

Legislative Audit Committee  
Privatization Plan Review  
**SUMMARY OF PUBLIC HEARING**  
**FINDINGS AND CONCLUSIONS**  
Billings Assessment and Sanction Center Program  
August 24, 2006

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Chapter 762, Laws of 1991, created a review procedure for proposals to privatize state programs. The law requires any state agency proposing to privatize a program to prepare a privatization plan. The plan must be released to the public and submitted to the Legislative Audit Committee (LAC) at least 180 days prior to the proposed implementation date. A major part of the privatization review process involves public hearings before the LAC.

Notice for a public hearing on a proposal to privatize the Billings Assessment and Sanction Center (BASC) Program, operated by the Department of Corrections, was published in eight newspapers throughout Montana and provided to the press. The public hearing was conducted on June 20, 2006, in Helena. This proposal would switch operation of the BASC Program from state administration within the Montana Women's Prison to contracted management in a private facility.

According to section 2-8-302(4), MCA, at least 45 days prior to the proposed implementation date, the LAC shall release to the public a summary of the results of the hearing and the findings and conclusions of the Committee. This document is provided to comply with this statutory requirement.

### **SUMMARY**

The Chairman of the LAC opened the hearing by asking the Department of Corrections to make a presentation. Mr. Mike Ferriter responded. Mr. Ferriter summarized the Billings Assessment and Sanction Center Program and explained the department's desire to move the function out of a prison setting into a community-based facility.

LAC members asked questions and provided comments in the following areas:

- Monitoring – will the department monitor the activities of the contractor on an annual or biennial basis? The department's pre-release contract coordinator will audit and evaluate the program on an annual basis.
- Funding – will the freeing up of beds in the Women's Prison increase costs? The 2005 Legislature authorized funding to expand community-based facilities through General Fund, and there will be a cost savings associated with moving offenders out of county jails and into the Women's Prison.
- BASC Program – what activities are involved with the program? Key function is assessment, but also includes evaluation and training.
- Per Diem Rates – what will they be? The department anticipates about \$62 per day, and will obtain more information for the LAC.
- Lobbying – has Alternatives, Inc. lobbied the Montana Legislature? Alternatives, Inc. is a non-profit organization, and they have a lobbyist.

No other proponents, opponents, or informational witnesses provided testimony at the public hearing.

Further discussion included information about the proposed operation and any opposition from the Billings community. Mr. Ferriter indicated a process was followed between the community, Alternatives, Inc., local government, and the department. A request was made for the LAC to be able to review written statements from concerned citizens or groups. Any written testimony will be transmitted to the LAC via e-mail.

### **Post Hearing Submissions**

After the public hearing, written testimony and additional information was submitted by several individuals and transmitted to members of the LAC. Submissions/transmittals included the following:

- Mary E. Westwood/Southside Neighborhood Task Force – opponent. Concerns with impact on neighborhood, and financial questions about proposed facility.
- Alternatives, Inc. – proponent. Account of effort to identify potential facility locations and to educate the public on proposed plans.
- Department of Corrections. Information on per diem rates – contract would not exceed \$71.50 per day.
- Department of Corrections. Information of the valuation of the proposed facility.
- Mary E. Westwood – opponent. Minutes of Southside Task Force Meetings and complaint to the Billings City Ethics Board.
- Mary E. Westwood – opponent. Additional minutes of a Southside Task Force Meeting.
- Legislative Audit Division. Information compiled for a legislative request regarding the Montana Facility Financing Authority.
- Mary E. Westwood – opponent. Responses to comments made in other submissions.
- Mary E. Westwood – opponent. Additional information regarding local government meetings/decisions.
- MEA-MFT – opponent. Opposed to privatization of correctional operations.

### **FINDINGS AND CONCLUSIONS**

The privatization review process identified the following findings:

- The Department of Corrections proposes to privatize the Billings Assessment and Sanction Center Program, currently operated within the Women's Prison.
- Alternatives, Inc. is identified as the contractor that will operate the BASC Program out of the old Howard Johnson Express Inn on South 27<sup>th</sup> Street.
- The proposed privatization is not anticipated to result in any significant increase or decrease in cost savings.
- The reasons for privatization are to move the program into a community setting and open up beds within the Women's Prison.
- The Montana Facility Finance Authority is providing financing for the purchase of the Howard Johnson Express Inn.
- No proponents or opponents attended the public hearing held on June 20, 2006.
- The Billings Southside Neighborhood Task Force opposes the privatization.
- Mary E. Westwood opposes the privatization.
- MEA-MFT opposes the privatization.

### **LAC Voting**

Votes were made via e-mail by all members of the LAC. Of those members who provided comments with their vote, one expressed concerns about the lack of department administrative rules guiding the process, lack of cost savings and increased budgets, conflicts with local growth planning, and impacts on the neighborhood. Another LAC member is not convinced the proposal

is efficient or effective; but also believes they do not have all the facts needed to answer all the questions for decision-making.

The final vote was a tie: 6 voting to approve the proposal and 6 voting to disapprove the proposal. As a result, the LAC makes no recommendation regarding the proposed privatization of the Billings Assessment and Sanction Center Program.