.

The C-1168 arbitration dealt a severe blow to the commitment because of Arbitrator Litton's interpretation of the current language. In the C-1168 case, the Department of Public Safety laid off bargaining unit Qualified Craft Workers ("QCWs"), mechanics who performed maintenance and repair work on State Police vehicles. The work performed by the QCW mechanics was then contracted out to private garages. Arbitrator Litton, in what the Union viewed as an erroneous conclusion, ruled against the Union's claim of a Section Ten (d) violation, due to his conclusion that *"the contracting out of which the Union complains in this case occurred after the layoffs at issue."* (See, Union Exhibit 20, Tab 13c at 15). Thus, Arbitrator Litton concluded that the layoffs were *not a **direct** consequence* of contracting out. This result was not the intent of this language.

The Union maintains, then and now, that the State violated the Section Ten "promise" of no layoffs as a direct consequence of contracting out, and that Arbitrator Litton erred, putting form over substance. Nevertheless, the C-1168 award still stands, and seriously weakens the value of the "promise."

More recently, in the DAS Laundry arbitration award, (Union Exhibit 19), the Union was able to obtain a more favorable ruling from Arbitrator Selchick, where the State after much advance planning, contracted out the DAS laundry operation to private vendors, and laid off bargaining unit members. A blatant violation of promise. As with the C-1168 case, much of the controversy centered on the debate whether the layoffs were a *direct* consequence of contracting out, or for some other reason, as argued by the State.[30]

[30] Here again, given the purpose of the unambiguous promise, no dispute should have existed.

Two major awards, similar issues, different results. One enforced the promise, the other rewarded the broken promise. The overall controversy continues; more layoff/contracting out grievances remain pending at arbitration. (See, Union Exhibit 20, Tabs 13aa and 13bb concerning the layoffs and contracting out at DAS State Surplus and the UCONN Print Shop, and also Union Exhibit 49, DAS Central Warehouse, as discussed in previous issues).

The Union seeks to end the controversy and enforce the promise, made years ago, this most important "promise" – that Local 511 bargaining unit employees will not be laid off as a **consequence** of contracting out. The Union's LBO strikes the word "direct" from the current language of Section Ten (d), and is entirely supported by the evidence, and justified under statutory factors 1 and 7. Awarding the Union LBO merely restores the scope of the initial promise. Since the Union cannot recoup the right to bargain over the State's right to contract out, fundamental fairness compels sufficient language to make clear the actual promise bargained in exchange for the right to subcontract.

Administrative and Residual Employees Union
Local 4200, AFT CT, AFT, AFL-CIO
705 North Mountain Road, Suite A211, Newington, CT 06111-1411
Telephone (860) 953-1316 ▪ 1-800-842-4443 ▪ Fax (860) 953-1377
Professionals Working So State Government Works

June 18, 2004

The Honorable Barbara Waters
Commissioner
Department of Administrative Services
165 Capitol Avenue
Hartford, CT 06106-1658

Dear Ms. Waters,

Enclosed is a copy of the "Affidavit for Contractor or Lessor - Integrity in State Contracting Policy Office of the Attorney General" completed by IKON. The Office of the Attorney General has informed me that they had no knowledge of either this affidavit or IKON's contract award 03PSX0441. Your Department handled the affidavit and contract.

IKON stated that it may have taken DAS employees to "programs and other events, including sports events" but that the "economic value, if any, of each of such events and any incidental cost associated therewith is regularly regarded as immaterial and insubstantial".

This would be a surprise to the State Ethics Commission. I believe Governor Rowland paid a fine for accepting tickets to an event. I have no interest in pursuing any DAS manager who may have received such a ticket or trip. I only object to your agency allowing IKON to avoid the reporting requirements as set forth by the Attorney General and state statutes.

I am giving your Department this opportunity to have IKON complete a proper affidavit before pursuing this matter further.

Sincerely,

Michael A. Winkler
President

Enclosure

VENDOR AFFIDAVIT
RFP-8 New 1/04

Joe Gilberto
Contract Specialist

(860)713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

BID NO.: 03PSX0441

Affidavit for Contractor or Lessor - Integrity in State Contracting Policy

Office of the Attorney General

Page 1 of 2

I, Bruce C. Manly, Director of Sales, hereby swear that, during the ten years preceding the date of this affidavit, neither I nor an official, employee or agent of myself or IKON Office Solutions, Inc. (legal name of entity) have provided or caused to be provided gifts, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), to a state official or employee of the contracting or leasing agency or a state official or employee of a state agency or department which has supervisory or appointing authority over the contracting or leasing agency. The contracting agency has provided me with the names of the following agencies or departments that have supervisory or appointing authority over such department: From time to time and in the ordinary course of business, representatives of IKON Office Solutions may attend or participate in industry-related functions, trade shows, programs and other events, including sports events and invites customer to participate. Examples of these events include equipment manufacturer or technology vendor sponsored promotions, as well as IKON sponsored functions. Attendance at these events by existing or prospective customers of IKON is neither required nor condition upon any business commitment of any kind and the economic value, if any, of each of such events and any incidental cost associated therewith is regularly regarded as immaterial and insubstantial. For the purpose of this Affidavit and in a good faith effort to provide disclosures consistent with our knowledge, we have reviewed our available internal records and have been unable to identify any gifts in excess of this threshold for any of these events.

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
4.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Bruce C. Manly Director of Sales [signature] DAS 4/26/04
Print name Signature Date

Sworn and subscribed before me on this 26 day of April, 2004.

[signature]
Commissioner of the Superior Court/
Notary Public
Expires September 30, 2007

NATURE SAVER™ FAX MEMO 01516

Date 6/10/04	Pol pages ▶ 9
To Jose Salinas	From Carol Wilson
Co./Dept.	Co. DAS
Phone #	Phone # 713-5093
[illegible]	Fax # 713-7484

Administrative and Residual Employees Union
Local 4200, AFT CT, AFT, AFL-CIO
705 North Mountain Road, Suite A211, Newington, CT 06111-1411
Telephone (860) 953-1316 ▪ 1-800-842-4443 ▪ Fax (860) 953-1377
Professionals Working So State Government Works

May 19, 2004

Honorable Richard Blumenthal
Attorney General
State of Connecticut
55 Elm Street
Hartford, CT 06106

Dear Mr. Blumenthal,

Recently, IKON was given a state contract for the "Print Consolidation Project".

I am requesting a copy of the "gift affidavit" signed by IKON's representatives and any supporting documentation IKON provided with the affidavit.

Please consider this a request under Connecticut's statutes governing freedom of information.

We appreciate your assistance in this matter.

Sincerely,

Michael A. Winkler
President

RICHARD BLUMENTHAL
ATTORNEY GENERAL

55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120
(860) 808-5318

Office of The Attorney General
State of Connecticut

TELEFAX COMMUNICATION

Date: 6-14-04

To: Michael Winkler

Telefax #: 953-1377

Number of Pages: 10
(including this)

From: Richard F. Kehoe, Special Counsel

Telephone #: 860/808-5322

Telefax #: 860/808-5387

Information faxed by: Susan Kmiec, Administrative Assistant

COMMENT: "Here are the IKON affidavits."

NOTICE: This telecopy transmission and any accompanying documents may contain confidential or privileged information. They are intended only for use by the individual or entity named on this transmission sheet. If you are not the intended recipient, you are not authorized to disclose, copy, distribute or use in any manner the contents of this information. If you have received this transmission in error, please notify us by telephone immediately so that we can arrange retrieval of the faxed documents.

VENDOR AFFIDAVIT
RFP-8 New 1/04

Joe Gilliberto
Contract Specialist

(860)713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

BID NO.: 03PSX0441

Affidavit for Contractor or Lessor - Integrity in State Contracting Policy

Office of the Attorney General

Page 1 of 2

I, Bruce C. Manly, Director of Sales, hereby swear that, during the ten years preceding the date of this affidavit, neither I nor an official, employee or agent of myself or IKON Office Solutions, Inc. (legal name of entity) have provided or caused to be provided gifts, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), to a state official or employee of the contracting or leasing agency or a state official or employee of a state agency or department which has supervisory or appointing authority over the contracting or leasing agency. The contracting agency has provided me with the names of the following agencies or departments that have supervisory or appointing authority over such department: From time to time and in the ordinary course of business, representatives of IKON Office Solutions may attend or participate in industry-related functions, trade shows, programs and other events, including sports events and invites customer to participate. Examples of these events include equipment manufacturer or technology vendor sponsored promotions, as well as IKON sponsored functions. Attendance at these events by existing or prospective customers of IKON is neither required nor condition upon any business commitment of any kind and the economic value, if any, of each of such events and any incidental cost associated therewith is regularly regarded as immaterial and insubstantial. For the purpose of this Affidavit and in a good faith effort to provide disclosures consistent with our knowledge, we have reviewed our available internal records and have been unable to identify any gifts in excess of this threshold for any of these events.

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
4.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Bruce C. Manly Director of Sales [signature] DAS 4/26/04
Print name Signature Date

Sworn and subscribed before me on this 26 day of April, 2004.

[signature]
Commissioner of the Superior Court/
Notary Public

Expires September 30, 2007

NATURE SAVER™ FAX MEMO 01616

Date 6/10/04	# of pages ▶ 9
To Jose Salinas	From Carol Wilson
Co./Dept.	Co. DAS
Phone #	Phone # 713-5093
[illegible]	Fax # 713-7484

Contract NO.:
03PSX0441

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Giliberto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Nina Ritson, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
4.		
5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Feb 10 2004
Date

Print name: NINA RITSON

Sworn and subscribed before me on this day of , 2004,

Commissioner of the Superior Court/
Notary Public

EMPLOYEE AFFIDAVIT
KFP-7 Nov 1/04

Joe Giliberto
Contract Specialist

(860) 713-6096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Debra Atkinson, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
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5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Debra K Atkinson
Print name:
Debra Atk

2/11/04
Date

Sworn and subscribed before me on this 11 day of February, 2004,

Commissioner of the Superior Court/
Notary Public

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Gilberto
Contract Specialist

(860)713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

BID NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, CAROL S. WILSON, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Tri-State Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
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5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

CAROL S. WILSON — Print name
[signature] — Signature
5/3/04 — Date

Sworn and subscribed before me on this 3RD day of May, 2004.

[signature]
Commissioner of the Superior Court/
~~Notary Public~~

EMPLOYEE AFFIDAVIT
RFP-7 Nov 1/04

Joe Giliberto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Joseph Giliberto, hereby swear that, during the ten years preceding the date of this affidavit, have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1. None		
2.		
3.		
4.		
5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Joseph Giliberto
~~Print name:~~ Signature:
Joseph Giliberto

2/10/04
Date

Sworn and subscribed before me on this 10 day of February 2004,

Sandra A. Shaw, Esq.
Commissioner of the Superior Court/
~~Notary Public~~

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Gilberto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, ALAN MAZZOLA, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity. Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
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5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Print name: ALAN MAZZOLA

Date 2/10/04

Sworn and subscribed before me on this 10th day of February, 2004,

Andrea McCle Juris #411624 CT
Commissioner of the Superior Court/
~~Notary Public~~

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Gilberto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Martin W Anderson, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
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5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Martin W Anderson
Print name:

2/10/2004
Date

Sworn and subscribed before me on this 10 day of February, 2004,

Mary E. Stubbs
Commissioner of the Superior Court/
Notary Public

My Comm Expires 11/30/2008

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Gilibarto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Steve Sokolow, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
4.		
5.		

Sworn as true to the best of my knowledge and belief, false statement punishable under law:

Steve Sokolow
Print name:

2/18/04
Date

Sworn and subscribed before me on this 18th day of February, 2004,

Commissioner of the Superior Court/
Notary Public

EMPLOYEE AFFIDAVIT
RFP-7 New 1/04

Joe Gilberto
Contract Specialist

(860) 713-5096
Telephone Number

STATE OF CONNECTICUT

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES
165 Capitol Avenue, 5th Floor South
PO Box 150414
HARTFORD, CT 06115-0414

Contract NO.:
03PSX0441

Affidavit for Person involved in Contract or Lease Selection or Evaluation
Integrity in State Contracting Policy - Office of the Attorney General

I, Devin Marquez, hereby swear that, during the ten years preceding the date of this affidavit, I have not received any gift, as defined in Conn. Gen. Stat. §1-79(e), except as otherwise set forth below, including a gift for the celebration of a major life event as described in Conn. Gen. Stat. §1-79(e)(12), from the following individual or entity or any employee, official or agent of such individual or entity, Ikon Office Solutions, Inc. (list the legal name of the contractor or lessor and any other individual or entity seeking this contract or lease or employee, official or agent of such individual or entity). I am listing all such gifts below:

Name of recipient of the gift	Description of gift and value	Date of gift
1.		
2.		
3.		
4.		
5.		

Sworn as true to ~~the best~~ of my knowledge and belief, false statement punishable under law:

Print name:

2/10/04
Date

Sworn and subscribed before me on this 10th day of February, 2004,

Commissioner of the Superior Court/
~~Notary Public~~