



National Institute of Justice

S o l i c i t a t i o n

Jeremy Travis, Director

April 1999

Examination of Privatization in the Federal Bureau of Prisons

APPLICATION DEADLINE:

July 13, 1999

**U.S. Department of Justice
Office of Justice Programs**
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Examination of Privatization in the Federal Bureau of Prisons

I. Introduction

The National Institute of Justice (NIJ) requests proposals to conduct research and evaluation concerning the private operation of the Taft Correctional Institution.

The Congress has directed the Federal Bureau of Prisons (BOP) to undertake a prison privatization demonstration project (Conference Report to Accompany H.R. 3610, Making Omnibus Consolidated Appropriations for Fiscal Year 1997, P.L. 104-208, September 28, 1996). To ensure the independence and objectivity of the research and evaluation component, BOP has provided funding to NIJ. NIJ will competitively select and oversee a research team to conduct rigorous research. Proposed research must address issues that are important to the Congress as well as be conceptually and scientifically important.

In particular, this study must address two primary topics of interest, *cost* and *performance*. (Issues surrounding these topics are discussed below.) It is therefore expected that the successful applicant will be strong in both cost comparison and program evaluation, which may suggest collaboration between researchers with complementary expertise in these areas. Of special interest is the development and testing of models explicating specifically *how and why*—and not just *whether*—privatization conveys advantages.

NIJ will convene an expert panel that will provide the research team selected with assessments of their proposed methodologies and analysis plans as well as their interim and final products. In addition, this research will be conducted in consultation with BOP and the private prison contractor.

Specific details of this consultation will be determined at a later date.

NIJ will award one cooperative agreement for up to \$675,000 with a period of performance of up to 40 months. Proposals must be received by NIJ no

later than 5:00 p.m. EST on July 13, 1999. The page limit for the proposal narrative is 30 double-spaced pages.

II. Background

The use of private firms to operate correctional institutions has grown greatly in the U.S. since the mid-1980's. An annual survey of private adult facilities has shown an increase from about 3,000 prisoners in 1987 to more than 85,000 in 1996. BOP is responsible for a significant portion of adult prisoners in private prisons.

This growth in prison privatization has fueled the interest not only of correctional administrators and researchers, but also of the Congress. In the National Capital Revitalization and Self-Government Improvement Act of 1997 (Pub. L. No. 105-33 ¶1201(c)(3)(A)), Congress mandated that the Attorney General “conduct a study of correctional privatization, including a review of relevant research and related legal issues, and comparative analysis of the cost effectiveness and feasibility of private sector and Federal, State and local government operation of prisons and corrections programs at all security levels.”

In response to this mandate the National Institute of Corrections issued a cooperative agreement with Abt Associates, Inc. to conduct the necessary research (*Private Prisons in the United States: An Assessment of Current Practice*, Douglas McDonald et al, Abt Associates Inc., 1998). This study surveyed heads of correctional agencies in all States, BOP, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands (53 of 55 jurisdictions surveyed responded). It focused on privately operated adult prisons (as opposed to jails or detention centers) and found that the 53 responding agencies reported that privately operated facilities held a total of 52,370 prisoners on December 31, 1997. Ten jurisdictions accounted for 41,965 of this total, with BOP reporting the largest number of

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privately held prisoners: 9,951 (ten percent of its total population).

The work by Abt Associates, Inc. has benefitted this solicitation by identifying key issues and laying broad groundwork upon which the presently solicited research can build. There is an explicit expectation that the research to be conducted under this solicitation will not duplicate the Abt Associates, Inc. study but rather will focus upon the specific requirements of this solicitation.

In connection with the fiscal year 1997 appropriations for the Department of Justice, the Congress directed BOP to conduct a demonstration project to assess the effectiveness of having a private contractor operate one of its facilities. The Senate Report stated, "A demonstration project is needed to give the administration and Congress an opportunity to monitor safety and operational concerns..."(Senate Report 104-353 to Accompany H.R. 3814, Departments of Commerce, Justice and State Appropriations Bill, 1997, August 27, 1996). This solicitation is for research and evaluation of the privatization of the Taft Correctional Institution (TCI) to address that directive.

In June 1997, BOP competitively awarded Wackenhut Corrections Corporation the contract to operate the low-security institution with attached minimum-security camp at Taft, California. This facility had been designed, financed and constructed by the BOP. In December 1997, Taft received the first Federal inmates and by September 1998 the number of inmates was close to rated capacity. All Taft prisoners are adult males; on December 31, 1998 there were 1,753 in low-security and 483 in minimum-security.

The selected evaluators of Taft will have the opportunity to take advantage of two facts. First, Taft is only one of four low-security prisons that were built by BOP and activated at about the same time. All four institutions have the same physical plan for the low-security portion, although there are differences in terms of whether a minimum-security camp was also included. Where the minimum-security camps exist, the physical plants are the

same. The comparable Federally-operated prisons are FCI Elkton, Ohio, FCI Forrest City, Arkansas, and FCI Yazoo City, Mississippi. (BOP currently has 24 low-security and 14 minimum-security facilities, for which BOP reports performance data on a monthly basis.)

Second, BOP uses management information systems to monitor its institutions, including Taft. The data come from a variety of sources. Most of the data are taken from automated BOP databases that track inmates and staff. Subjective data giving staff assessments of various aspects of institution life are provided by an annual staff survey. The management information systems identify the performance measures that are most important to executive staff at BOP; however, the measures may require statistical adjustment to permit appropriate comparisons across institutions.

Considerations of the relative advantages of prison privatization typically hinge on two key dimensions, *cost* and *performance*. Simply stated, proponents of privatization argue that private contractors can operate prisons at a lower cost than can government agencies and can provide equal or better services to inmates. These are the central dimensions to be addressed in research conducted under this solicitation. However, there are a number of issues that make arriving at solid conclusions on these topics less than straightforward. In 1996, the U.S. General Accounting Office reviewed five studies of privatization deemed to have the strongest designs and methods among those published between 1991 and mid-1996 and concluded that "because the studies reported little cost difference and/or mixed results in comparing private and public facilities, we could not conclude whether privatization saved money." (GAO (1996), *Private and Public Prisons: Studies Comparing Operational Costs and/or Quality of Service* (Report to Subcommittee on Crime, House Judiciary Committee, GAO/GGD-96-158, Washington, D.C: US GAO)).

The Abt Associates, Inc. report mentioned above discusses many issues limiting the usefulness of prior studies. Public/private comparisons are

usually not straightforward and are often misleading. Public and private facilities may not be sufficiently comparable in terms of the background characteristics of prisoners incarcerated in the comparison institutions, the size of the prison, the labor-efficiency of the building design, and the level and quality of services provided. Public and private organizations also use different accounting procedures, including different treatment of capital spending and overhead costs. In many jurisdictions, some costs of operating prisons and jails are borne not by the correctional agency but by other agencies or government accounts and overlooking these expenditures may undercount actual costs substantially. Private firms may not always bear all the costs of imprisonment; some services might be performed by the public correctional agency and the costs should be included as costs to governments of participating.

Studies have generally failed to develop a coherent model of institution performance in terms of cost and quality of operations or to make explicit those factors that must be controlled to make institutional comparisons meaningful. Too much focus has been given to final outcomes, without attention to measuring intervening factors that might be linked to those outcomes.

Comparisons of public and private prisons will benefit by controlling as rigorously as possible for other factors that influence prison outcome measures in addition to indicators of management performance and by specifying exactly how prison market forces operate to produce long and short term gains. To the extent that public/private differences are obtained, it will be important to identify factors accounting for them.

Research proposed in response to this solicitation is expected to delve into the “black box” of prison operations to articulate what, why, and to what affect public and private prisons do differently, if anything. Articulating the underlying hypothetical processes will allow better evaluations of quality and assessments of whether practices can be altered to provide better quality at a lower cost. Proposed research is expected to be based on explicit models incorporating cost and performance and utilizing

statistical adjustment as needed to enhance the appropriateness of comparisons across institutions.

NIJ will award a cooperative agreement to the successful applicant and will provide oversight to the research team to ensure the independence and objectivity of the research. In addition, NIJ will convene a panel of experts who are objective and represent a variety of perspectives (researchers and prison administrators from the public and private sectors). The research team will be expected to support and cooperate with the efforts of the expert panel. The panel’s tasks will include:

- 1) Reviewing the awardee’s research methodologies and analysis plans; under the cooperative agreement to be reached by NIJ and the awardee, the awardee will require NIJ approval before proceeding with major elements of the project.
- 2) Reviewing interim and final products.
- 3) Possibly suggesting to NIJ enhancements to the study (to be separately funded), as the study develops.

III. Areas of Research Required

The research to be conducted under this solicitation must fully support BOP’s reporting requirements to the Congress. The legislative mandate raised explicit questions about the extent to which contract obligations were fulfilled, the extent to which basic safety and management standards were met, and cost comparisons of privately and publicly operated facilities. These topics represent the starting point for the solicited study.

Beyond these basic questions, this research should, to the extent possible, advance our understanding of prison privatization, its benefits, disadvantages and consequences, and methods for assessing these issues. Although this study’s generalizability will be somewhat limited by its focus upon BOP, it provides an opportunity for insightful and innovative research into an issue of great and increasing importance.

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Proposed research must go beyond simple assessment of the contractor's compliance with contract obligations or superficial cost/benefit analyses. The successful application will reflect an understanding of pertinent issues—those discussed above and others identified by the applicant.

The period of performance for this award is up to 40 months. In light of the urgent interest in this topic by the Congress, it is not viable to release study findings only at the completion of the study. Rather, substantive interim reports to NIJ are required, allowing BOP to provide periodic findings to the Congress. The applicant may propose interim reporting periods in keeping with the research timeline, but an interim report must be submitted no later than the end of the project's Month 12 (calculated from the date of the award).

Applicants should describe in detail how they will address the issues discussed above in assessing the privatization of Taft. There are two required main components, cost analysis and performance assessment. While these two dimensions represent different considerations and analytic approaches, they are clearly interlinked. An analysis that simply examines cost issues without also exploring the impact of varying cost may have on performance would not be adequate. A third component, assessment of prison climate and attitudes of staff and inmates, is of interest if it can be included within budget.

Initial estimates of cost and, to the extent possible, performance are of particular interest and should be the focus of an interim report due no later than the end of Month 12. In all likelihood, these analyses will be continued throughout the study. Long-term, in-depth, and detailed performance assessment is expected to continue; this assessment should address both proximal measures such as quality of service delivery and more distal measures such as safety.

As discussed above, the utility of cost analyses and performance assessments will depend in large part upon models explicating how privatization might affect operations, costs, or performance. The

optional strategies to measure elements such as the climate within prisons and staff and inmate satisfaction may be useful in adding important explanatory depth to such models.

It is currently expected that all relevant information from BOP's and Wackenhut's management information systems will be made available to the researchers. It should be noted, however, that Wackenhut has somewhat less data than BOP. NIJ will work with the researcher to facilitate the collection of comparable data from Wackenhut. Applicants should describe how they would propose to collect additional needed data. The selected researcher will be given an opportunity to examine all information currently collected and to assess what additional information will be required. After the research team has been selected, NIJ will work with the researcher, BOP, and Wackenhut to conclude an agreement governing data sharing in order to facilitate the collection of the required information.

BOP and Wackenhut Corrections Corporation have agreed to a framework that will allow side-by-side cost comparisons by discipline or functional area. The template, to be designed by BOP and Wackenhut, is expected to maximize understanding of the differences and/or similarities of the public and private sectors, and will be provided to the research team selected.

NIJ anticipates awarding one cooperative agreement, for up to 40 months. The total award is expected to not exceed \$675,000.

Interested applicants may receive a copy of the Abt Associates, Inc. report, details regarding the BOP management information systems, and notes from a focus group meeting held on the topic, '*Privatization of Corrections Seminar*,' sponsored by NIJ in 1998, by calling the DOJ Response Center (1-800-421-6770). For additional information, applicants should contact Laura Winterfield of NIJ at (202) 616-3482 rather than either BOP or Wackenhut.

IV. Disclosure of Outside and Financial Interest

In this research, objectivity is crucial. To the extent that applicants or their sponsoring organization have done or are doing work in this area, they must provide documentation of this work. For those applicants with such awards, the funding source, end-dates, and an abstract of the work should be appended. Further, those applicants should detail what measures will be taken to ensure the objectivity of this research effort. Applicants who are selected as possible finalists for the award will be required to disclose confidentially financial holdings of both the principal investigator(s) and the principal shareholders of the institution(s) sponsoring the researcher(s) to ensure that there are no potential conflicts of interest. Periodic updates may be required throughout the grant period at the discretion of NIJ. An applicant may be required to remove any researcher from this project if a conflict develops during the course of the review of these submissions or the subsequent evaluation of the project.

V. How to Apply

Those interested in submitting proposals in response to this solicitation must complete the required application forms and submit related required documents. (See below for how to obtain application forms and guides for completing proposals.) Applicants must include the following information/forms to qualify for consideration:

- Standard Form (SF) 424—application for Federal assistance
 - Assurances
 - Certifications Regarding Lobbying, Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements (one form)
 - Disclosure of Lobbying Activities
 - Budget Detail Worksheet
 - Budget Narrative
 - Negotiated indirect rate agreement (if appropriate)
- Names and affiliations of all key persons from applicant and subcontractor(s), advisors, consultants, and advisory board members. Include name of principal investigator, title, organizational affiliation (if any), department (if institution of higher education), address, phone, and fax
 - Proposal abstract
 - Table of contents
 - Program narrative or technical proposal
 - Privacy certificate
 - References
 - Letters of cooperation from organizations collaborating in the research project
 - Résumés
 - Appendixes, if any (e.g., list of previous NIJ awards, their status, and products [in NIJ or other publications])
Disclosure Form*

Proposal abstract. The proposal abstract, when read separately from the rest of the application, is meant to serve as a succinct and accurate description of the proposed work. Applicants must concisely describe the research goals and objectives, research design, and methods for achieving the goals and objectives. Summaries of past accomplishments are to be avoided, and proprietary/confidential

information is not to be included. Length is not to exceed 400 words. Use the following two headers:

Project Goals and Objectives:

Proposed Research Design and Methodology:

Page limit. The number of pages in the “Program Narrative” part of the proposal must not exceed 30 (double-spaced pages).

Due date. Completed proposals **must be received** at the National Institute of Justice by the close of business on July 13, 1999. Extensions of this deadline will not be permitted.

Award period. The award period for this cooperative agreement is expected to be 40 months.

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Number of awards. NIJ anticipates supporting One cooperative agreements under this solicitation.

Award amount. An award up to \$675,000 will be made available for this NIJ solicitation.

Applying. Two packets need to be obtained: (1) application forms (including a sample budget worksheet) and (2) guidelines for submitting proposals (including requirements for proposal writers and requirements for grant recipients)

To receive them, applicants can:

- Access the Justice Information Center on the web:
<http://www.ncjrs.org/fedgrant.htm#NIJ>
or the NIJ web site:
<http://www.ojp.usdoj.gov/NIJ/funding.htm>
These web sites offer the NIJ application forms and guidelines as electronic files that may be downloaded to a personal computer.
- Request hard copies of the forms and guidelines by mail from the National Criminal Justice Reference Service at 800-851-3420 or from the Department of Justice Response Center at 800-421-6770 (in the Washington, D.C., area, at 202-307-1480).
- Request copies by fax. Call 800-851-3420 and select option 1, then option 1 again for NIJ. Code is 1023.

Guidance and information. Applicants who wish to receive additional guidance and information may contact the U.S. Department of Justice Response Center at 800-421-6770. Center staff can provide assistance or refer applicants to an appropriate NIJ professional. Applicants may, for example, wish to discuss their prospective research topics with the NIJ professional staff.

Send completed forms to:

Examination of Privatization in the Federal Bureau of Prisons
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SL 000354

To find out more information about the National Institute of Justice, please contact:

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If you have any questions, call or e-mail NCJRS.