

Committee Meeting

of

ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

"Testimony from invited guests regarding the current status of halfway houses operating under the New Jersey Department of Corrections"

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: July 23, 2012
10:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Charles S. Mainor, Chair
Assemblyman Nelson T. Albano
Assemblyman Daniel R. Benson
Assemblyman Sean Connors
Assemblyman Joseph Cryan
Assemblywoman Bonnie Watson Coleman
Assemblyman Robert D. Clifton
Assemblyman Ronald S. Dancer
Assemblyman Gregory P. McGuckin
Assemblyman Erik Peterson



ALSO PRESENT:

Wendy S. Whitbeck
Office of Legislative Services
Committee Aide

Nicole A. Brown
Assembly Majority
Committee Aide

Andrew Wynne
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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ASSEMBLYMAN CHARLES MAINOR (Chair): If we could all stand for the Pledge of Allegiance. (audience recites Pledge of Allegiance)

Good morning.

Let me just welcome everyone here today for today's meeting of the General Assembly Law and Public Safety Committee. We're here today for a very important reason: the troubling lack of oversight and accountability at halfway houses operating under the Department of Corrections. We've seen the news reports detailing escapes, gang violence, drugs, and sexual abuse at these facilities; and we've learned of the tragic consequences that have come from that.

It is our obligation to review and see what is broken and what needs to be improved and/or fixed. These reports have raised serious questions about the Christie Administration's ability to properly oversee these facilities. No one disagrees with the intention of helping people reenter society as productive citizens. But when escapes, gang activity, drugs, and sexual abuse are widespread, something is terribly wrong and unacceptable.

Everyone deserves redemption, but the focus is public safety and efficient operations. Public safety is paramount, as should be the welfare of the employees, the inmates, and those trying to make their lives better. But something seems to have fallen by the wayside. We are prepared to take whatever legislative action is necessary to remedy these problems. As I expect -- and I expect Governor Christie and his Administration to fully cooperate with our efforts. In fact, this matter especially deserves close scrutiny in light of Governor Christie's indefensible line veto of the stricter halfway house oversight. The longer we allow the

system to continue unchecked, the more we jeopardize the safety and well being of the public at large. The public deserves a better understanding of the conditions of these facilities, how they're operated, and what needs to be done to improve them so everyone's safety -- the community, staff, and inmates -- is protected. When escapes, gang activity, drugs, and sexual abuse are widespread at these facilities -- and yet Governor Christie still opposed improved oversight -- something is terribly wrong and unacceptable.

I'm asking for each member to take at least -- to take no more than five minutes to ask questions. And I'm asking that anyone who is going to be testifying to please -- because of the amount of testimony that is coming before us -- please be limited and straight to the point.

I would also like to let you know that this was a hearing for invited guests only, and those are the testimonies that we will be hearing today.

With that being said, I'm going to call for our first witness to come.

Prior to that I'm going to have a roll call please.

MS. WHITBECK (Committee Aide): Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Here.

MS. WHITBECK: Assemblyman Peterson.

ASSEMBLYMAN PETERSON: Here.

MS. WHITBECK: Assemblyman McGuckin.

ASSEMBLYMAN MCGUCKIN: Here.

MS. WHITBECK: Assemblyman Dancer.

ASSEMBLYMAN DANCER: Here.

MS. WHITBECK: Assemblywoman Watson Coleman.

ASSEMBLYWOMAN WATSON COLEMAN: Here.

MS. WHITBECK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MS. WHITBECK: Assemblyman Connors.

ASSEMBLYMAN CONNORS: Here.

MS. WHITBECK: Assemblyman Benson.

ASSEMBLYMAN BENSON: Present.

MS. WHITBECK: Assemblyman Albano.

ASSEMBLYMAN ALBANO: Here.

MS. WHITBECK: And Assemblyman Mainor.

ASSEMBLYMAN MAINOR: Present.

MS. WHITBECK: Chairman, you have a quorum.

ASSEMBLYMAN MAINOR: Thank you.

Assemblyman McGuckin, you wanted to speak.

ASSEMBLYMAN MCGUCKIN: Thank you.

I'd like to thank Chairman Mainor for holding these hearings today so we can learn more about New Jersey's system of community corrections. The Legislature has a role in reviewing these programs which we fund and improving them when necessary. As we review community correction programs in New Jersey, I think it's important that we do so in the proper context. First, the Comptroller's report was released more than a year ago, and Commissioner Lanigan should be commended for aggressively implementing the recommendations so quickly.

As the Commissioner reported to us this past spring during the Budget Committee report, he has either implemented or taken action on

each and every recommendation from the Comptroller over a year ago. I look forward to another update from the Commissioner today on his progress, but let's remember that he's been doing so since he took office in 2010.

Secondly, the results of Commissioner Lanigan's leadership at the New Jersey Department of Corrections over the past two-and-a-half years are clear and convincing. Under Commissioner Lanigan, the size and cost of New Jersey's prison populations is declining. Three years ago we spent more than \$1 billion to run New Jersey's prison system.

The Department of Correction's budget was continuously increasing exponentially at a time when New Jersey's prison population had been declining for more than a decade. Under Commissioner Lanigan, that cost to the taxpayers is declining, and he should be applauded for that accomplishment. I assume that part of that success is due to the system's long-time commitment to community corrections. And I look forward to learning more about that system today.

Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Thank you, sir.

At this time I'm going to ask if Ms. Stella Tulli would come forward.

Just press the red button to speak. (referring to PA microphone)

Thank you, Ms Tulli.

Could you please identify yourself for the record?

S T E L L A T U L L I: My name is Stella Tulli.

ASSEMBLYMAN MAINOR: Thank you, Ms. Tulli; proceed.

MS. TULLI: On August 30, 2010, my sister was murdered. A man escaped the halfway house Logan Hall in Newark. He was paroled early with no good cause. He escaped a chaperone from the home. He was transported to the hospital for a reported seizure and, in turn, met up my with sister, who was 21 years old, and murdered her on my mother's birthday.

I had requested OPRA records on Mr. David Goodell and learned in time that he was paroled early with no good cause, as well as a sentence that was supposed to be four years -- he was released after 16 months. On his sentencing sheet from 2009, it was noted by the judge that he would most likely commit another crime and should not be released early.

My question would be: How was he paroled early? What cause was given for him to be paroled early? And what steps will be done to prevent this from happening again?

Obviously her loss is very tragic to me. I'm choked up speaking about it. I just hope that there is some action that can be taken and the system can be reviewed so that this does not happen again.

If there is anything you would like to ask me -- it's easier to speak.

ASSEMBLYMAN MAINOR: Let me first say that I am so sorry for your loss. And the reason for this hearing today is to try to prevent that from ever happening again.

But one question I will ask you -- and I do know that you made some recommendations. If you were sitting in my seat today, what questions would you want answered today?

MS. TULLI: I would want to know how he was paroled early. Why was a violent offender sent to a halfway house when the majority of people who go to reentry are nonviolent offenders? His docket clearly showed that he assaulted a police officer several times. Now, take that into consideration -- someone who has no respect for the law, who would assault a police officer -- why was he given the opportunity to be housed with nonviolent offenders?

ASSEMBLYMAN MAINOR: Thank you.

Do we have any Committee members who would like to ask Ms. Tulli a question? (no response)

No questions?

ASSEMBLYMAN CRYAN: Has there been any investigative follow-up to your knowledge?

MS. TULLI: I was told there was an investigation. But to my knowledge there has been no document proven to me. I have read in Mr. Clancy's report that was handed out earlier that there was an investigation done, but I have not -- there is no knowledge of that being done to me.

I mean, days after my sister's murder I had read in the newspaper that there was an investigation. I had also e-mailed the Governor's Office and was told there would be an investigation. And now, almost two years later, I'm still waiting for answers.

ASSEMBLYMAN CRYAN: Two, almost -- actually close to two years now, right?

MS. TULLI: Yes.

ASSEMBLYMAN CRYAN: So you haven't been provided with any update?

MS. TULLI: Nothing; I've received nothing.

ASSEMBLYMAN CRYAN: Is there potentially another member of your family who may have done that -- without being too forward here -- who may have received that information?

MS. TULLI: No, I am the self-appointed spokesperson for my family.

ASSEMBLYMAN CRYAN: Okay. The story of your sister at 21 is just -- as a father, and anybody who worries about their daughter picking the wrong guy -- and when you read this it's the ultimate of horrors. As the Chairman expressed, I'm sorry for your loss. And hopefully we can find you some answers.

MS. TULLI: Thank you.

ASSEMBLYMAN MAINOR: Anyone? (no response)

Again, Ms. Tulli, we are so sorry for your loss. But we are hoping that today this outcome will be able to provide you some answers. I mean, I can only hope that if anyone is in the audience who has something to do with the investigation -- that possibly you will have some type of feedback very soon.

Thank you so much. And I hope that you will remain.

Thank you.

MS. TULLI: Thank you.

ASSEMBLYMAN CRYAN: I'm sorry, Charlie.

ASSEMBLYMAN MAINOR: I'm sorry.

ASSEMBLYMAN CRYAN: Just one more.

ASSEMBLYMAN MAINOR: Sure.

ASSEMBLYMAN CRYAN: Your sister-- The guy's name is Daniel, right?

MS. TULLI: David.

ASSEMBLYMAN CRYAN: David Goodell, right?

MS. TULLI: Goodell. (indicating pronunciation)

ASSEMBLYMAN CRYAN: Goodell. (indicating pronunciation) Is that how you pronounce it? (affirmative response)

Your sister had a relationship with David Goodell before he went to -- before he was sentenced?

MS. TULLI: She had corresponded with him off and on. She was more like a pen pal. And he became increasingly more controlling, possessive via letters.

ASSEMBLYMAN CRYAN: So through the Chair, in the pen pal relationship the letters showed a controlling type of demeanor that-- Did she have a relationship with him before he went in?

MS. TULLI: No.

ASSEMBLYMAN CRYAN: Okay. So they met while he was incarcerated.

MS. TULLI: Oh, I'm sorry. She knew him as a friend when he went in. Once he was incarcerated in 2008, they began corresponding more and more via telephone calls and letters.

ASSEMBLYMAN CRYAN: Okay. So she is 19 -- 18 or 19 at that point.

MS. TULLI: Nineteen.

ASSEMBLYMAN CRYAN: Okay. And they (indiscernible) a pen pal relationship that shows a frightening aspect of this individual's personality, as far as you know?

MS. TULLI: Actually, he turned out to be very charming via letters. It's easier to write about a fantasy that you have in your head.

ASSEMBLYMAN CRYAN: Were you aware of that? Was your family aware of the concerns from the letters?

MS. TULLI: There was no real concern via letters, because everything was all-- You know, everything is so sweet and nice during the letters. It became increasingly more-- I became more aware of it when I noticed that he would have phone calls, which is another topic. How did he have a cell phone in a halfway house?

ASSEMBLYMAN CRYAN: So he called on a cell phone to your sister's cell phone.

MS. TULLI: Several times, yes, throughout the day -- 20, 30 times.

ASSEMBLYMAN CRYAN: If I read the *Times* report correctly, he called repeatedly, right?

MS. TULLI: Yes.

ASSEMBLYMAN CRYAN: And then as the letters increase and the calls begin to happen, how does Daniel--

MS. TULLI: David.

ASSEMBLYMAN CRYAN: David -- I don't know why I want to call him Daniel -- David get out of -- to your knowledge, get out of Logan Hall? He was in Logan, right?

MS. TULLI: He was in Logan Hall. From the reports that I read he reported to have a seizure. He was transported to the hospital. When he was in the hospital he escaped, or absconded.

ASSEMBLYMAN CRYAN: Before I ask what hospital, which I want to ask in a moment, David had a history of being -- or at least according to the reports -- where he would say he could get over on stuff like this.

MS. TULLI: Correct. I found letters. Once, after her death, I went through all the letters he had sent her, and I had found letters where he had lied to psychologists and said he was 200 years old, and that he should win an award for his acting skills on how he got over on the facility -- how he lied to the psychologist, how he lied to the guards, he had this, he had that.

ASSEMBLYMAN CRYAN: What hospital did David--

MS. TULLI: I believe it was UMDNJ.

ASSEMBLYMAN CRYAN: Do you happen to know whether David was considered a walkaway, an escapee, or an absconder?

MS. TULLI: Absconded. The prosecutor's office told me he absconded.

ASSEMBLYMAN CRYAN: So he was an abscond.

So David leaves University Hospital without any authorization. And then -- and I hate to -- you just tell me if it's too much. But he meets up with your sister, as I understood and read the reports, and literally is in the car with her.

MS. TULLI: Her car.

ASSEMBLYMAN CRYAN: Her car. Where did that happen?
Where did this nightmare happen?

MS. TULLI: Her body was discovered in Ridgefield Park in a cul-de-sac after he lead the police on a high-speed car chase where he crashed her car into a police cruiser. When they went to the car to retrieve him, my sister's body fell out of the car.

ASSEMBLYMAN CRYAN: So as I understood it, David was covered with your sister's blood?

MS. TULLI: No, no, he attempted suicide by slitting--

ASSEMBLYMAN CRYAN: Oh, he cut his wrists, right?

MS. TULLI: Well, it wasn't really his wrist. He cut his forearm. But yes.

ASSEMBLYMAN CRYAN: All right. And your sister's body was in the car.

MS. TULLI: Yes, she was strangled and suffocated.

ASSEMBLYMAN CRYAN: Has David been charged with that murder?

MS. TULLI: We're still waiting. He has been indicted. We have not had sentencing yet. We're still awaiting that.

ASSEMBLYMAN CRYAN: Indicted or has he--

MS. TULLI: He was indicated on November 1, 2011.

ASSEMBLYMAN CRYAN: So he hasn't had trial yet.

MS. TULLI: No.

ASSEMBLYMAN CRYAN: And, again, if it's insensitive just say so. I apologize.

Do you know what David was originally incarcerated for?

MS. TULLI: Terroristic threats and assault.

ASSEMBLYMAN CRYAN: And to your knowledge, when he walked away from University Hospital, was there anybody assigned to him at that point who should have been monitoring?

MS. TULLI: I was told there was a guard or a chaperone. No one with real law personnel, no security. It could have been a civilian, for all I know.

ASSEMBLYMAN CRYAN: So you don't know who took him to University Hospital.

MS. TULLI: No, I was never told.

ASSEMBLYMAN CRYAN: So to your knowledge, David was incarcerated for terroristic threats, assault; and has a relationship with your sister, God help her; escapes from the hospital, University Hospital; you're not sure of what level of protection was actually there at the hospital, right?

MS. TULLI: Right, I don't know. I was not told.

ASSEMBLYMAN CRYAN: And ultimately-- By the way, how long-- And, again, please forgive me if it seems insensitive. Do you happen to know how long was the time that David left University Hospital?

MS. TULLI: From what I was told, and from cell phone records from my sister, she left the house -- well, she said goodbye to mother, wished her a happy birthday before she left around 2:00 in the morning. So she met up with him that late in the early morning, I guess. From her E-ZPass records, I know that they went down the Parkway and back. And around 1:00 the police were notified that there was a man walking around covered with blood. So I don't know what exact time he left the hospital, but it was after midnight.

ASSEMBLYMAN CRYAN: And she was gone.

MS. TULLI: She left around 2:00 in the morning.

ASSEMBLYMAN CRYAN: Do you have any idea of whether there was any sort of escape notice for David filed with either Newark P.D., Essex County Sheriff's, or anything like that?

MS. TULLI: I believe from the reports that I -- from what I was told, he was issued a warrant for his arrest after it was determined that he had left the hospital.

ASSEMBLYMAN CRYAN: Okay. Again, I'm very sorry for your loss. Thanks.

Your sister was 21?

MS. TULLI: She turned 21 on July 5, a month before she was murdered.

ASSEMBLYMAN CRYAN: Twenty-one. Thanks.

MS. TULLI: Thank you.

ASSEMBLYMAN MAINOR: Thank you, Assemblyman.

Again, Ms. Tulli, as the father of young daughters, I can only imagine the pain. And I'm hoping that today we will be able to find the answers to what has taken place. And maybe we can definitely make sure that something like this never happens again.

MS. TULLI: I hope so.

ASSEMBLYMAN MAINOR: We're going to do what we can. That's why we're here.

At this time, if there are any other members who would like to ask a question. (no response)

Again, I thank you so much.

MS. TULLI: Thank you.

ASSEMBLYMAN MAINOR: I'm going to ask if three people can come forward. That's going to be Mr. Thaddeus Caldwell, Mr. Derrick Watkins, and Mr. Ibrahim Sharif.

Good morning, gentlemen. I'm going to ask if you could, just for the record, state your name and affiliation, please.

T H A D D E U S B. C A L D W E L L: Thaddeus Caldwell, retired New Jersey Department of Corrections Investigator.

I B R A H I M S H A R I F: Ibrahim Sharif, senior citizen. (laughter)

D E R R I C K W A T K I N S: Derrick Watkins, consultant.

ASSEMBLYMAN MAINOR: Thank you.

So we can start in either direction.

Mr. Caldwell, do you want to start?

MR. CALDWELL: Yes.

Again, my name is Thaddeus Caldwell. I'm a former employee of the New Jersey Department of Corrections. I began my career as a Corrections Officer in 1984. I was promoted up through the ranks to principal investigator until ultimately retiring in 2009.

During the course of my career, I spent four years, from approximately 2002 to 2006, assigned to the Special Investigations Division, Fugitive Unit, for the Department of Corrections. Our primary responsibility at that time was to locate and apprehend all individuals who have escaped from the custody of the Department of Corrections, to include our correctional facilities and contracted halfway houses.

During the course of that time I must have-- At about that time -- 2002 -- we had, I believe, upwards of about 300 open, active escape

cases at that time. It was the responsibility of six investigators assigned to our Unit to locate and apprehend those individuals throughout the State of New Jersey.

ASSEMBLYMAN MAINOR: You said you had a total of six members to apprehend all the escapees?

MR. CALDWELL: At that time, yes, sir. There were six of us assigned to the Fugitive Unit.

ASSEMBLYMAN MAINOR: Is that what they were considered, escapees?

MR. CALDWELL: Yes.

ASSEMBLYMAN MAINOR: And six.

MR. CALDWELL: I'm sorry?

ASSEMBLYMAN MAINOR: You only had six people within that--

MR. CALDWELL: That Unit.

ASSEMBLYMAN MAINOR: --that Unit.

MR. CALDWELL: Correct.

ASSEMBLYMAN MAINOR: How successful--

MR. CALDWELL: Well, we were successful in the individuals that we set out to apprehend. However, I felt that -- in my personal opinion at that time -- that six of us was not sufficient to address the number of escapes that we had to deal with.

ASSEMBLYMAN MAINOR: Let me ask you this here: Did the people who escaped-- What were some of the charges that they were--

MR. CALDWELL: One of the things that I found-- And as a fugitive investigator, one of the first things you do before you set out to

locate and apprehend a fugitive is you want to see what type of background, what type of person you're dealing with. And I was surprised to find out that quite often a lot of the escapees that we were attempting to locate and apprehend had extensive criminal histories, including violent criminal histories -- weapons, assault, things of that nature.

ASSEMBLYMAN MAINOR: I take it that all these escapees came from all different halfway houses. Is that correct?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN MAINOR: Was there one particular halfway house where the majority of them came from?

MR. CALDWELL: I can't really say that there was one more than another. I know I-- Our Unit was broken down into regions, I guess, if you will. In other words, I may have been assigned to the northern region of the state: Newark, Jersey City, that area. Other investigators in my Unit my have primarily focused on the central area of the state: Trenton and that area. And then the south. So I can't really speak to how many inmates escaped from the south as opposed to the north.

ASSEMBLYMAN MAINOR: Okay. Now, you say you were broken up into regions. So pretty much each region had only three people in the Unit. Is that--

MR. CALDWELL: No, no, we all worked together. However, what we did was, those of us who-- Let's say, for instance, I lived in the northern region. So what I did was I focused on working up cases in that region. But we all worked together. I mean, if we needed additional manpower, of course, all six of us would work in the north if we were looking for somebody in particular -- or the central, or the south.

ASSEMBLYMAN MAINOR: And when you say that they escaped from the halfway houses, would you include the assessment centers also within that escape?

MR. CALDWELL: Yes, sir, if there were. There weren't-- In my experience, there were not very many escapes from the assessment centers, but the halfway houses -- there seemed to be an inordinate amount of escapes.

ASSEMBLYMAN MAINOR: Once you captured them they went back to the halfway houses or did they go back to prison?

MR. CALDWELL: No, sir, they went back to prison.

ASSEMBLYMAN MAINOR: Were they then charged with--

MR. CALDWELL: With escape.

ASSEMBLYMAN MAINOR: --with escape.

MR. CALDWELL: Yes, sir.

I have seen, though, in my experience, that for some reason a lot of the escapes were not prosecuted by the particular prosecutor's office in that jurisdiction.

ASSEMBLYMAN MAINOR: And when you say that, what do you mean? They weren't prosecuted, so what happened to them?

MR. CALDWELL: Basically they were just issued administrative charges, sent back to jail, and were allowed to complete their term of incarceration.

ASSEMBLYMAN MAINOR: And these are the same people who escaped who had this background of -- very hefty criminal background.

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN MAINOR: And they were pretty much not charged with escape.

MR. CALDWELL: That's correct.

ASSEMBLYMAN MAINOR: They just went right back to the prison to finish up their time.

MR. CALDWELL: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: They went back to where?

ASSEMBLYMAN MAINOR: The prison. So there were no charges put on them.

Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Chairman.

The individuals -- once they were apprehended and they went back to a prison facility -- a Department of Corrections prison facility--

MR. CALDWELL: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And so did they have to do their whole term there, or were they ever allowed to go back into a halfway house?

MR. CALDWELL: There were at least-- I should say there was one instance that I can recall specifically. I apprehended an individual for escape. He apparently escaped from one of the halfway houses. I apprehended him, brought him back to prison. Apparently, the way it was explained to me -- that there was a glitch in the disciplinary process that allowed him to go back to the halfway house because he beat the charge. So since he beat the charge, it's like whatever he was charged with never

happened. They put him back into the halfway house about a month later, and I caught the same person about a month after I arrested him the first time.

ASSEMBLYWOMAN WATSON COLEMAN: So the problem with that decision had been at the State level.

MR. CALDWELL: I would imagine.

ASSEMBLYWOMAN WATSON COLEMAN: You worked for the Department of Corrections.

MR. CALDWELL: Yes, ma'am.

ASSEMBLYWOMAN WATSON COLEMAN: Who gave you the list of individuals to pursue? And was there a prioritization of the list?

MR. CALDWELL: The prioritization was determined by our command structure. But as far as the list, each facility was basically what we call the *regional facility* for a specific number of halfway houses. Let's say-- I'm going to use Northern State Prison because that's where I spent most of my career. Northern State Prison had several halfway houses assigned to them as the regional facility. Anybody escaping from those facilities -- that information would be sent to Northern State Prison. Northern State Prison would then send that information down to our Central Communications Unit and our Fugitive Unit, who would then compile a list of all of the people who escaped, forward it to the Fugitive Unit, and we would, from that list, decide who we were going to attempt to locate and apprehend.

ASSEMBLYWOMAN WATSON COLEMAN: This is kind of a comprehensive overview of this whole system -- of the -- what happens from the point of leaving the correctional facility -- the DOC correctional

facility -- on out. And you kind of were a bridge from what was happening on the outside and what was happening on the inside. And what I'd like to know is, what is it we should know from you that we should be looking at in terms of our sort of overseeing -- taking an overview of what is going down? And what should we be thinking about as we're looking to see what corrections can be made to (a) obviously decrease the need for your job, and (b) ensure the safety of the people in the community?

MR. CALDWELL: From my perspective and in my experience, I would say that there certainly should be -- or it should be reviewed concerning the criteria of inmates that are allowed to go to halfway houses. I don't believe -- and, again, this is my personal opinion -- I don't believe that inmates with extensive violent criminal histories should be allowed into halfway houses where they can simply walk out. Because I heard -- I was privy to the hearings the other day, and I heard one of the halfway house representatives say that they basically offer the inmates the latitude of just walking out. "You don't want to stay? You can walk out." I say that's unacceptable. They give these people the latitude to make those decisions. My take on that is, if these people were such good decision makers they wouldn't be in the positions that they were.

So nevertheless, the consequences of them making poor decisions in such a less-restrictive environment, as we've all seen, can obviously be too great. They've lead to deadly consequences.

ASSEMBLYWOMAN WATSON COLEMAN: Well, my understanding is that you're allowing people to transition into less restrictive environments as they are getting ready to move back to the communities, and that you meet your obligation in the Department of

Corrections facility, at which time you should get whatever it is that you need to be ready to be restored to the community. Then you move into the halfway houses as sort of not only reinforcement, but preparation and sustainability. And then you move into -- back into your communities. This is a process. This is like a preparation process to take you back into your communities.

Are you saying that individuals should not be eligible to come into -- go through that transition process, that they should stay in the prison until the last day of their sentence and then be allowed to go out into the community without having any sort of transition support services, accountability, that kind of thing?

MR. CALDWELL: Without the benefit of statistics that show the success rate of transitional housing and so forth, it is just my personal opinion that-- I get the need for transitional housing. I get the need for inmates having to -- or being allowed to transition from incarceration to society. Again, I don't know whether or not there is a higher success rate one way or the other. But I think as a matter of common sense, I think it just makes sense for that to happen.

However, I think there needs to be oversight. If these individuals are going to be in the community and they're going to subject the public at large to whatever behaviors that they may engage in, I think there should certainly be strict oversight as to how that takes place.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you. I think that's a principle consideration of this panel -- is the issue of oversight that we assumed was happening but apparently isn't.

Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CRYAN: Thanks.

Are you aware that there is a requirement that a State inmate be free of any threat to public safety, they must be within 18 months of finishing their State sentence, they must have a set parole date, and obviously cannot have any criminal charges to go to a halfway houses?

MR. CALDWELL: I have heard that, sir.

ASSEMBLYMAN CRYAN: So just using the criminal charge, when somebody is captured and brought back -- and then you have to capture them again -- why, in your opinion, do you think that may happen -- that there wouldn't be criminal charges filed?

MR. CALDWELL: I really don't know. I mean, I've always found that problematic, if nothing else, from a deterrent standpoint. But I really don't know. I guess if I had to guess I would say that the respective prosecutors' offices just didn't feel like the sanction was sufficient enough for the prosecutorial work that had to go into it. I'm just guessing, I'm speculating.

ASSEMBLYMAN CRYAN: Okay. I asked you your opinion, through the Chair.

I'm going to ask you your opinion. Why then do you think that these things happen as often as they do? Why would anybody escape? Here's what-- Let me ask you the fundamental question. In your opinion, why would anybody escape from a halfway house when they're supposed to be close enough to finishing their term? It seems like the ultimate paradox.

MR. CALDWELL: I have had the opportunity, obviously, to speak to, interview a lot of these individuals after I have apprehended them to simply find out, why, after they're going through the term of their incarceration and being so close to freedom, why it is they chose to escape. Sometimes I was told that they had family problems, a sick family member or something like that; they may have had some domestic issues, a wife or girlfriend took up with somebody else. Some of them simply said that there were things going on in the halfway houses that they just didn't want to be a part of and they would rather take their chances in the street. These are some of the things that were told to me by the actual individuals who I arrested.

ASSEMBLYMAN CRYAN: Did you ever capture anybody tending to their sick mother?

MR. CALDWELL: Not that I know of. No, sir. (laughter)

ASSEMBLYMAN CRYAN: And can you go over your numbers with me just one more time so I understand them? Six folks who did what you did, right?

MR. CALDWELL: That's correct. In about 2002, when I was assigned to the Fugitive Unit of the Special Investigations Unit, there were six investigators, including a principal investigator who was actually the supervising investigator of the Unit.

ASSEMBLYMAN CRYAN: And what kind of caseload?

MR. CALDWELL: At that time it was about 300.

ASSEMBLYMAN CRYAN: On any given-- How many did you catch?

MR. CALDWELL: We caught a lot. It varied. But one of the reasons why it was hard-- I mean, even though we kept a database, we kept records of the individuals who escaped and the individuals who we apprehended, to me it just seemed like an endless thing. Because if we apprehended some, that same weekend or the following weekend, that many or more would have escaped. So it's like it didn't-- It just seemed like we could never catch up.

ASSEMBLYMAN CRYAN: Last question, Chair. And thank you.

You heard the moving comments before from Ms. Tulli, right?

MR. CALDWELL: Yes.

ASSEMBLYMAN CRYAN: David Goodell -- would he have ultimately been assigned to you?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CRYAN: And in your opinion, with confidence, would he have stayed incarcerated until the end of his term, or would any analysis have been done based on what you heard from her in terms of the letters, the threats, the cell phone, the rest?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CRYAN: Would there have been a follow-up?

MR. CALDWELL: I would imagine so, yes.

ASSEMBLYMAN CRYAN: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CONNORS: Through the Chair, thank you.

You said 300 for your caseload. Is that per region, or is that for the whole state?

MR. CALDWELL: No, that was the total caseload.

ASSEMBLYMAN CONNORS: For the whole State of New Jersey?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CONNORS: Thank you.

ASSEMBLYMAN MAINOR: And then we're going to have one follow-up by the Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Something that you said, through the Chairman, intrigued me. You said when being asked by the Assemblyman why did people leave, escape -- leave these facilities when they're so close to their "freedom--" And one of the things you said was that some of them said they disliked so much what was happening at the halfway house that they'd rather take their chances on the streets.

Was there ever any follow-up to those sorts of allegations which were made? And if so, was your Unit responsible for reporting that to the Department of Corrections, or the Division of Parole, or whomever that person was accountable to? And to your knowledge, was follow-up done?

MR. CALDWELL: Yes, there was follow-up. However, my Unit was not responsible for that. Our Unit was primarily responsible for, again, locating and apprehending the escapees. Now, as far as the allegations concerning some of the things that may have gone on in the halfway houses -- those were forwarded to our Special Investigations Division. But there are other investigators assigned to follow up on those matters.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you very much.

MR. CALDWELL: Sure.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Follow-up, Assemblyman.

ASSEMBLYMAN CONNORS: Yes, and sorry, through the Chair. Again, do some of those activities include gang activity and drug use that the inmates are talking about?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CONNORS: Predominantly it seems like or no?

MR. CALDWELL: I'm sorry?

ASSEMBLYMAN CONNORS: Predominantly those seem like the two biggest issues?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CONNORS: Thank you.

ASSEMBLYMAN MAINOR: Sir, Assemblyman.

ASSEMBLYMAN DANCER: Thank you, Mr. Chair.

Through the Chair, Mr. Caldwell, could you explain to me the difference between escapees and those who abscond, or an absconder? What is the difference?

MR. CALDWELL: Well, sir, from my perspective, by definition, escape and abscond are synonymous. They basically mean the same thing. I think where the distinction is made is when one thinks of an escape one thinks of a sophisticated plan hatched by an inmate to escape a

secured facility, whereas these halfway houses are less restrictive in their security. Inmates can simply walk out. The bottom line is whether they escape from a secured facility or walk out of a halfway house, they would still be charged with the crime of escape, which is a felony in this state. It's a third-degree crime, sir. So essentially there is no difference with the exception of the method of escape.

ASSEMBLYMAN DANCER: And then, through the Chair, the absconder and the escapee are going to be synonymous of-- Let's say an individual who absconded from a less-restrictive halfway house is late or returns the next day, that individual is also counted as an escapee, I'm assuming.

MR. CALDWELL: What generally happens is, if an inmate returns late -- and, again, this is from my experience as an investigator. When an inmate returns late from-- And I was told; I've never seen this in writing, but people who worked in the halfway houses had told me that they've given their inmates a two-hour window. So if they were supposed to be back by 8:00 they would give them until 10:00 before they would declare them escaped. Had they not returned by 10:00, they then would have notified the institution advising that the inmate had not returned by the prescribed time, and was two hours late, and that they were basically advising that he had escaped; in which case the Department of Corrections then would enter that information into the National Crime Information Center, issue an arrest warrant for escape which would be forwarded to the Fugitive Unit, and it would be our responsibility to try and locate and apprehend that person.

ASSEMBLYMAN DANCER: Thank you.

Mr. Chairman, just one follow-up.

I think you're speaking of your time period -- was somewhere about 2002 to 2006?

MR. CALDWELL: Correct.

ASSEMBLYMAN DANCER: During that period of time, from your experience, what protocols, procedures, or policies were put in place to help prevent or reduce the number of escapees or absconders?

MR. CALDWELL: I don't know of any.

ASSEMBLYMAN DANCER: Thank you.

ASSEMBLYMAN MAINOR: I have one question. You said that there really is no difference between escape and abscond. Is that correct?

MR. CALDWELL: As far as the law is concerned, no.

ASSEMBLYMAN MAINOR: Okay. But the problem with that is that if that's the case, when they're brought back and captured they're not charged.

MR. CALDWELL: Correct. It's a crime. I mean, the New Jersey Code of Criminal Justice says that the crime of escape -- 2:C-29-5 -- is a third-degree crime.

ASSEMBLYMAN MAINOR: That's correct. They're not charged.

MR. CALDWELL: They're not charged. No, sir.

ASSEMBLYMAN MAINOR: Okay.

Once they're reported as absconded or escaped, what does the halfway house do? Do they do anything?

MR. CALDWELL: Other than notify the Department of Corrections, I can't think of anything.

ASSEMBLYMAN MAINOR: Okay. And there are no corrections officers actually working in the halfway houses and/or assessment centers to assist you guys?

MR. CALDWELL: No, sir, not to my knowledge.

ASSEMBLYMAN MAINOR: Okay.

Let me get Assemblyman Connors.

ASSEMBLYMAN CONNORS: Through the Chair, thanks.

And thank you for your expertise on this matter.

If we were to go to a community meeting and explain the differences between the absconder and escapee, do you think the community would accept that? Do you think the public would feel safe with that?

MR. CALDWELL: No, sir.

ASSEMBLYMAN CONNORS: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN ALBANO: Thank you, Chair.

Just a couple of questions, through the Chair. So four years you spent in the Unit -- Fugitive Unit -- going after escapees. Over those four years, have you ever been in or spent any time going in and out of the halfway houses?

MR. CALDWELL: Briefly, yes.

ASSEMBLYMAN ALBANO: Frequently.

MR. CALDWELL: No, sir, briefly.

ASSEMBLYMAN ALBANO: Oh, briefly. Okay.

Your time going in and out of the halfway houses -- your professional opinion -- and that's all this would be -- how would you rate the supervision or the restrictiveness within the halfway houses on their rules and regulations as far as the inmates are concerned?

MR. CALDWELL: I can't really say that I've spent enough time in halfway houses to be able to adequately speak to that. But just from what I know from the experiences as an investigator dealing with halfway house staff, it just seems way less restrictive.

I can tell you I did spend a very brief time in one of the CEC facilities. I was actually employed by CEC for about six months after I retired. And what I was astounded to find was that the facility was run like a jail, and I have over 25 years of jail experience. I know a jail when I see one. But what was more problematic to me about it than anything was there was no infrastructure in place. Us corrections professionals -- we know that there's going to be an element of violence in jail. We know that there's going to be an element of contraband, drugs in jail. But there has been long-established infrastructure systems in place to deal with these problems. These halfway houses that are being run like jails do not have that. And I think that that not only jeopardizes the safety of the employees, the inmates; but it jeopardizes the safety of the public as well.

ASSEMBLYMAN ALBANO: So you said you did work for them briefly.

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN ALBANO: Was that your reason for leaving?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN ALBANO: So if you had to rate the effectiveness, the restrictiveness, or the supervision, give me a number of from 1 to 10 -- your professional opinion.

MR. CALDWELL: One being good or one being bad?

ASSEMBLYMAN ALBANO: One being bad, 10 being good.
(laughter)

MR. CALDWELL: One.

ASSEMBLYMAN ALBANO: Thank you.

ASSEMBLYMAN MAINOR: You said that when you were working there, pretty much the facility ran like a jail.

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN MAINOR: How many employees actually have criminal justice backgrounds?

MR. CALDWELL: I can't speak to the number, but I do know that there were individuals there who had criminal histories as well.

ASSEMBLYMAN MAINOR: A lot of the employees, from what I was informed, were ex-offenders who did well and came back to work for the company. Is that correct?

MR. CALDWELL: That's what I was told.

ASSEMBLYMAN MAINOR: That's what you were told.

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN MAINOR: But when you were working there, did you witness that?

MR. CALDWELL: Well, I don't-- I mean, I worked with people. I don't know what their history was.

ASSEMBLYMAN MAINOR: Understood.

MR. CALDWELL: You understand? But I was told that there were individuals who were employed there who also had criminal histories. I don't know who was who.

ASSEMBLYMAN MAINOR: But based on your opinion, if it's going to be run like a jail, do you think they should have people who have actually worked in a jail there?

MR. CALDWELL: No, sir.

ASSEMBLYMAN MAINOR: What do you recommend?

MR. CALDWELL: I recommend that if it's going to be run like a jail, it should be run by professional correctional law enforcement people. That's my opinion.

ASSEMBLYMAN MAINOR: I believe that's what I was asking you.

MR. CALDWELL: Okay. (laughter)

ASSEMBLYMAN CRYAN: One more.

ASSEMBLYMAN MAINOR: I'm sorry.

ASSEMBLYMAN CRYAN: One more.

ASSEMBLYMAN MAINOR: Yes, sir.

ASSEMBLYMAN CRYAN: In your time in CEC, did you ever see the Department of Corrections come in and do any sort of unannounced visits or any sort of auditor checks?

MR. CALDWELL: I did not, no.

ASSEMBLYMAN CRYAN: Okay.

ASSEMBLYMAN MAINOR: Assemblyman Benson.

ASSEMBLYMAN BENSON: When you talk about being run like a jail but lacking the infrastructure of a jail system, what are some of

those infrastructures? Is it security systems, is it staffing levels, is it staff training, is it contraband searches? What's the lack that was there?

MR. CALDWELL: All of the above. When I first went into the facility, after working in prisons for so many years, I looked at all those things. I looked at-- I mean, I asked about the training. I was told that the training would consist of a five-day orientation at the corporate office. I then looked at the physical structure of the building. Certain of the units were separated by drywall, sheet rock. And in a situation where you had a disturbance, you certainly wouldn't be able to contain it because all the inmates would have to do is kick their way through the walls from one unit to the other unit. So there was just a myriad of things that I looked at having worked there. And then I decided that that wasn't for me.

ASSEMBLYMAN BENSON: Which facility was this again?

MR. CALDWELL: I'm sorry?

ASSEMBLYMAN BENSON: Which facility did you work for?

MR. CALDWELL: This was Delaney Hall.

ASSEMBLYMAN BENSON: Okay, Delaney Hall.

When you decided not to work there, was that because of fear for your own safety, fear for the safety of the other staff there? What was your reason for leaving?

MR. CALDWELL: I was concerned for everybody's safety. But I can tell you that in all my years of working in prisons as a corrections professional, I was never more concerned for my safety.

ASSEMBLYMAN BENSON: What about the community? Was that one of your concerns as well -- that you didn't want something to happen on your watch?

MR. CALDWELL: As well, yes, sir.

ASSEMBLYMAN MAINOR: There was one report that stated that there was a lot of gang violence in Delaney Hall. While you were working there did you witness that?

MR. CALDWELL: No, sir.

ASSEMBLYMAN MAINOR: None at all?

MR. CALDWELL: No.

ASSEMBLYMAN MAINOR: Okay. Thank you, sir.
Assemblyman.

ASSEMBLYMAN PETERSON: I have a couple of questions I want to clarify. When were you involved in the task force to apprehend escapees? What years?

MR. CALDWELL: About 2002 to about 2006.

ASSEMBLYMAN PETERSON: Six years ago.

MR. CALDWELL: Approximately, yes.

ASSEMBLYMAN PETERSON: Okay. And then you stated that at one time you worked at one of these facilities.

MR. CALDWELL: Yes, after I retired in 2009 I went to work for -- shortly thereafter I went to work for Delaney Hall -- for CEC.

ASSEMBLYMAN PETERSON: And how long did you work there?

MR. CALDWELL: About six months.

ASSEMBLYMAN PETERSON: So until some time in mid-2009.

MR. CALDWELL: I would imagine.

ASSEMBLYMAN PETERSON: And what do you do now?

MR. CALDWELL: Now I'm an Administrator of Investigations for the Hudson County Department of Corrections.

ASSEMBLYMAN PETERSON: And what's your contact in that position with these types of facilities?

MR. CALDWELL: Now, none.

ASSEMBLYMAN PETERSON: So all your testimony is based on your experiences three to six years ago or older, correct?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN PETERSON: Thank you.

ASSEMBLYMAN McGUCKIN: Just briefly, Mr. Caldwell, you said that in 2002 the caseload was approximately 300. Is that correct?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN McGUCKIN: And what was it like when you left in 2006? Did it stay the same, did it increase, did it decrease in general terms?

MR. CALDWELL: I believe it decreased, because the Department of Corrections had undertaken certain initiatives in partnership with other law enforcement agencies, specifically the United States Marshals Service, as part of the Regional Fugitive Task Force. And what that did was, that supplemented our staffing and resources that allowed us to -- well, at that time then -- to more successfully apprehend the number of escapees that were out there.

ASSEMBLYMAN McGUCKIN: So when you left that Unit in 2006, the caseload was less than 300?

MR. CALDWELL: I believe so.

ASSEMBLYMAN McGUCKIN: Okay. And I think in response to Assemblyman Peterson's question you indicated that you retired in 2009. Is that correct?

MR. CALDWELL: Correct.

ASSEMBLYMAN McGUCKIN: So you don't have any first-hand knowledge as to the implementation of the recommendations by the current Commissioner Lanigan as a result of the Comptroller's report. Is that correct?

MR. CALDWELL: No, sir. That's correct.

ASSEMBLYMAN McGUCKIN: So you don't know what has been done since that time.

MR. CALDWELL: That's correct.

ASSEMBLYMAN McGUCKIN: Thank you very much.

UNIDENTIFIED SPEAKER FROM AUDIENCE: It's the same.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN BENSON: You're part of the broader corrections and law enforcement community. Have you kept in touch with folks who are still doing your previous job prior to -- after you left in 2006 to 2009? Are you still involved in kind of observing the community in your current role?

MR. CALDWELL: I'm sorry, sir. I didn't hear the last part.

ASSEMBLYMAN BENSON: Are you still involved in terms of -- you know, you kept up professional relationships and other things in this broader community of law enforcement and corrections?

MR. CALDWELL: Yes.

ASSEMBLYMAN BENSON: Do you feel that this is still a problem now?

MR. CALDWELL: Yes.

ASSEMBLYMAN BENSON: Thank you.

ASSEMBLYMAN CRYAN: Can I ask, Charlie, one more? I'm sorry.

ASSEMBLYMAN MAINOR: Sure, Assemblyman.

ASSEMBLYMAN CRYAN: I'm sorry, sir. I know we're going back and forth.

Do you know who Derek West Harris was?

MR. CALDWELL: Derek-- I'm sorry?

ASSEMBLYMAN CRYAN: Derek West Harris. I'm just curious if you know who he was?

MR. CALDWELL: No.

ASSEMBLYMAN CRYAN: He was a barber who was arrested for \$700 in unpaid traffic tickets. He got pulled over in his Mazda Millenia. Do you know what happened to him in May 2009?

MR. CALDWELL: I heard in the media that he was killed.

ASSEMBLYMAN CRYAN: He was beaten to death, right?

MR. CALDWELL: Yes, sir.

ASSEMBLYMAN CRYAN: So let's just go now with that. This is about people and safety -- and stay off dates, and see where we're going. But the reality is that this is about Vivian Tulli, and Derek Harris, and the rest of the people who have issues with safety and the way we process and handle it.

Chairman, through you, Derek Harris isn't available to speak to us today, is he?

ASSEMBLYMAN MAINOR: No, he isn't.

ASSEMBLYMAN CRYAN: Thank you.

ASSEMBLYMAN MAINOR: I thank you, sir.

Assemblyman.

ASSEMBLYMAN PETERSON: Are we here to-- Let me just ask you this: These people who have committed these heinous crimes -- eventually they're going to be released from prison, correct?

MR. CALDWELL: Yes.

ASSEMBLYMAN PETERSON: And so they'll have the opportunity to commit those heinous crimes, correct?

MR. CALDWELL: Yes.

ASSEMBLYMAN PETERSON: Is it your opinion that maybe we should change our penal code to prevent people of certain violent crimes from ever being let out of prison?

MR. CALDWELL: Yes.

ASSEMBLYMAN PETERSON: Maybe that's the course you should take.

ASSEMBLYMAN MAINOR: I think what we need to do is also not only that, maybe we need to look at how they're assessed before we actually let them out.

I want to thank you for your testimony.

If no one else has any other questions, we're going to move on to the next witness, Mr. Ibrahim Sharif.

Thank you.

MR. CALDWELL: Thank you.

MR. SHARIF: Thank you, Assemblyman Mainor. Sitting there listening is very, very cumbersome.

My name is Ibrahim Sharif. I'm the father of six, grandfather of eight. I live in Piscataway, New Jersey. I gave you my brief bio.

I was 30 years at Merck Pharmaceuticals; I was 5 years special confidential aide to the Mayor in Rahway, New Jersey; I became the Executive Director of the Martin Luther King Commemorative Commission; and from the Martin Luther King Commission I went to the Parole Board; and as I went to the Parole Board, I took Dr. Martin Luther King with me. I worked there for about 10 years -- almost 10 years -- 8, 9 years.

And I think the gentleman sitting next to me -- I don't need to be redundant. I come here out of my concern that I've always had -- and my history proves it -- for the prison system, not only in the State of New Jersey but in our country. As I sit here I think about -- as I look at you honorable people sitting up there, I think about the Watergate hearing -- great people like Sam Nunn, Peter (*sic*) Ervin, Pete Rodino, the people who were unfortunately doing the time in a crises in our country; Barbara Jordan -- Congresswoman Barbara Jordan -- who had to make some serious decisions regarding one of our presidents of the United States. So you have a tedious task of really making a very serious analysis of what is happening. Assemblyman Mainor, with Senator Gordon, have a lot of work to do.

I like the thinking of Dr. Albert Einstein. I like his thinking. He was a very wise scientist. He said, "Insanity is when you keep doing the same things over and over again and expect different results." I kind of

want to tweak that a little bit, if Dr. Einstein would allow me. “You keep doing the same wrong things over and over again and expect different results.” He also said, “You don’t use the same minds who created the problems to solve the problems.” Very wise.

The whole issue about parole and my role as a government representative: I loved my work because I wanted to make a difference. And I worked with some great people. I was an evaluator of community programs from Vineland all the way up to Passaic County. I worked with some great people to try to make a difference. I did my job in the spirit of great people who have sacrificed to make our country great. Because one of the things that bothered me-- I have spoken at the United Nations. And as I went to the United Nations, it still stays in my mind. Our state is still carrying the stigma of the Soprano’s state, and we must bring this to a halt. The things that we find are going on in our prison system-- We must be truthful. When people come and speak the truth, we must not charge them with attacking. You know, we use these words. If you hear me talking, calling names, I’m attacking those who have done wrong, those who are doing wrong. This is nothing personal.

Another issue that is important -- because this is all about money. Let me repeat that again. This is all about money. As I heard Assemblyman Cryan probing and digging, and the others -- Bonnie -- probing and digging -- if you have cancer you want to get the root of the cancer.

Why are we sitting here today? Because the *New York Times* and Sam Dolnick brought this issue to our table. I’m not going to repeat what this gentleman has said. There is no use. But I want to cut to the

cancer. The cancer is money. It's all about money. Well, why do I say that? Why has this problem been going on for so long? Because-- And let me just say this: I'm not here to blame Mr. Clancy. He did what he thought he should do, which was protect his business. But I think he got off track. What he did do was make sure he had a top government official in his back pocket to ensure that whatever he was doing would continue whatever he was trying to do. And let me refer to one of the bosses: Mr. Honorable Richard Codey. He was-- He carried the insurance for Mr. Clancy, he represented Mr. Clancy -- as at the board, whenever things needed to be done and our hands got tied, who would make the phone call? Who would you call? You would call Dick Codey.

ASSEMBLYMAN MAINOR: Mr. Sharif, I'm going to stop you. Mr. Codey isn't here to represent himself, nor Mr. Clancy. I'm going to ask if you could just please stick to the issues. Please.

MR. SHARIF: Mr. Chair.

ASSEMBLYMAN MAINOR: Yes, sir.

MR. SHARIF: I don't know how I can do it, but I will do my best.

ASSEMBLYMAN MAINOR: Please do.

MR. SHARIF: Because the truth is what it is.

And let me just say what it is-- Because what Albert Einstein said is true. I'm not here to in any way disrespect Mr. Codey, and it's the truth.

Now, why is this problem continuing? Under several governors-- This problem didn't start yesterday. We're dumping everything on Governor Christie. But let me tell you something. In 2007 I

was under the Democratic Governor, and I wrote Governor Christie to support him because he did such a wonderful job with locking up 131 white collar criminals. He didn't care if they were Republicans or Democrats. He locked them up. He did a great job.

Then what happened? He wrote me a letter. I have the personal letter here. I have the letter I sent to him when I asked him to run. I have the letter that he wrote me back and he personally signed it. He said, "Mr. Sharif, help me keep New Jersey -- put New Jersey back on track." That's what I'm doing today.

It's difficult for me because I'm ready to call the neighbors, because this is part of the problem. If you have cancer, and you don't know where it came from, you can't cure it. You'll go into remission, but it will come back again.

The recommendation that I made to the Governor -- and he has his footprint in it now. And I said to him, "I believe that we need to operate the State in terms--" This was in 2010. "I believe we need to operate the State in terms of the business model: organization and structure, quality assurance, quality control, and measured outcomes." Fundamentally, success in business is based upon leadership. That's what is lacking too, leadership.

Other factors are information unfiltered, preparation, organization, and communication, and motivation, and execution. These are the business methodologies that contribute to success. But the effectiveness of these factors is entirely determined by the quality of leadership provided.

One of the biggest problems that we have that I saw, that I witnessed-- If you can track UPS packages globally, why can't you track these guys? If you can track-- If UPS and Federal Express can track their packages, why, today -- when we say that we're ready to go to Mars, we've been to the moon -- we cannot use our IT system -- upgrade our IT system so the Department of Corrections and Parole are talking to each other? They do not talk to each other. They do not communicate. Why? Because they're always competing for dollars.

Now, I heard the Assemblyman talk about Commissioner Lanigan. I don't know him. But I will tell you this: this problem is long-term, where Corrections and Parole do not talk and communicate with each other. I witnessed this myself. Community programs, you have Marcus Hicks. Community programs in Parole, you have Mr. Leonard Ward. Information -- classified information that goes back and forth -- you have stacks of papers stacked up on the desk. People don't -- sometimes they get lost. And I proposed several years ago -- five years ago -- let's upgrade our IT system so that if John Doe is going to the bathroom we can track him. It doesn't matter. We know every move that he's making. More importantly, Parole and the Department of Corrections have access to our community programs' database. We know every movement that is being made to the point that at the end of the month -- if our IT system, and these two departments are working together -- we'll have an executive report every month that goes to the Governor, to the AG, and to the legislators so you can see what is going on. That is happening in Idaho. They do not have stacks of paper. The governor gets his executive summary. We know where John Doe is going.

The young lady who came up here and was talking about her sister being murdered-- When I was at Parole, a guy who held his girlfriend and his daughter hostage-- I think he did nine years in prison. When he came to Parole, because of lack of communications, of information, and not keeping the gap closed tight, he requested that he go to Florida to his daughter's graduation. Guess what he did? He stabbed that girl nine times, and the girl's mother. So this is nothing new, this is nothing uncommon. Can this work with our DOC people, with Commissioner Lanigan, with Chairman Plousis? Yes. But they have to talk and they have to communicate. They cannot operate separately. Mr. Ward and Mr. Marcus Hicks have to talk to each other. They have to have their same evaluation teams going into these sites and looking at what needs to be done. They do not do that.

Now, I said earlier this is all about money. It's the truth. Why do I say that? Our city -- out State, not our city -- the cities too -- but our State is in a serious deficit. Why? One of the executives at Merck where I used to work, he said, "You know, Sharif, you have to learn to cut the fat and leave the muscle." We need to cut the fat and leave the muscle, because taxpayers, citizens are trying to see that their Johnny goes to college. College students have debt -- over a trillion dollars -- that they can't afford to pay. People can't pay their cable bill, can't pay their rent, foreclosures up the yin-yang. So what must we do? We must cut the fat and leave the muscle.

Let me be very clear. "What do you mean, Mr. Sharif, or Ibrahim?" We must make sure that any time a CFO -- whether it's DOC or Parole -- if you spend over \$25,000, Treasury is going to hit it. We're going

to know what you're doing. You're not going to have the flexibility to spend taxpayers' money at will. Very clear. The Chairman of the Parole Board is sitting right behind me. Mr. Ward is sitting in the corner. They just bought several \$55,000 SUVs -- hybrid -- at \$55,000 a piece. We can't afford that. They have it 24/7. We can't afford that. We cannot afford to be piling up that kind of debt, and they're driving around in SUVs when you're paying them six figures and with their retirement check they're getting a quarter of a million dollars. It is wrong, especially when people can't pay their bills. And you're working part-time. You need to be paid full-time. When I look at you sitting up there and what you go through listening to me, listening to others, and people pulling you--

The other part of that is that the department of Parole and DOC-- If we have a sophisticated IT system, what happens? The money is protected, the things that this gentleman talked about are protected. We know who not to send. The mistake that was made when the guy went down to Florida and stabbed his girlfriend nine times-- We won't make those mistakes. I'm not here to-- Listen, I don't need to repeat what he is going to say or what I heard the other day for four hours. We need to cut the cancer out, and we need to get to the point.

The other safety issue that you have before you has not hit your desk yet -- in front of you -- is the healthcare issue. I got a call from Governor Christie's Office -- one of his staff people -- "Mr. Sharif--" since I worked for Merck and I was trying to get pharma, and Merck, and all of them to work together -- Federal qualified health centers -- all to work together so we can have a synergy to make sure that John Doe, when he is released -- he has HIV, he has Hep C, he has communicable diseases -- then

we put him out there in the community. Guess what? We don't know where they are. We do not know where they are. He asked me, "Where are they?" I said, "I can't tell you," because our IT system is broken like our communications. Our tracking of these guys is broken.

What this gentleman said about CEC -- you do have some good programs. Let's be real. You do have some good programs. You do have some people at ground zero who are sitting behind me, working their butts off, perhaps making only \$23,000 a year, when the Governor's advisor is making \$496,000 a year -- more than the President, more than the Governor. Then what disturbs Ibrahim Sharif, a taxpayer for 60-some years -- because I started working when I was 11. They even took money out of my paycheck when I was 11. Isn't that something? But that's okay. Guess what? You have former -- ex-chiefs of staff and ex-governors playing in the playground of the prison industry, making over \$400,000 a year -- \$300,000 to \$400,000 a year. We can't afford this. So if you sit here--

And I know it's a process, and I know we're in a Democratic process -- that we have to make sure that we follow process. But let me tell you something, ladies and gentlemen who are sitting up here as legislators, we don't have enough time. We're behind time. This is a crisis. We have to make sure that our money -- our taxpayers' dollars are being spent appropriately. I thank Mr. Matthew Boxer -- the young man sitting over there. He has done an extraordinary job. But guess what? We didn't give him all the tools he needed to do his job. We didn't give him the staff he needed, the budget he needed to have staff so he could look at all these programs and he could do his budgeting. So in my opinion-- I'm not going

to go through all of what I said. The Governor's responsibility is very clear according to statutes. I have it right here before me.

You know, Chairman, you messed me up when you told me I can't call names. And I will respect your request because the former Chief of Staff of Governor Tom Kean is sitting in the back. He's part of it. They make sure that they keep the cycle going. Ed McGlynn, from The Kintock Group -- he makes sure that this cycle keeps going. This is nothing personal. If it was my child, or if it was my country, I'm going to defend my country; I'm going to defend my child.

ASSEMBLYMAN MAINOR: I'm going to ask you a question, Mr. Sharif.

MR. SHARIF: Yes, you have to stop me.

ASSEMBLYMAN MAINOR: Yes, I am. (laughter)

MR. SHARIF: That's a nice way of stopping me.

ASSEMBLYMAN MAINOR: You said that you worked for Parole for about 10 years. Is that correct?

MR. SHARIF: Yes, sir.

ASSEMBLYMAN MAINOR: When someone is in a halfway house, is it at that time when you may have to go in there to interview them to put them on parole?

MR. SHARIF: I don't do that. My job was two-fold. One was to-- The reason I had to go to DOC or to the halfway house is because -- and I haven't heard it mentioned here in four hours -- there's a Halfway Back--

ASSEMBLYMAN MAINOR: I understand that.

MR. SHARIF: But they both-- What we do wrong is co-mingle these clients. We should not be doing that. We co-mingle them. So when I go there-- And believe me, these programs do the best they can because they top -- they only get a certain amount of dollars per diem rate. But this is very difficult. When I go there, when I evaluate the program-- And I was also responsible for taking board members with me to look at what is happening in these programs. I was the liaison between the board and the community program.

ASSEMBLYMAN MAINOR: But for the Committee members, can you just explain to them exactly what the Halfway Back program is?

MR. SHARIF: If John Doe has an infraction while he is on parole, a determination is made by the office -- the parole officer whether or not -- what his charge is. And instead of putting him in the physical prison, he goes to the residential institution. That's where he goes. And then he's mandated to be there for a certain period of time. It could be 90 days, 120 days, or 180 days. That's how he gets to Halfway Back, unless there is a new charge on John Doe. Then that becomes another scenario. He probably winds up back in a county jail before he has a hearing, and then he goes -- if it warrants, he goes to prison -- back to prison.

ASSEMBLYMAN MAINOR: Would you allow Committee members now to ask a few questions?

MR. SHARIF: I have one more thing I want to say. (laughter)

ASSEMBLYMAN MAINOR: Okay.

MR. SHARIF: I want to read something from the Supreme Court of the United States of America.

ASSEMBLYMAN MAINOR: Will it be short?

MR. SHARIF: I admire our heroes--

ASSEMBLYMAN MAINOR: Is it lengthy? If it is, I'll--

MR. SHARIF: If you want me to, I'll come back tomorrow.

Okay. I'm just kidding you.

Yes, it is.

ASSEMBLYMAN MAINOR: If you get us a copy we can pass it out.

MR. SHARIF: No, no, let me read it.

ASSEMBLYMAN MAINOR: Okay.

MR. SHARIF: This is what I love. It reminds me of-- A man says that some Americans, because they want money -- it's what you call *patriotic prostitution*, and you know what you do with a prostitute when you get finished, you're done. Too many of us are like that when it comes to positions that we hold.

ASSEMBLYWOMAN WATSON COLEMAN: Mr. Chairman, please, if I might.

Mr. Sharif, you really have enlightened us considerably concerning values--

MR. SHARIF: Money.

ASSEMBLYWOMAN WATSON COLEMAN: Money. I'm very interested in specifics here. I'm very interested-- You keep saying it's about the money. I'm really not interested in the automobiles that the employees have to use as they are doing their State business. What I am concerned about-- The clientele that are being housed in these facilities -- what is expected of them? If you were an evaluator of community programs, what were you looking for? What were you expecting to happen

at those facilities? And what happened in terms of ensuring that the deliverer, the provider -- whomever it was -- was actually providing those services? And how did you measure whether or not there was indeed a good outcome, a bad outcome, or any kind of outcome? That's what we're trying to get at. We're trying to get at the specifics of what do we need to do to make this system be responsive and work the way it's supposed to.

I support community housing for people returning back to communities. I believe that that is the way to go. I support the use of their time while incarcerated learning a skill, becoming literate, behavior modification. I support a process that will then restore you and send you back to a community. And you will live in that community safely and happily, and build a family, and then pay taxes. Because New Jersey needs more taxpayers. (laughter)

So what I want to know is, in your role with the department of Parole-- As an evaluator of programs, what is that? Where are we spending our money with regard to that? You say we're wasting money. How are we wasting money in the delivery of this service? How are we holding people accountable? What was your experience with that?

Thank you very much.

MR. SHARIF: Okay. I said earlier--

I will answer you, Assemblywoman Bonnie Watson Coleman, if you don't mind. If we were to do exactly what you just said, we would not be sitting here. That's number one. I am a value-added person, because that is the foundation of why we are not -- why we are here today.

But let me just say this, and I will answer your question, if you don't mind-- Because you know I've worked with you before in trying to get to the bottom of some of this stuff.

This is by the Supreme Court. This is very short, Mr. Chairman.

ASSEMBLYMAN MAINOR: Unfortunately I'm not going to allow you to read that. We're going to have to--

MR. SHARIF: I only have one page.

ASSEMBLYMAN MAINOR: Okay. I will have someone make a copy of it.

MR. SHARIF: Okay. You can do that.

ASSEMBLYMAN MAINOR: But if you could just answer the Assemblywoman's question, then we can move forward.

MR. SHARIF: Okay. Let me answer her question.

When you go into these facilities, it goes back to what the contract is saying. You look at the contract. The treatment, the social services-- John Doe, unfortunately, has a lot of issues. A lot of them are reading at a third-grade level -- education. The other thing that is very difficult -- and this, again, I will say it -- Senator -- Assemblywoman Coleman and the Chairman -- it's all about money. They do not have enough money to take care of their needs. For instance, we can't even get John Doe's ID. You can't get a job anywhere unless you have a photo ID. And you need six points to do that. So we struggle and we fight to get John Doe's \$25 -- it's probably more -- to get his ID -- his photo ID.

Now comes the other thing. He has health issues. We don't have the money to pay for psychotropic drugs. They average about \$600 a

month. So the programs do the best they can and pull dollars from here and there to try to get him medications. But we look at the contract that we got -- that we had the provider to sign to see if all of those things -- the treatment, the program, the classes -- if they're getting these things.

Now, the problem is this: The salaries that they're paid does not warrant the programs enough to get the right people in there to do the job. We need to get the right people who have the qualifications, who have the expertise -- and this is not to put down the people who do the day to day operations. But we need the right people who can get these guys -- train them properly in terms of drug treatment, in terms of social ills, family ills, family issues. This is what we need.

Now, because we don't have the systems talking to each other, we're not tracking them. We'll be here in the next five years if we don't change that.

I hope I answered your question.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Mr. Sharif.

Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Thank you, sir.

We're going to move on to Mr. Derrick Watkins.

MR. WATKINS: Good morning.

ASSEMBLYMAN MAINOR: Good morning.

MR. WATKINS: Thank you for inviting me today.

Real briefly I'll give you my background. I began my career in social services, criminal justice I believe back in 1990. I was the coordinator of alcohol and drug treatment for the Hudson County Court -- at the

Hudson County detention center in Jersey City. I worked very closely with the prosecutors, and lawyers, and judges trying to facilitate treatment versus incarceration for juvenile delinquents who were approaching incarceration.

In 2000 I went on to CEC and began my career there as a senior counselor at Talbot Hall. I got promoted to unit manager maybe about -- my time, my dates may be off a little bit -- maybe a year later. Then from there I got promoted to deputy director, and I was transferred to The Harbor, which was in Hoboken, as deputy director.

I left The Harbor about a year later and was transferred to Delaney Hall when Delaney Hall first opened. I was part of a team. I was the deputy director. I was transferred to Delaney Hall to facilitate the training and balance out what needed to be done to open that facility.

I soon was transferred back to Talbot Hall, and I left Talbot Hall, I believe, three years later and went on to The Kintock Group in Newark, where I was the director of training. As the director of training, I was also the director of the men's halfway house. So I stayed there for about six years as the director of training and the director of the men's halfway house.

I went back to the CEC, I believe, in the year 2007, where I worked at Bo Robinson as the deputy director of treatment. I left Bo Robinson three years later after being discharged, I believe in 2010.

Up until now-- My testimony here today is about helping where I believe help can help. I spent a lot of time -- over 20 years in the system. I know it pretty well. I believe that my working at CEC -- there was progress and there was problems. There were times where the problems overwhelmed the progress.

While at Bo Robinson, for example, the *New York Times* article stated that I indicated that there was senior counselors forging documents. That was one incident -- after I did an audit, by the way. I did an audit every three months of my staff's charts. And to make sure the audit went well, I would do-- I had two units. One unit would do the other unit's audit, and vice versa. And it was discovered that one of the senior counselors was actually forging group notes. And what that means is, he would do a group, not sign off that he did the group, who was in the group, what happened in the group. He got lazy. And what he did was, he just simply went to someone else's file, find a group, and photocopied. He copied and pasted. I'm not sure how long that went on. But when it was discovered, the unit manager reported it to me and he was terminated instantly. So that was that incident.

There were other incidents that I believe were problems that overwhelmed progress. And the one that sticks out in my head now is when there was-- Bo Robinson sits on Route 1 -- the highway, the courtyard. And there was one time I recall where a counselor brought to -- not in my office, but to a director's office, and all of us happened to be sitting there -- a softball. Now, we don't have softballs and bats at Bo Robinson. But the softball was slit open. The softball was thrown over the fence and had drugs in it, because there was one bag left.

So at that time, the first thing we did was immediately test everyone for substance abuse. We did some random testing. We just started testing people -- bang, bang, bang. We found some people to be dirty, but some people to be clean. And the bottom line was that stuff got hidden, it got isolated. That happens some times.

My point in bringing up that statement is this: To solve this problem of so-called gangs, drugs, or whatever you want to call it that's inappropriate in treatment, there has to be what is called *constant contact*. Security is treatment. And what I mean by that is, my department was responsible for providing the counseling portion of the treatment. That's what we did. I think sometimes that -- you know, coming from jail as inmates -- some clients want to still be inmates. That's a fact that has to be addressed. You can't just do certain types of treatment with everyone when you have certain individuals who are bent on still doing the things that got them locked up in the first place.

I believe some of these programs are mixed with the wrong clients, which puts a lot of pressure on staff who really, really want to do their best to correct some of these treatment problems.

With that being said, let me give you one example of constant contact. When I was at Kintock, I was working late one night. One of my-- And Kintock, in Newark, is a halfway house. I was working late, and one of the supervisors walks in my office. He has this duffle bag. I said, "What's in the duffle bag?" He places the duffle bag on the floor in front of my desk and begins to pull out pints of Seagram's gin one at a time -- 40. He lined them up. I said, "Where did you get that from?" He said, "When a resident was coming back in --" because you're supposed to search the residents when they come back from work. He saw the resident's bag was hanging kind of heavy. He said, "Come here. Let me talk to you for a second." He patted the resident down, opened up his bag, and boom, there was the gin. So I called the resident in, and said, "What are you doing with this?" It was Friday, it was pay day. He's sweating now. He said, "Well, I

was going to sell it.” Now, I don’t know how much gin costs on the street, but I am going to tell you what he told me he was going to sell it for. He was going to sell it for \$20 a bottle. He had 50 bottles, \$20 a bottle. Once he got back into that dormitory, there was going to be a party.

The point in bringing this up was constant contact, engaging these residents when they come back from work if you’re in a halfway house, if you’re in a treatment center -- making it known to them that we’re going to watch you. And these are some of the things I saw that were not consistent enough. Some staff do it well, some staff do it poorly. But there has to be a consistent effort, mainly because you have addicts and abusers. The abusers are the trouble makers. Those are the guys who will continue to be criminal offenders. And the guys who are there for treatment are pretty much going to take a back seat because they’re overwhelmed.

ASSEMBLYMAN MAINOR: Thank you, sir. I have one question to you. Basically what you’re saying is there was definitely a lack of security?

MR. WATKINS: I wouldn’t call it a lack of security -- a lack of consistent security, not a lack of security. There is security there, but it wasn’t consistent enough. And what I mean by that is, when residents-- If you know anything about the criminal mind, it’s always operating. It doesn’t go to sleep. Clients are nocturnal. They don’t sleep, they plan. We sleep. (laughter) I would come in during the morning and residents would be lined up at my door at 8:00 to ask me a question because they plan. They don’t go to sleep. They’re very nocturnal. When you pick a client up off the street, they’re out at night when we’re home resting. They’re like vampires. They’re very nocturnal.

So that being said, when we come in, they already have their plan in place. And as security officers, it's not a question of just training, it's not a question of just armed guards. It's a question of just letting them know that we're watching them. That's what I'm talking about -- whoever is doing it.

ASSEMBLYMAN MAINOR: So the security that we have that is in the place -- who trains them?

MR. WATKINS: All right, that's two-fold, if my memory serves me. You have training by the officers, and you have training up in the corporate office. Now, there's nothing like hands-on training. When I say hands-on training, once you get that book training and you go into the facility -- the training that you need you don't have because the clients are a mixture of different minds.

I'll give you an example of what I mean by this. I was working with one deputy director. We shared an office -- operations director. And every morning there was at least one client in the office giving information about what happened the night before. And I happened to be sitting there. What happened was, he would then go back there and pretty much find out who he was talking about and get that guy out of there automatically. Every single day he had about five or six different guys who took it upon themselves, who wanted to be in this facility and do the right thing, to come in and give him some information to help him keep the place safe, keep the place safe of drugs. And for that period of time, things worked pretty good when it came to drug abuse, any criminal or gang activity where the guys were trying to group and build on their gangs. Things were pretty good. That deputy director left, and that system that he put in place to get

information from the clients kind of left with him and things kind of went up.

ASSEMBLYMAN MAINOR: My question was: How much training do they receive?

MR. WATKINS: Okay. Forty hours of training every year, per staff, in the new residence -- this is my recollection -- 120 hours, I believe, new employees. And that is just getting up at corporate office. I could be wrong about that. My memory slips. It's been a while.

ASSEMBLYMAN MAINOR: And what does the training consist of?

MR. WATKINS: Let's see, you have some training on -- some therapy training -- cognitive behavioral therapy. And the room is mixed with-- Whoever is hired is in this training. So it's not just security. Everybody who is hired for that period is in this training. So you have training on security, how to take urines, certain therapy training, how to deal with difficult clients. It varies. My brain -- I mean, we're going back three years. But those are some of the things off the top of my head I can recall.

ASSEMBLYMAN MAINOR: Do you believe 40 hours is enough training for people to deal with career criminals?

MR. WATKINS: No. I believe that if you're responsible for the security part of the training, you should also have training like a corrections officer does--

ASSEMBLYMAN MAINOR: Police officer.

MR. WATKINS: --police officer does. They should have that type of training in addition.

ASSEMBLYMAN MAINOR: That's six months.

MR. WATKINS: Okay.

ASSEMBLYMAN MAINOR: So basically what you're saying is that we need to have corrections officers inside.

MR. WATKINS: No, I wouldn't say corrections officers. I mean, what they get is enough. Some of the guys I see sitting behind me -- they're quite capable. What they need is more support and more training that the police officers get. That's all they need. So it's not necessarily trading one for the other. I'm just saying the same type of training would suffice.

ASSEMBLYMAN MAINOR: I have one more question, and it's finances. You were the director or assistant director.

MR. WATKINS: Deputy director.

ASSEMBLYMAN MAINOR: Deputy director. The newcomers who came in and got their 120 hours, and also did the 40 hours every year -- and they were security. Were they paid a substantial salary where, as though, there wasn't a constant turnover?

MR. WATKINS: The salary -- wow. If it was \$10 -- at best it was \$10. I don't recall what it was off the top of my head, but I know it wasn't much.

ASSEMBLYMAN MAINOR: Ten dollars?

MR. WATKINS: Yes, it was something like that.

ASSEMBLYMAN MAINOR: So they were paid like a security guard.

MR. WATKINS: Yes, absolutely.

ASSEMBLYMAN MAINOR: They were paid like a security guard to do the job of a corrections officer.

MR. WATKINS: Absolutely, yes.

ASSEMBLYMAN MAINOR: So don't you believe that would cause a turnover -- I mean, constant people leaving?

MR. WATKINS: Not just a turnover, a lack of constant -- morale would go down, because they would then qualify (*sic*) the work with the pay.

ASSEMBLYMAN MAINOR: And then they would also maybe come in and start selling cigarettes and maybe that gin for \$20.

MR. WATKINS: It's possible. I can't say it's not possible.

ASSEMBLYMAN MAINOR: That could create a problem.

MR. WATKINS: Sure.

ASSEMBLYMAN MAINOR: So basically what you're saying to me is that the salaries within the company that you worked for pretty much is top heavy.

MR. WATKINS: Oh, yes, it's definitely top heavy.

ASSEMBLYMAN MAINOR: Any questions?

Assemblyman.

ASSEMBLYMAN CRYAN: I want to reflect on your counseling time and your time at Kintock.

MR. WATKINS: At Kintock?

ASSEMBLYMAN CRYAN: Or any one of them really.

MR. WATKINS: Okay.

ASSEMBLYMAN CRYAN: My understanding is that folks go through an assessment center before they are actually brought to you.

MR. WATKINS: Yes.

ASSEMBLYMAN CRYAN: Could you tell me, as a counselor and as someone in charge of counselors, what did you glean from or receive as part of assessments? And then how did you develop an IEP or any sort of program as a result of the information provided by, in some cases as I understand it, as lengthy as a two-month assessment? Is that correct? You're laughing at me. Is that funny? (laughter)

MR. WATKINS: No, I'm not laughing. I was trying to recall.

I was at Bo Robinson, which was one of the assessment centers. So we did the assessments, and that assessment included various -- the assessment department to do a full length assessment and then combined that with senior counselor group notes, progress notes; any, what is called, *demerits* or *merits*. A demerit is a violation; a merit is some type of activity that a client did and they were somehow rewarding him for that by giving him a merit -- and using that to classify him to move on to the next level.

ASSEMBLYMAN CRYAN: Did the assessment program, in any way, develop any sort of plan for a person who is transitioning into, let's call it, *halfway home* as opposed to Halfway Back.

MR. WATKINS: Halfway home.

ASSEMBLYMAN CRYAN: Is there a transitional plan as part of the assessment centers that says, "This is what we need to look for. This person should be in group drug counseling, this person is an alcoholic, this person is--" Or in the example I'll use of David Goodell, "This person has violent tendencies." Is there anything in those assessments that is done?

MR. WATKINS: That should be in there, absolutely.

ASSEMBLYMAN CRYAN: And then to your knowledge and your experience, what is done with the assessments? How does it work? Do you understand what I'm trying to do here -- follow the process -- if you could take us through it for a moment.

MR. WATKINS: Once a client gets to the halfway house -- and this is the tough part of being a senior counselor. What you're asking for is individualized treatment based upon someone's assessment and the reports that are in his folder.

ASSEMBLYMAN CRYAN: To tell you the truth, as a taxpayer in the state, that's what I'm paying for.

MR. WATKINS: I follow you.

The process doesn't warrant that. It's very challenging to do. You have senior counselors who are -- who have 25 or more -- depending on who is working with them -- clients. The paperwork to facilitate the counseling-- So this is my point. You have documentation that needs to be done, and you have the talk therapy which addresses some of the issues that you are actually speaking to.

The talk therapy, cognitive behavior therapy, rational emotive behavior therapy, whatever is being used at that time is hard to do because of, let's say, environmental reasons -- spacing, for space. Some of the senior counselors, for example, who work at Bo Robinson are in a gang office. So let's say they want to talk to a client about some of his issues, which you pointed out. He probably won't have the privacy to do that because the office is made up of -- it's an office big enough for 10 senior counselors.

ASSEMBLYMAN CRYAN: So you're telling me that in the assessment center there isn't enough room to have a private, one-to-one discussion and do an assessment of a client. Is that what you're telling me?

MR. WATKINS: That is possible, yes. Definitely at Bo Robinson.

ASSEMBLYMAN CRYAN: Well, there's only two assessment centers, right?

MR. WATKINS: Yes, there's one at Talbot Hall and one at Bo Robinson.

ASSEMBLYMAN CRYAN: That's amazing. So you can't have a private-- And there are too many people for too few counselors? Is that what you're saying?

MR. WATKINS: No, I'm not saying that. I'm saying you have 10 senior counselors. Let's say all of them want to do therapy that particular day. They have to bring him in there to talk to him about whatever his issues are. So if I'm sitting here and the other senior counselor is sitting here, there's a confidentiality thing that's kind of hard to maintain. The client may not talk openly about what his problems are because he is sitting too close to another client. These are some of the challenges.

ASSEMBLYMAN CRYAN: All right, so those are the challenges you literally run into day to day.

Let me just close with this: I just want to understand. Somebody is in Bo Robinson. They've gone through a lack of a private assessment for up to two months. That's my understanding. Is that correct?

MR. WATKINS: A lack of a private--

ASSEMBLYMAN CRYAN: Well, you just told me they can't get a private, sort of, discussion process. But they're there for up to two months if I understood it correctly. Right?

MR. WATKINS: Sixty days.

ASSEMBLYMAN CRYAN: Sixty days, two months, where I understood there is an assessment provided that moves them on into the next part of their, as I say, *transition* or halfway home. Is that correct?

MR. WATKINS: That's done in another department. He's taken to-- Assessment is in another department. So he goes downstairs, has done an assessment-- With the senior counselors -- they monitor his progress.

ASSEMBLYMAN CRYAN: Okay. So you didn't do assessments.

MR. WATKINS: No, I wasn't responsible for the assessments.

ASSEMBLYMAN CRYAN: Who does the IEP?

MR. WATKINS: The senior counselors do that.

ASSEMBLYMAN CRYAN: Is that you?

MR. WATKINS: No, I'm the deputy director.

ASSEMBLYMAN CRYAN: All right, thanks.

ASSEMBLYMAN MAINOR: You oversaw it.

MR. WATKINS: I oversee, yes.

ASSEMBLYMAN MAINOR: So you made sure that it was done.

MR. WATKINS: I made sure things were done correctly.

ASSEMBLYMAN MAINOR: You made sure that they were done.

MR. WATKINS: Yes.

ASSEMBLYMAN MAINOR: So what the Assemblyman was asking was: Is it done within those 60 days?

MR. WATKINS: Yes, it's done.

ASSEMBLYMAN MAINOR: How many residents do you have in Bo Robinson?

MR. WATKINS: At the time I was there?

ASSEMBLYMAN MAINOR: Yes, at the time you were there, of course.

MR. WATKINS: About 500 -- is the capacity. But there are two different buildings. Five hundred is the capacity on one side anyway. The side I was responsible for was 500.

ASSEMBLYMAN MAINOR: Okay. And within those 60 days, do you honestly think there is enough time to assess a person in 60 and have them move on?

MR. WATKINS: My experience-- A true assessment, no. I would think that requires more time.

ASSEMBLYMAN MAINOR: Let me make sure I have this correct. An assessment is pretty much to look and see what the problem is and you can work on that issue before they move on to the halfway house to prepare themselves to come out to society. If 60 days is not enough time to do that assessment do you still move them on?

MR. WATKINS: The classification committee comes in. If they find that he is qualified to move on, he moves on.

ASSEMBLYMAN MAINOR: He moves on.

MR. WATKINS: He moves on.

ASSEMBLYMAN MAINOR: Does the type of halfway house he moves on to-- Is there something put in place to say, "No, he needs to go to this one because they offer this, or he needs to go to that one because they offer something else?"

MR. WATKINS: That's supposed to be the system. If a client has, let's say, more criminal tendencies versus drug tendencies he could find himself at a place like Kintock versus Tully House.

ASSEMBLYMAN MAINOR: Okay. When this assessment goes -- when this resident goes to that halfway house, does the paperwork from that assessment follow him?

MR. WATKINS: Yes.

ASSEMBLYMAN MAINOR: Is it at that time that halfway house would start working with him on those issues?

MR. WATKINS: Yes.

ASSEMBLYMAN MAINOR: Even though they have to go to work, school, or any type of training?

MR. WATKINS: There is what was called a *blackout* period. I hate using that term. It's a period where a client cannot go out to work until he is fully engaged with what some of his issues are. I forgot how long the period was.

ASSEMBLYMAN MAINOR: Take a guess.

MR. WATKINS: I would say the period was, like, 30 days.

ASSEMBLYMAN MAINOR: So there is no more than 30 days in the blackout period.

MR. WATKINS: It could be longer. I'm just giving you a guess off the top of my head. It could be longer.

ASSEMBLYMAN MAINOR: Okay. So if it is 30 days, that means it's 90 days now this person has of assessment -- of dealing with the issues that he has.

MR. WATKINS: If a resident went through that time span, yes. There are some residents, unfortunately, who stay longer at an assessment center. But it is supposed to be 60 and everybody moves on.

ASSEMBLYMAN MAINOR: As deputy director, how many residents have you seen leave your building and then come back?

MR. WATKINS: Many.

ASSEMBLYMAN MAINOR: Many. So apparently the assessment wasn't done correctly.

MR. WATKINS: No, I won't say that. I would say that, again, you have to understand you're dealing with elements of clients who know how to walk their way through a system. So it's not guaranteed that when you get a client, he is prepared to change his behavior. That's not a guarantee.

ASSEMBLYMAN MAINOR: Especially not in 60 days.

MR. WATKINS: No, absolutely not. Definitely not in 60 days. But it's not guaranteed. Nobody has that power. And this is the thing that needs to be understood. The treatment centers and the staff do the best they can with what they're working with. But it's not guaranteed that client will not come back or change once he moves on. That isn't guaranteed.

ASSEMBLYMAN MAINOR: Has there ever been a resident who came into your facility who had such an extensive background -- criminal background -- that you felt as though that person should not be in this building, should not be assessed, should not move on to a halfway house?

MR. WATKINS: Yes.

ASSEMBLYMAN MAINOR: And who makes that recommendation that they don't go?

MR. WATKINS: It comes from classification. Sometimes I caught something like that. I would talk to the director. Sometimes the assessment would catch them and say, "This guy shouldn't be here." And we've sent them back. I was involved with a lot of that.

ASSEMBLYMAN MAINOR: You'd send them back to the prison?

MR. WATKINS: Back to the prison or wherever they came from.

ASSEMBLYMAN MAINOR: Okay.

Assemblywoman, did you have a-- I'm sorry.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Mr. Chairman.

When an individual comes to one of your facilities -- one of the facilities you worked in -- that individual came from the Department of Corrections facility?

MR. WATKINS: Well, we had a mixture of clients. We had Halfway Back, we had clients from Mercer County, we had clients who came from prison. They were very -- they came from various institutions.

ASSEMBLYWOMAN WATSON COLEMAN: When they came, were they ultimately placed in the same general population even though they came from different places?

MR. WATKINS: They were generally in the same vicinity, yes. They weren't separated.

ASSEMBLYWOMAN WATSON COLEMAN: If they came from the Department of Corrections facilities, there had to be an assessment that came with them to some degree, right?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: I mean, they were in custody for--

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: Did the same thing happen if they came from a county facility?

MR. WATKINS: No. Very little paperwork came from the county facilities, if any. Very little -- not as much as we got from the institutions.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. So an individual comes in.

When you refer to classification, are you talking about something that takes place at a facility level or is that something that takes place at a Department of Corrections level?

MR. WATKINS: I believe it came from the Department of Corrections level. It wasn't us classifying them.

ASSEMBLYWOMAN WATSON COLEMAN: That's classification, right.

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: So then the person is sent to-- There are actually three assessment centers, right? I mean, isn't CRAF an assessment center, also, in the Department of Corrections?

MR. WATKINS: I can't speak to that.

ASSEMBLYWOMAN WATSON COLEMAN: We'll find out. But they're sent to Talbot Hall or to Bo Robinson.

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: Now, the assessment is to determine who you are and what you need, right?

MR. WATKINS: Determine what you need.

ASSEMBLYWOMAN WATSON COLEMAN: And is it also in the assessment where the IEP is -- or the improvement plan, or the work plan, or whatever it is -- is developed?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And then once it is developed in the assessment, that individual is there from 30, to 60, to 90 days, which you are introducing him or her to what their improvement plan is or their plan of action is going to be and what is required of them?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: I mean, you're not changing somebody's behavior in 90 days. And that individual still has another 12 months or so of his or her term. So you're preparing that person to go to a halfway house or half something, right?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: As part of the transition, when that person gets to the halfway house, that person has been through 30 or 60 days worth of interaction with the assessment team?

MR. WATKINS: The assessment--

ASSEMBLYWOMAN WATSON COLEMAN: Or the assessment process. How is that?

MR. WATKINS: There is an assessment process and there's a treatment process. The assessment process is a meeting where we talk about -- we do some assessments on the client regarding work, drugs, alcohol, ability to commit crimes. And then there's a treatment part, which the senior counselors are responsible for. That's (indiscernible) counseling.

ASSEMBLYWOMAN WATSON COLEMAN: Does that happen in the assessment part or in the residential assignment that is made for the individual? I think that's where we're kind of getting confused. What happens at various junctures here. Does the assessment also involve treatment?

MR. WATKINS: Yes, there's an assessment and treatment at the same time.

ASSEMBLYWOMAN WATSON COLEMAN: So for 90 days that person is first assessed, a plan of action is developed, and that plan of action is implemented with that client or whatever you call that person, right?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And then there's a determination that the individual is ready for a halfway house?

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And who makes that determination?

MR. WATKINS: Classification.

ASSEMBLYWOMAN WATSON COLEMAN: Classification at the Department of Corrections?

MR. WATKINS: Whoever comes in from the Department of Corrections-- I don't recall off the top of my head, but I know it's not the facility. The facility does not make that recommendation.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. But they're not in the custody, at that time, of a prison. They're in the custody of one of the two privately owned assessment facilities.

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And so classification comes in and meets with whom, the assessment team and the client, or just the assessment team, or just the client? How does that decision get made?

MR. WATKINS: I believe-- This is my recollection. I believe Dr. Mackey is here. He can speak more to this. My recollection is not -- it's been a while.

The classification team comes in. They meet with the assessment counselor. If the client is involved -- my understanding, if my memory serves me -- he comes in and is told where he is being sent to once he leaves the assessment center. So he is not part of the classification team. They have the folders, they talk about-- The senior counselor may be called in to address some of the stuff that was in the folders. And then based

upon the assessments, the treatment plan, they make a recommendation as to what halfway house he goes to.

ASSEMBLYWOMAN WATSON COLEMAN: So actually the classification team comes in, looks at the paperwork, and makes a decision about that client -- where that person is going.

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: And sometimes may talk to a counselor who knows the client and sometimes may not, right?

MR. WATKINS: Yes, that's possible.

ASSEMBLYWOMAN WATSON COLEMAN: Really going on what's in that jacket, the folder on that person.

MR. WATKINS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: This is my last question. You said something about the individuals being very nocturnal, which means they don't want to sleep. They're thinking while we're sleeping.

MR. WATKINS: Right.

ASSEMBLYWOMAN WATSON COLEMAN: What is their day like in these facilities? Why aren't they tired at the end of the day and ready to go to sleep? (laughter) I mean, what are they doing all day long?

MR. WATKINS: The day starts out, I believe, at 7:00. They wake up, they're supposed to clean their rooms. Groups start around 9:00, where everyone is supposed to be in group. A morning meeting is initiated where everyone comes in. It's supposed to be a motivational meeting that starts the day. From there they go to groups, some individual counseling,

then maybe some treatment planning and assessments being done within that period. The day runs from, I believe, 7:00 to maybe about 11:00, because in the evening is where they have most -- this is at Bo Robinson -- I can't speak to the other facilities -- they have the AA and NA meetings happening at the same time. So there is supposed to be constant treatment for a period of time. The breaks come. They have smoke breaks, they would have lunch.

ASSEMBLYWOMAN WATSON COLEMAN: Do they have any education, any literacy, any vocational?

MR. WATKINS: Vocational training at Bo Robinson, no. We didn't have vocational. We had GED, we had vocational training. But they were groups, and some of these groups were large groups and there were some small groups.

ASSEMBLYWOMAN WATSON COLEMAN: What do you do in a large group?

MR. WATKINS: A large group would be something like teaching anger management.

ASSEMBLYWOMAN WATSON COLEMAN: How do you teach anger management to a large group?

MR. WATKINS: Well, you have one senior counselor. He is talking about-- It's not one-on-one, it's a psycho-educational lecture.

ASSEMBLYWOMAN WATSON COLEMAN: It's a lecture.

MR. WATKINS: It's a lecture.

ASSEMBLYWOMAN WATSON COLEMAN: It's not a session.

MR. WATKINS: It's not a session, it's a psycho-educational lecture.

ASSEMBLYWOMAN WATSON COLEMAN: It's not therapy, it's a lecture.

MR. WATKINS: It's a lecture, yes. So it's a combination of lectures and one-on-one therapy coming together to help facilitate some type of change in the client's mind.

ASSEMBLYWOMAN WATSON COLEMAN: So it's sort of like treating you en masse, it's almost like warehousing.

Thank you.

Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Thank you.

Assemblyman.

ASSEMBLYMAN PETERSON: I'm up?

ASSEMBLYMAN MAINOR: Yes, sir.

ASSEMBLYMAN PETERSON: Okay. Good afternoon.

MR. WATKINS: Good afternoon.

ASSEMBLYMAN PETERSON: Before I ask you any questions, I just want to say to Mr. Sharif that I read through your bio, and I want to just congratulate you. You're a true American success story, working your way up from a janitor to the positions you held. And I just wanted to congratulate you on that. I didn't get an opportunity to do that earlier.

Mr. Watkins.

MR. WATKINS: Yes.

ASSEMBLYMAN PETERSON: I've heard you say several times it's been a while regarding the questions that you've asked, and about the procedures, and how things are done. How long is "been a while?"

MR. WATKINS: Three years -- two-and-a-half years. I could be off by a couple of months.

ASSEMBLYMAN PETERSON: Two-and-a-half, three years. So all your testimony is regarding incidents, and procedures, and whatnot that occurred anywhere from two-and-a-half to three years ago or earlier.

MR. WATKINS: Okay. I have been in this field for more than 20 years. My memory is pretty good regarding certain incidents. I'm still teaching training regarding what I have been testifying to. So the incidents that I'm qualifying are ones that I was directly involved in. There are many incidents that happen in these facilities. The ones I remember are the ones I was directly involved in.

ASSEMBLYMAN PETERSON: Sure. And I'm not doubting your integrity. I'm just trying to set the timeline on which you are testifying to.

MR. WATKINS: Okay.

ASSEMBLYMAN PETERSON: And so you haven't been in these facilities in the last six months as an employee working.

MR. WATKINS: Yes, that's correct.

ASSEMBLYMAN PETERSON: That's what I'm just trying to nail down. Because I want to make sure we have a timeline so we know -- we can differentiate the past from current -- what's happening.

MR. WATKINS: Sure.

ASSEMBLYMAN PETERSON: I have another question, and Assemblywoman Watson Coleman stated this as well. You said the criminal mind is always at work, right?

MR. WATKINS: Yes.

ASSEMBLYMAN PETERSON: And we're dealing with criminals, right?

MR. WATKINS: Yes.

ASSEMBLYMAN PETERSON: And criminals because they have a bad set of behavior patterns, correct?

MR. WATKINS: Thinking patterns.

ASSEMBLYMAN PETERSON: Thinking patterns. And so when they do some time in jail or prison, and then they come into your facilities -- into these facilities -- there's still an element of that within each of them, if not more so in some than others, correct?

MR. WATKINS: Yes.

ASSEMBLYMAN PETERSON: And is the halfway house -- is it a rehabilitative process, or is it a punishment process?

MR. WATKINS: It's supposed to be a rehabilitative process.

ASSEMBLYMAN PETERSON: So the intent of the halfway house is to give some of these people with varying degrees of criminal intent -- let's just say for lack of a better term -- to have an opportunity to be rehabilitated, and come back and be productive members of society, correct?

MR. WATKINS: That's the intent, yes.

ASSEMBLYMAN PETERSON: But as we know, there are always going to be those whose expectations -- what they can achieve and what they will achieve -- don't match up. Isn't that correct?

MR. WATKINS: See, there lies the problem -- the expectation. You're correct, but it should not be expected that someone is going to escape, it should not be expected that someone is going to try to be -- run a gang, it should not be expected that someone is going to try to sell drugs. That could be in his mind, but the system itself should not allow that to exist.

If there is more contact, more treatment individualized, then whatever that person has in his head gets overwhelmed to the point where he says, "You know what? I might as well let this go." So there should not be an expectation that people are going to still misbehave when they come to treatment. It should not be seen that way. It could be in his head, but it should not be seen that way, because that's the problem.

ASSEMBLYMAN PETERSON: Sure. But isn't that part of the rehabilitative process -- is to weed out those who can be changed and those who cannot be?

MR. WATKINS: No, the process is not to weed out anyone. The process is to give everyone the opportunity -- because that's what it is -- the opportunity to work on themselves so they can be productive citizens. It's an opportunity.

ASSEMBLYMAN PETERSON: And isn't that the-- So, yes, I agree with you. That's the opportunity -- give them the opportunity to change their way of life. But isn't it true that there is always going to be those who don't?

MR. WATKINS: I can't speak to that. What I'm saying to you is--

ASSEMBLYMAN PETERSON: Well, don't the facts support it? Because you have a group that just, no matter what opportunities are given to them, what counseling is given to them, they're just going to have criminal behavior, no matter what the risk is?

MR. WATKINS: There won't be a group; there may be an individual. It's not a group thing; it's an individual thing. And I think those individuals are small in number, but it doesn't take a lot to upset the harmony of the facility.

ASSEMBLYMAN PETERSON: Sure. And didn't we hear testimony today that there are those elements that -- some people who just can't change? I think we heard that there are people who just -- this is just -- for whatever reason this is the way of life that they have chosen. And having this opportunity to be rehabilitated, come back to be productive members of society, just aren't going to take that opportunity.

MR. WATKINS: I can't speak to that. I don't know when a person decides that's true. I'm not in their minds. I'm suggesting that everyone who comes there, in their hearts, probably are ready to change. But then when they get there, something happens. I don't know what happens. It could be something that -- what they see versus being in a facility. It could be something they heard on a phone call. It could be something of any nature that says to them, "What I've done to get me here is better than what I want to do to get me out of this." So I can't speak to that.

ASSEMBLYMAN PETERSON: That's an interesting point you make.

ASSEMBLYMAN MAINOR: Assemblyman, would you do me a favor and just try to sum it up because of a lack of time? We have some members who are going to testify who have to leave. I would like to try to hear everyone.

ASSEMBLYMAN PETERSON: Sure.

ASSEMBLYMAN MAINOR: Thank you, sir.

ASSEMBLYMAN PETERSON: You stated that there were -- that it's your opinion that the people who come to these halfway houses -- it's their intent to try to change, right?

MR. WATKINS: I would think so, yes.

ASSEMBLYMAN PETERSON: But circumstances outside, internal, otherwise -- things change.

MR. WATKINS: Possibly.

ASSEMBLYMAN PETERSON: Okay. So the process in which these people are chosen, in your opinion, is picking people whose intent is to be rehabilitated. Is that correct?

MR. WATKINS: That's what they say, yes, within that process. Absolutely. That's the intent.

ASSEMBLYMAN PETERSON: And as a result of these external and different various environmental things -- or whatever the individual happens -- incidents occur within the halfway house that -- which is going to happen from time to time.

MR. WATKINS: No. I disagree with that. If the clients are fully engaged, and they know that they're going to be watched, the incidents that we are discussing will be minimal.

ASSEMBLYMAN PETERSON: Are you saying that there is the possibility of having 100 percent rehabilitative rate?

MR. WATKINS: I think that's possible. Absolutely. That is possible.

ASSEMBLYMAN PETERSON: So you think everybody who is in prison can be rehabilitated.

MR. WATKINS: No, we're not talking about prison, we're talking about at an assessment center. Prison is a different story.

ASSEMBLYMAN PETERSON: So the gentleman who murdered that young woman's sister -- he could be rehabilitated?

MR. WATKINS: Oh, I don't know anything about that, sir. I can't speak--

ASSEMBLYMAN PETERSON: The one who murdered the barber -- he could be rehabilitated?

MR. WATKINS: Let me speak-- What that gentleman did was horrific. As to what lead him to do it, I can't speak to it. I didn't know that gentleman personally. I know what he did.

Anyone with sound mind and body, who is wanting to change, has that opportunity to do that when they go to one of these facilities. There are some people who just don't want to, and that happens some times.

ASSEMBLYMAN PETERSON: All right. So your testimony is that not everybody is able to be rehabilitated.

MR. WATKINS: I can't speak to that. All I'm saying to you is--

ASSEMBLYMAN MAINOR: Why don't we sum it up? I believe what the Assemblyman is saying might be correct. And I do understand that question.

Do we have any other questions?

Yes, sir.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

Through the Chair, just very quickly -- I'm sorry -- again, Mr. Watkins--

MR. WATKINS: Watkins, yes.

ASSEMBLYMAN CLIFTON: --what years were you employed with CEC?

MR. WATKINS: There were two different times. So it was from 2000 to 2003, I believe. Then 2007 to 2010. Two different times.

ASSEMBLYMAN CLIFTON: Did you retire in 2010, or is there a particular reason that you're no longer with CEC.

MR. WATKINS: In 2010 there was an incident that occurred and I was terminated.

ASSEMBLYMAN CLIFTON: Thank you.

MR. WATKINS: In 2010.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

ASSEMBLYMAN McGUCKIN: Chairman, very briefly.

Thank you.

Mr. Watkins, thank you for your testimony. It's been very enlightening.

MR. WATKINS: Thank you.

ASSEMBLYMAN McGUCKIN: You left CEC in 2010 you said.

MR. WATKINS: Yes.

ASSEMBLYMAN McGUCKIN: Have you had an opportunity to review the Comptroller's report that was issued in 2011?

MR. WATKINS: No, no I haven't.

ASSEMBLYMAN McGUCKIN: So you haven't reviewed that report at all?

MR. WATKINS: No, not at all.

ASSEMBLYMAN McGUCKIN: Okay. And are you aware of what steps Commissioner Lanigan has taken to implement the recommendations of that Comptroller's report?

MR. WATKINS: No, no.

ASSEMBLYMAN McGUCKIN: So everything you've testified to is prior to Commissioner Lanigan taking those steps in accordance with that report?

MR. WATKINS: Yes.

ASSEMBLYMAN McGUCKIN: Thank you, sir.

MR. WATKINS: You're welcome.

ASSEMBLYMAN MAINOR: I thank you, sir.

At this time we're going to call up two others, and I'm going to ask if we can definitely keep it brief because of the time. We really have to get our Commissioners up and have them testify.

I'm going to ask for Dr. Wolff, Honorable Governor McGreevey to come forward at this time; and Reverend McKnight.

Again, I have to ask if we could please keep it brief and to the point.

Thank you.

G O V E R N O R J A M E S E. M c G R E E V E Y: Thank you, Mr. Chairman; thank you members of the Committee.

With me is Gloria Walton, with whom I have the privilege of working. She provides housing for the women with whom I work in Hudson County.

If I could just succinctly state that obviously this nation is in crisis, in so far that 1 out of every 99 Americans is incarcerated. But we also need to understand that New Jersey has made remarkable gains in reducing the numbers of those individuals who are incarcerated. And particularly among the African-American community the rates are shocking. Most disconcertedly in the last year of apartheid, South Africa kept 851 individuals out of 100,000 persons in incarceration, whereas in the United States there are 6,838 per 100,000.

We need to understand one of the major causes for incarceration is, obviously, addiction. In the Columbia University study entitled "Behind Bars: Substance Abuse in America's Prison Population," it revealed that four out of five of America's 1.7 million prison and jail inmates were substance involved. But unfortunately government continues to fail to prevent and treat addiction, and it has a staggering impact. The impact in terms of courts, probation, parole, and incarceration nationally -- in terms of Federal, state, and local governments -- was \$74 billion in contrast to \$632 million spent on prevention and treatment.

We've heard the clarion calls of our Governor to expand Drug Court. And while that is so critically necessary, we need to be mindful of expanding opportunities for addiction and treatment in prison. We also need to be aware of the fact that alcohol continues to play a dominant role. Few are incarcerated for marijuana possession only. Alcohol is implicated in incarceration of over half -- 56.6 percent -- of all inmates in America. In addition to inmates who were convicted of an alcohol law violation, 51.6 were drug law violators, 55.9 percent of those committed a property crime.

Substance abuse disorders among inmates are at epidemic proportions. Almost two-thirds, 64.5 percent, of the inmate population in the United States met the medical criteria for alcohol or other drug disorders. Prison and jail inmates are seven times likelier than individuals in the general population to have a substance abuse disorder. One-third of the 2.3 million prisoners and jail inmates have a diagnosis of mental illness. We understand that there is a treatment gap between those who meet the clinically diagnostic criteria for substance abuse disorder and those of treatment. And thanks to the leadership of Commissioner Lanigan, we are making steps in the right direction.

However, I am also here to say that New Jersey has taken sensible, long-term steps toward improving screening assessment and treatment-based methodologies to begin to meet the needs of offenders. We are moving toward providing appropriate care for co-occurring physical and mental health programs, offering and encouraging participation in literacy education, job training, and parenting programs.

But the recommendations I would like to offer are as follows: The halfway programs that we provide in New Jersey begin to provide an

opportunity for individuals to rehabilitate and move out into the community. I think the questions that Assemblywoman Watson Coleman queried were directly on point. Ultimately, the inability to access parole condemns the individual prisoner to serving the entirety of his or her tenure in jail without the benefit of a conceptual framework to move toward release.

But we need to be mindful of doing more. Contrasting with past practices, today's concept of offender reentry is, in fact, prisoner reform. As noted in the Columbia University study, over the past century, preparing offenders for release centered almost exclusively on the correctional center. The utilization of indeterminate sentencing provided an opportunity for a variety of rehabilitation programs.

I am suggesting that we move forward on the following recommendations: One, that we have the ability, in terms of reception -- that the reception process, on the outset of when somebody comes into the system, is augmented by a philosophy of reentry -- to include not only the risk and needs assessment of every offender entering prison, but also to design a reentry accountability plan, a plan that would provide a core document that would guide an offender's programming throughout reentry transition -- programming that would not only target the specific needs of the offender, but also incorporates the principles that drive the Department's programming and involves empirical evaluation as to the existing programs.

Another critical component is family involvement in reentry. The development of new avenues of engaging families during incarceration through the adoption of a family orientation program at each halfway house

and the formation of a family counsel would illicit greater family involvement, which I think would be recognized and welcomed by all the parties.

As to the halfway house, per se, recommendations may include an employment readiness and discharge planning. We need to understand that for many of our offenders, the single greatest challenge after securing housing is the necessity to secure a job. A job program is the best social welfare program in the world.

Transitioning of the offender that provides not only discharge planning, but also includes the development of reentry resource centers, would significantly enhance the marketing strategy for ex-offenders.

We also have a third recommendation: The prospect of being guided by a philosophy of supervision in conjunction with parole -- where a community collaboration would be welcome involving local community members. That has been done in other states in the reentry process, such that reentry orientation sessions are conducted by parole officers in conjunction with the local community.

Lastly: community justice partnerships. We all understand for many individuals, when they are in a moment of intense crisis -- whether to pick up a drug, to do a bag of dope, or to commit another crime -- they need the ability to reach out to an individual. Faith-based advisory councils have long been recognized as something that would help. Mindful of the successful work of Charles Colson, I would urge you to link institutions and parole offices to establish viable connecting points across the prison community and halfway houses for designated, high-risk offenders. This would not only enable us to determine future criminal risk and

identification, but work to provide for enhanced reentry accountability, not only reviewing with the offender, but setting forth those types of programs or interventions that are necessary for successful reintegration into the community.

Lastly, New Jersey has taken significant steps toward not only decreasing the number of individuals within our prisons, but improving community release and community participation. We need to build soundly upon that experience and not to obliterate past successes because of failures which we confront.

Thank you.

ASSEMBLYMAN MAINOR: Thank you, sir.

REVEREND GLORIA WALTON: I'm Reverend Gloria Walton.

I'd like to just basically piggy-back off of Governor McGreevey in that, one, I heard a lot of talk about assessments. Presently we are housing those females at the Hudson County jail system who have, one, voluntarily entered into treatment there. Treatment through their incarceration is vital to their success once they are released.

What we have been able to do-- I don't think that-- Let me give you a little of my background. I retired from the Department of Children Services after 30 years, and so I've seen a continuation of how drugs and prison -- criminology continue to deteriorate the family system. And I think that females, especially, need special attention in that, beginning their treatment during their incarceration. That initial assessment is not enough. Upon discharge, what we have begun to do is reassess. Because you will get one answer during their incarceration, and

you get another once they're actually out of jail or prison. And there's some hope of, one, family reunification. That is the model that we stand on.

Reentering the community is not enough if I cannot be reunified with my children and my family. And so, again, the assessment has to be a continual assessment so that we can begin to fill in the gaps of helping our people to be able to find not only a safe haven in the community, but have a total reunification once they're there.

We not only house, but we provide family reunification services, jobs, and training; both psychiatric -- which is key. And I think that's the gap in a lot of the services that are being offered. Psychological is one thing. But when you have a dual diagnosis, psychiatric services are vital. And what I'm finding out-- Once we get this population, and we begin to reassess, that for years-- I mean, we have people who have been -- jail has really been a revolving door, and they've not received a psychiatric diagnosis. So we have people who have not had proper medication who are in need of medication. We've done treatment on one hand, but have not been -- holistic approach. And I think until we make that holistic approach to include housing and treatment -- beginning post-discharge -- we will continue to see high recidivism rates.

GOVERNOR MCGREEVEY: And lastly, if I can, Mr. Chairman-- Can I push back on the notion of adopting a prison model in a halfway house?

A halfway house is just that: a halfway house. And the reality is that upwards of 95 percent of the prison population in New Jersey and this nation are going to be back on the streets and in our communities. And using words like *prisoners are nocturnal*, I find to be incredibly offensive.

Prisoners are human beings. We are all responsible. Frankly, I think prisons in America are a blight on the national conscience.

But we need to understand that halfway houses have a powerful, constructive role. And where there are things that need to be remedied, that needs to be done. But to turn a halfway house into a prison would be a terrible harm.

Unrelated to today-- Yesterday I was visiting a person at one of the halfway houses who had been 16 months drug-free. They picked up a bag of dope and done it, tragically, because relatives of his invited him to do so. And I visited him after church yesterday. And he just said thank God he's not in prison or jail where he would have to deal with the requisite gang dimensions.

There are endemic failures in each of us, in our institutions. But I would just urge this Committee that we need to continue to engage in creative opportunities to create alternatives to prison, not to change our alternatives to become more like prison.

And just respectfully, the women with whom I work -- there are three pressing issues. There's housing, there's drug treatment, and there's jobs. And the more that we have drug treatment -- upwards of 60 percent of people in county jails and State prisons achieve the DSM-IV medical criteria for clinical addiction, and yet -- I think even the Commissioner would say -- despite his efforts, we don't fully fund addiction treatment within our prisons. For those who receive addiction treatment in prison and then receive outpatient treatment for addiction, they will have the lowest recidivism numbers because you are treating the threshold criteria.

The solution is not to make more places like prison, God forbid -- a pox on all our houses. The solution is to provide more alternatives for treatment to treat the threshold problem. Persons I deal with -- upwards of 20 percent are mentally ill. Another 60 percent have a medical criteria of addiction. And there is another 20 percent who may be, in the words of Saint Augustine -- belong to the kingdom of man as opposed to God. But for those who are addicted, we can do much more. And I would just ask us to focus on receiving the greatest returns, which is returning people to productive citizenship, not engaging in more punitive, condemnatory behavior. (applause)

ASSEMBLYMAN MAINOR: We're going to move forward and ask Assemblywoman Watson--

ASSEMBLYWOMAN WATSON COLEMAN: Thank you.

It's good to see you, Governor. Thank you for being here. And I appreciate your recommendations. And some of them we even examined and thought worthy when we were doing the Counting the Cost hearings a couple of years ago, which resulted in some legislation where some were signed into law -- so hopefully they are being implemented to some degree.

I agree with you 100 percent about not looking to make halfway houses quasi-prisons, that they should be houses -- that they were-- The original intent was to put you in a house-like environment, a home-like environment as a transition from institutional care and then back into the community.

Having said that, do you think size matters? I have a problem with halfway houses housing 100 people and calling it a house, or 500

people and calling it a house. Do you believe that there -- that that is a halfway house model that we should be replicating?

GOVERNOR MCGREEVEY: I don't think necessarily one size fits all. And one of the points that I was making earlier, Assemblywoman, is that -- and if I can, Bonnie, you've dealt with this long before I have -- is that -- in terms of your hearings and legislation of last year -- is that the reception, and offender assessment, and reentry planning should start when somebody walks through the jail. And I think what Gloria does -- and she does with the women with whom we work -- provide housing, and she takes them to the doctor, and she's a tiger. But I think what has to happen is-- That process has to happen as soon as you walk in the door. And my sense of the way our criminal justice system works is, it's all based on the offense. So I deal with women who -- it drives me crazy -- they have a county sentence, and then they get a State sentence, and then they get another county sentence, another county, and there's ping and there's pong, and they move all around, and there's not a coordination.

One of the things that is being done successfully now in seven other states is what they call *Reentry Courts*. And Reentry Courts give the power to the judge, the way there is in Drug Courts, to provide gradations of punishment when somebody misbehaves or somebody-- I mean, I understand. People are going to fall down, and people are going to get up. And we need to reward good behavior and punish bad behavior. But I think the advent of a Reentry Court, working with the assessment team, would best be able to make the decision as to what model applies. So I don't think-- You know, you look at Michigan -- Michigan is pushing it all to the county now. Michigan has county-community partnerships. You

look to Ohio -- Ohio has Reentry Courts. I think New Jersey has a model -- and Commissioner Lanigan can speak to it far more eloquently than I -- of having DOC-- We have county, but we have Drug Court now as a major diversion. But I'd like to see, for the population within prisons now, other opportunities. Because if we're going to wait until the last second when they're walking out the door, we've lost the game. And everything shows that. So what I would recommend is look to the potential of Reentry Courts and assessment when people walk in the door.

ASSEMBLYWOMAN WATSON COLEMAN: Well, when we were doing the reentry hearings, we referred to that sort of engagement at the very beginning as a contractual relationship with either the judge who was sentencing you or the Department of Corrections. "And you agreed to do this in order to be eligible, and be motivated to get out and come back into society, and live your life in a healthier way."

I also think that what we just did with the Governor -- which is one of the opportunities that I've had to work with him -- and this is one that I value very much -- is the mandatory Drug Court as an alternative to incarceration. Because I think that part of our problem is that we've been incarcerating the wrong people. They have not been getting what they need while being incarcerated in order to prepare their way. And in some instances it may even damage them more to be in these institutions.

But I still am concerned that the halfway house notion-- I mean, I think that those larger facilities may be very helpful in addressing the bloated population that might come forward from the mandatory Drug Court diversions from incarceration. But for me, the notion of a halfway house is a house.

GOVERNOR MCGREEVEY: Assemblywoman, I understand what you're saying. But say, for example, this gentleman yesterday who I visited-- He had a dirty urine, he was picked up, he went before the Drug Court, the Drug Court judge put him in Logan. So at that point-- And he will stay in Logan Hall until he goes back to the Drug Court judge, which is approximately in two or three weeks in Essex County. But during that period of time, he is going to be in a safe, secure, and appropriate environment. So it's also understanding that Logan Hall has different populations. They have a Federal population, they have a State population, they have a county population. And for the use for which he was being addressed, I think that was an appropriate, and safe, and secure setting.

ASSEMBLYWOMAN WATSON COLEMAN: I'm not going to belabor this, but I think we have opportunities here to look at these different populations. Because I don't think-- I think part of our problem is that one size does not fit all, and we are trying to fit this sort of multiple-issue into just a couple of models. So when you have these populations that are very different from one another, perhaps different types of facilities make sense for different types of people. But for me, the notion of a halfway house is when you're almost out. It's when you're-- I remember working for the Department of Transportation, having my first encounter with someone from a halfway house who had -- a very small one on Clinton Avenue -- had taken his civil service exam while in the halfway house and was coming and applying to me -- applying with me for a job as an Affirmative Action officer. This individual got hired and ended up having a very high-level position in government because that was his second chance; he was given the opportunity to study, to grow, to take tests; and then to

live in a family environment on Clinton Avenue. That, to me, is a halfway house. I think that for certain populations, you need enough smaller houses. And we need to be concerned whether or not for-profits or not-for-profit-- How do you get the service? Because this is about a public service as opposed to a profit. And this is our opportunity to examine the good, the bad, and the hopeful here.

So I thank you.

And I thank you for the work that you're doing. I'm sorry I didn't get your name. Gloria--

GOVERNOR McGREEVEY: Gloria Walton.

REVEREND WALTON: Walton.

GOVERNOR McGREEVEY: Reverend Gloria Walton.

ASSEMBLYWOMAN WATSON COLEMAN: Very nice to meet you, Reverend.

Thank you, Governor.

ASSEMBLYMAN MAINOR: Governor.

GOVERNOR McGREEVEY: Can I just say two things?

ASSEMBLYMAN MAINOR: Sure.

GOVERNOR McGREEVEY: One, please don't take any-- We want prisoners, we want ex-offenders to work. Please don't remove employment opportunities.

ASSEMBLYWOMAN WATSON COLEMAN: Oh, absolutely.

GOVERNOR McGREEVEY: I heard people talk about-- You know, it's-- I remember when I was Mayor of Woodbridge, and people passed resolutions not allowing felons to work in their communities, not allowing them to work in their counties. And it's a popular thing to do. If

we want people to be productive citizens, we have to provide employment opportunities. And government -- and the reentry programs are a rational opportunity.

And the last thing -- and I know Assemblyman Mainor -- I'm stretching -- Assemblyman Mainor is going to sponsor the bill with Senator Cunningham and Senator Lesniak. I would just urge you, one of the major problems is, for the women going through our program in Hudson County Jail, is that they -- it's not-- It's an accredited program by DMOS, but it's not a full-time residential program. And because of that, our women don't get general assistance and they don't get rental assistance. And that's so critically important. We need to stop putting stumbling blocks or punishing the very people we're saying, "Become a productive citizen," with another barrier. So I would just urge this Committee to be mindful of allowing prisons to have drug treatment programs that are fully licensed so that women or men going through those programs are eligible for welfare benefits and housing benefits, so they can get back on their feet to be productive citizens. We need to do what make sense.

ASSEMBLYMAN MAINOR: I think that's a bill that hasn't been voted--

GOVERNOR McGREEVEY: No, not for distribution, Bonnie -- excuse me, Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: That's all right.

ASSEMBLYMAN MAINOR: I want to thank you. But I do want to say to you that I agree with you wholeheartedly, and we are looking for different methods to make sure that this -- that a person does not just come out of a halfway house, and we say, "Good bye. You're on your own."

Because that just leads them back to the same community where the crime was committed. And when the issues -- when they get serious, they end up doing what they did to survive in the first place, and then right back into the halfway house. So I do agree with you, and I thank you.

GOVERNOR MCGREEVEY: And I'll leave these recommendations with your staff.

ASSEMBLYMAN MAINOR: Please.

Thank you, sir.

We have one question though. Could you answer one more question?

GOVERNOR MCGREEVEY: Sure.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CRYAN: I guess in the interest of disclosure, you've helped me repeatedly with folks to get into Integrity House who are success stories. I should probably say that up front. And thank you for that. Your work, Jim, is amazing.

GOVERNOR MCGREEVEY: Thanks, Joseph.

ASSEMBLYMAN CRYAN: That said, 60 percent have drug and alcohol issues. Another 20, the kingdom of man. It just seems to me that what we've heard continually and from the reports we've read is that there is a systematic problem with the availability of alcohol and drugs in these systems. And while I certainly don't support a prison-like setting either -- and feel that way -- what do you say-- And I will take some of the other ones-- What do you say to the folks who -- we have this halfway house that has available -- 60 percent of the folks coming in have a recognized issue with a dependency, and yet it's readily available? I've

heard that repeatedly, I've read it repeatedly. What suggestions would you have? And then I want to ask you about treatment programs. Do you understand my problem here?

GOVERNOR MCGREEVEY: Sure.

ASSEMBLYMAN CRYAN: I'm trying to gauge the right of security-- If you want to do it one way, it's got to be unavailable. You can't get \$30 on Thursday at Logan Hall and have the State guys come back and bring you in any heroin or anything else you want, or a bottle of Seagram's. That stuff can't happen.

GOVERNOR MCGREEVEY: But I think, Assemblyman, whether you're talking-- And Dr. Mackey, or Commissioner Lanigan, or any treatment program -- Integrity -- that is a constant challenge.

ASSEMBLYMAN CRYAN: But isn't the challenge-- Right. But isn't the challenge here, for us, as people who have invested over \$100 million in alternative ideas here -- halfway houses and the expansion of such-- That we have a right to ask, given -- I'll say it -- the *Times* series and the illumination that came from there; and the follow-up -- even though it was predated -- the Boxer report. That we need to do a better job of some sort of security level that not only enhances the inmate, the client -- whatever term you want to use -- and allows folks even in that community to be able to embrace a safety factor that a lot of us have concerns about right now -- a comfort level. That's where I'm stuck here. I'm trying to understand-- When I hear about Vivian Tulli and the rest, that's one push; or the idea that Mr. Harris can't be safe while he goes in these facilities. But what concerns me just as much is the idea that the experience of --

that's why I opened with what you've helped me with -- with folks who've needed it. How do you get well when the stuff is so readily available?

GOVERNOR MCGREEVEY: It's an imperfect balance. There's a wonderful nun who delivers services in Trenton State Prison. I know my audience, Joseph. And this sister-- There used to be a dinner that happened every Christmas, and they would bring in-- There was a local A.M.E. Zion Church, there was the local Polish Catholic church -- everybody would cook. And every Christmas there would be a Christmas dinner. Now, that stopped because DOC -- and I assume for all of the rational reasons -- they had concerns of what's coming into the facility.

At some point, if we want people to reclaim their humanity, we have to treat them like human beings. (applause)

The Director of Hudson County Jail is here. I'm going to get in trouble. I sneak in holy candles during Easter. It's an imperfect balance. And we can have-- My sense is that we-- I know this is not the purpose, but I think we've tilted too far.

I mean, I was with 75-year-old, 82-year-old grandmothers-- And I know that we have to go through pocketbooks, and I know we have to go through metal detectors. But at some point-- I mean, they have every rational -- they being -- whether it's any halfway house operator, any prison -- has every rational reason to clamp down on drugs, just as a means of control. I think we're on the verge of-- We treat prisoners close to animals.

ASSEMBLYMAN CRYAN: Jim, let me ask it to you this way. Have you reviewed some of the reentry programs in terms of-- Let's use Logan as an example -- like the programs that a four or five month person is convicted on a drug conviction, and their time spent there--

First off, like in Integrity, it's a seven-day-a-week program, is it not?

GOVERNOR MCGREEVEY: It's a five-- Well, we have spirituality -- we have religious services on the weekends, but five days a week.

ASSEMBLYMAN CRYAN: I'm going to read you what I believe -- and I was going to ask Mr. Mackey this. But I just want to ask your opinion, because this is what -- and you and I talked about this. Let's be candid. I know folks who have gone through this program and have been successful. You've helped some of them. So there's full disclosure there.

Breakfast at 7:00 a.m., morning meeting at 8:00 a.m. to go over the day, cleaning unit at 9:00, group meeting on therapy from 10:00 to 11:30, 11:30 lunch, 1:00 rec time, T.V. time is 3:00 to 5:00, dinner and a structure meeting at 7:30, then lights out. How is somebody supposed to be transitional from that? How does that help when we accept that 60 percent of folks have clinical issues, 20 -- whatever ranges you want to be in. I don't understand what it is we're getting for the money we're paying. And that, fundamentally, is where my problem is.

GOVERNOR MCGREEVEY: Well, I mean, Dr. Mackey can well set forth the advantages of halfway houses. And this, from my ignorant perspective, is that we're providing an alternative to prison. We're providing an alternative to prison that may not be as intense as you would like or Assemblywoman Watson would like. But is it-- But considering the resources that the State has, is it an appropriate halfway measure? You know, Integrity, for example, is certified by the Department of -- Division of

Mental Health and Addiction. It's a much more clinically based model, medically--

ASSEMBLYMAN CRYAN: Breaks a life down and restructures it.

GOVERNOR MCGREEVEY: But the point is, to go to Assemblywoman Watson's earlier question, that when you have fast numbers of individuals moving through the system, basically the Integritys of the world respond to Drug Court and a small level to DOC. But what halfway houses provide for is a measure of treatment.

Now, what could be improved upon, I believe, is frankly not the fault of the halfway houses, but the fault of all of us -- is that we need to better coordinate between DOC, between Parole and the halfway houses to make sure that people are engaging -- say, for example, on intensive outpatient on the outside; that they're continuing to work with their -- whether it's AA or NA. So some of the systematic challenges.

And I think also we have to do-- And Commissioner Lanigan, with whom I have the privilege of working with -- and he's very much committed to addiction services -- perhaps looking at designing a reentry program from the day people walk in. And I think these are the things that James Plousis, the Chairman of the Parole Board, is looking at; the Governor's Reentry Task Force; Commissioner Lanigan is deciding. And we can always improve. I mean, I think the series in the *New York Times* article series demonstrates that there are clear areas of improvement. But my only suggestion -- my only recommendation is -- and I set forth specific recommendations for the Chair -- is that while we do that, Chair, the

solution is not to recalibrate halfway houses so they look more like prisons, but to make sure that halfway houses perform responsibly.

ASSEMBLYMAN CRYAN: Thank you, Chair.

Thanks, Jim.

ASSEMBLYMAN ALBANO: Assemblyman Benson.

ASSEMBLYMAN BENSON: Governor, I'm thinking about some of the testimony we've heard all day long. I think it was very appropriate that we started today with Ms. Tulli and thinking about the public safety aspects.

I think accountability is so important as we look at the halfway house system. We heard earlier security is treatment. I think that balance you talked about where the halfway houses -- you don't want them to be just like prisons. But in the real world, accountability is what we all are expecting as public citizens. And I think it's important that the clients that we're treating -- that they understand that accountability is what is expected of them.

But if, as a system, we're not providing the accountability as a State to these halfway houses, how can we expect the clients to think that they're going to be held to the same accountability? And when they see other people who are in the system who aren't being held accountable, what message are we sending to them to say that they're getting the treatment they need? There is clearly-- We may have swung one way to have these larger assessment centers that look like prison lites, where we don't provide the security, we don't provide the training, we don't provide the education that some of the smaller halfway houses may be providing. But we're also not providing that accountability.

And when we talk about the real world, and we talk about treating people like humans -- as we should, as all decent people should be treated -- one, we have to remember that public safety has to be number one. And number two, we have to make sure that if we're treating everyone like humans, that means we have to put accountability not just on the clients, but on the system as a whole. And I think that's what has been lacking, that's what we saw in the Boxer report -- that the accountability is not there. So how can we expect the public to feel safe if the accountability is not there? And how can we make sure those who really want to be -- and want to get that treatment feel safe in the system when they see other people not (indiscernible) accountability? That is my concern. And clearly from--

So far, from everybody we've heard, there are still issues now. It doesn't matter what date the Boxer report was, we know there have been some improvements attempted, but there are still problems now. We have limited resources. We talked about jobs -- jobs are so important right now. Our employment rate is 9.6, bumping up to 10 percent, and the public is looking for support for them getting jobs too, let alone for the people who have -- fell afoul of the law and are looking for support. So with limited dollars, where do we focus first? What is your recommendation?

GOVERNOR MCGREEVEY: We can be absolutely secure if we keep people in prison in perpetuity, but it's a very expensive proposition at \$45,000-plus this year, and loss of a productive life.

I would urge-- According to the Columbia University report -- and I'm quoting -- "If less than 11 percent of those who receive addiction services remain substance and crime free, and employed -- which is a

conservative success rate -- the investment would more than pay for itself in one year post release. For each additional year that a former inmate stays substance free, employed, and out of prison, society would receive an economic benefit of approximately \$90,953.” So according to the National Institute of Drug Abuse, “the return of investing in treatment may exceed 12 to 1; that is, every dollar spent on treatment can further reduce future burden costs by \$12 or more in reduced substance-related crime and criminal justice and healthcare costs.”

So to the extent that we focus in on treatment, it’s critically important. And while I applaud-- The Governor has spoken eloquently, Senator Lesniak, Assemblywoman Bonnie Watson, and Assemblyman Cryan. It’s also-- We need to be mindful of what we do behind the wall.

ASSEMBLYMAN BENSON: Governor, I’m glad you mentioned spending our dollars on treatment is where we get our best bang for our buck.

GOVERNOR MCGREEVEY: Commissioner Lanigan may not agree. He doesn’t have the luxury I have to say that.

ASSEMBLYMAN BENSON: Accountability doesn’t always mean more money. When you’re holding a system accountable-- As someone else said, when you’re letting the clients know they’re being watched-- But when we’re letting the system know they’re being watched, I think that’s important too, and that can save us money.

What is your opinion of some of the halfway houses that are subcontracting out to for-profits where the dollars may not be going to treatment, they may be going to either administrative salaries, to

advertising, to other expense areas and not going to treatment? And that, I think, is one of the concerns that we have.

GOVERNOR MCGREEVEY: I work for a nonprofit, but I think we-- You know, capitalism is-- I mean, that is our economic system. And obviously what I think the Boxer report demonstrated was there were areas where we need to establish benchmarks; which I think, in large measure, Commissioner Lanigan has embarked upon correctional practices to address those.

I think what would be helpful is -- and I know Chairman Mainor and others have talked about -- the goal of evaluation; and the goal of evaluation for the success of these programs; and that that be undertaken by a neutral, objective party -- whether it be a university, whether it be the Institute -- to look at not only how the agency is working, but how it's interrelating with Parole, what's the relationship between offender -- looking at housing, looking at post-incarceration reentry. And I think those kinds of mechanisms and that kind of benchmark would be valuable. That being undertaken -- that would be valuable. Also as it specifically relates to recidivism.

ASSEMBLYMAN ALBANO: I think, Assemblyman, if you could hold your question. I'm going to allow Dr. Wolff to speak. And then if you have a question, what we'll do is we'll ask it at that point. But I'm afraid at this point Dr. Wolff is not going to get a chance to speak.

Assemblyman Dancer, when she is done I will let you ask your question.

ASSEMBLYMAN DANCER: Thanks, Assemblyman.

NANCY WOLFF, Ph.D.: Good afternoon.

Thank you very much for this opportunity to present testimony to you today.

My name is Nancy Wolff. I'm a Professor in the Bloustein School of Planning and Public Policy and the Director of the Center for Behavioral Health Services and Criminal Justice Research.

I am an economist, and I have conducted research on mental health and criminal justice issues for over two decades. Over the past decade, I have collaborated on research with the New Jersey Department of Corrections, the New Jersey State Parole Board, the New Jersey Administrative Office of the Courts.

In 2005, in collaboration with the Department of Corrections, I conducted a survey of the quality of life inside New Jersey prisons. It was completed by about 7,500 incarcerated persons, and it focused on sexual and physical abuse or victimization inside prison, as well as other safety issues. Based on that study, there were policies and practices that were reformed inside the Department of Correction. And we also had cameras put in place to keep people from harm.

In 2009, in cooperation with the New Jersey Department of Corrections, I conducted an hour-long survey of reentry readiness in 11 New Jersey prisons. A copy of the report based on that survey is available in the packet that I've prepared for you, which describes the Department's efforts to prepare people for reentry readiness.

Also, in response to an issue that Assemblywoman Watson Coleman asked -- what's bringing people back to prison. In 2011, we conducted interviews with 369 men and women who have been returned to prison, whether on a technical violation from the halfway house or on new

convictions. There is also a summary report that we did based on that data that will give you some of the justifications or reasons that people gave for their return to prison, or what I call *prison reentry*.

While conducting research in New Jersey prisons, I have talked with and observed inmates, custody staff, and administrative staff of prisons and halfway houses. What was reported in the *New York Times* articles written by Sam Dolnick is totally consistent with what I have been told about the performance of some of the halfway houses in New Jersey by multiple informants over the past decade.

That said, my intent today is to focus my testimony not on the past but the future. My testimony will focus on transitional housing as part of the broader reentry strategy. I will begin by quoting the New Jersey Department of Corrections' reentry mission, which is, "To enhance public safety by reducing the risk that offenders will reoffend and return to prison by providing comprehensive services from the time they enter prison through their reintegration back into society."

It is my professional opinion that the Department of Corrections has not, and will not, achieve its reentry mission without reform of its community corrections strategy, starting with professionalizing how it contracts with, monitors, evaluates, and pays for the performance of halfway houses in New Jersey.

The key feature of the New Jersey Department of Corrections reentry strategy is halfway houses. They are privately operated residential facilities that facilitate and monitor reintegration into the community. Halfway houses are the next door after prison and before the community. Halfway houses are the single largest reentry expenditure of the Department

of Corrections, equalling \$65 million annually. These services are purchased by the Department of Corrections through a contracting process.

Building public-private partnerships to provide correctional services works as well as the contracts that structure these partnerships. The public sector gets what is specified within the contract, but only if performance is monitored with consequences. Contract failure -- that is the inability or failure to accurately specify conditions within the contract -- can result in waste, not cost savings, if what is contracted for does not work or it is not spelled out specifically enough to yield what is expected.

Most of the discussion to date about halfway houses in New Jersey has focused on conditions of lax safety inside the residential facilities and lax security conditions that allow for escapes, which often go undocumented. At a minimum, contracts with halfway houses must include performance standards for safety and security to ensure that people inside and outside these facilities are protected from harm. Yet, it is important to keep in mind that halfway houses are expected to do more than be safe havens for people transitioning from prison to the community. More generally, they are expected to facilitate and support the reintegration process by providing reentry related programming.

The Department of Corrections is spending \$65 million on halfway houses in an effort to “enhance public safety by reducing the risk the offenders will reoffend.” The \$65 million question is: What benefits do taxpayers receive from services contracted from halfway houses? Or, more to the contracting point, what does the Department of Corrections specify that it wants these halfway houses to produce when they purchase \$65 million worth of services from them?

For decades now, governments have been buying traditional public services from the private sector. This is not new. These services are purchased through two types of contracting. The first type is compliance-based contracting, which focuses on inputs or process -- how you do something; while the second is performance-based contracting, which emphasizes results or outcomes. "What do we get? What do you deliver? What are your products?"

Performance-based contracting is considered state-of-the-art and is used by Federal and state governments to get the best value from the competitive marketplace. Performance-based contracting focuses on outputs, quality, and outcomes of service provision, and ties some portion of payment to the delivery of the performance standards that are expected within those contracts.

For example, performance-based contracts for halfway houses would specify the outputs or outcomes expected to enhance public safety -- its mission -- and halfway houses could benefit financially if they meet or exceeded those standards; or lose financially if they fail to meet those standards.

What has been learned over the years is that privatization works when contracts are well-specified, when they are efficiently monitored, and when they include risk sharing. Privatization fails when contracts are poorly designed, when they are poorly monitored, or involve no risk sharing. No successful business could afford to write poorly designed contracts, yet it is the case where a business can succeed if it contracts with a government agency that writes poorly designed and poorly monitored contracts.

Because contracting for services is commonplace by government in areas of medical care, human and social resources, as well as corrective services, best practices exist for acquiring services by a contracting process that, if followed, ensure value, not waste.

Best practices for performance-based acquisition are divided into seven steps. They include clearly identifying the problem to be solved or service to be purchased, examining alternative private and public solutions, determining how--

ASSEMBLYMAN ALBANO: Dr. Wolff, I can, please-- Everything you're giving us is very, very informative. But if you could summarize the last four or five pages, I would appreciate it.

DR. WOLFF: Sure.

ASSEMBLYMAN ALBANO: Thank you.

DR. WOLFF: I just want to make sure that I can set my argument. I will say that in terms of the question that particularly Assemblyman Benson asked--

UNIDENTIFIED SPEAKER FROM AUDIENCE: Turn your mike on. (referring to PA microphone)

ASSEMBLYMAN ALBANO: Your red button. (referring to PA microphone)

DR. WOLFF: --that Assemblyman Benson asked, in terms of what value we are getting, I would like to cite the research in terms of large, independent studies of halfway houses in Ohio, Pennsylvania, and the Federal Bureau of Prisons. It found that: One, halfway house clients did not have significantly reduced rates of recidivism upon release compared to offenders who were not released through the halfway houses. The length of

time in a halfway house had no impact on arrest, rearrest, or technical violations. And halfway house programs, oftentimes, did not adhere to principles of effective intervention.

Experts in halfway house program performance have repeatedly warned that, “Having a treatment program does not guarantee positive outcomes.” With this as evidence, it’s incumbent upon public agencies to experiment with alternatives, but also to do evaluations.

Just to make sure-- In terms of what is being produced-- Again, this is a question that keeps coming up: What is it that we’re getting? What are the results. Presumptively, the final product of halfway houses is clients who, upon release, are ready to act and to perform proactively or prosocially in the community. If this is the expectation, it needs to be written in the contract. That is, we’re contracting for reentry readiness. Only by specifying that this is what we’re wanting, monitoring and rewarding reentry readiness, can the Department of Corrections or, more relevantly, the New Jersey taxpayers be assured value.

Although the reentry mission of the Department has been specified, we don’t have clear standards on reentry readiness so that we would know it if we saw it. It’s not clear if we can’t measure it -- then how can we hold halfway houses accountable to perform, and how can we pay them for that performance?

I think that the report by the Comptroller that said, yes, we need performance standards and that there are definitely categories that are in place-- But if we really want to get information that responds to the many important questions raised by this panel today, then what we need is an independent, rigorous, comprehensive evaluation of halfway house

performance. And I recommend that it be done by an independent agency. The people who have expertise in this, who have done it for other states, include Dr. Edward Latessa and Dr. Faye Taxman. And it would certainly behoove the State to try to contract with these individuals to do -- to give you the information that you asked for today.

As an economist I will tell you, if you really want to get performance-based outcomes and you want to get them efficiently, you have to have risk-sharing where the providers of those services are successful or they fail based on meeting those standards. Privatization works. Privatization can lead to better outcomes. It can get better value for the dollar. But only if you replicate those market forces through the contracting process. If you deliver the value that you expect, then you are going to get paid. If you don't deliver the value you don't get paid. That's what happens in the marketplace. If I don't like what is being offered by a store I vote with my dollars and leave.

It was the case that Assemblywoman Bonnie Watson Coleman asked -- why do people leave halfway houses? We have, today, been really focusing on maybe that's an indicator of lax security, but it could be a way of voting -- of saying, "The conditions are not acceptable inside there, and I will leave because of that."

But it is more important to say they are not the buyers of the service. It is the taxpayers of the State of New Jersey who are paying for these services. And these individuals deserve the right to know what is being delivered. As a recommendation, I have that the New Jersey Department of Corrections should report, in dashboard style on its website, outcome-based reentry readiness performance standards for halfway houses

and their progress toward these standards. Performance transparency is essential for privatization to work in ways that enhance public safety.

I certainly was going to talk more about the research. I certainly don't have time for that. But I will end by saying if the New Jersey Department of Corrections and this legislative body are serious about protecting public safety and procuring value for the \$65 million of tax revenue spent annually in halfway houses, then it's time to rethink how contracts are written, monitored, and how contractors are paid for reentry services.

Nonperformance-based contracting without clearly defined, measured, monitored, and recorded performance standards; and measures that focus on outputs gives providers license to do as little or as much as they choose. Contracting in this way places public safety interests second to the financial interest of the provider.

Performance-based contracting, on the other hand, provides a more balanced, win-win opportunity. It says that the private sector is awarded millions of dollars to produce a set of outputs or outcomes that enhance public safety by reducing the risk of offenders who -- so that they don't reoffend upon release.

In closing, privatization has many advantages if used responsibly and sensibly. While the reentry mission of the Department of Corrections is clear and laudable, progress will begin in earnest when there is greater contracting clarity regarding how halfway houses figure into the Department's plan to meet its expectations set forth in its reentry mission, when there is public transparency regarding their progress toward achieving these standards, and that these standards are clearly specified.

Privatization can become the cause of and solution to government problems. By getting contracting right, the balance tips toward privatization as the solution, not the cause, of government problems.

I will end there.

ASSEMBLYMAN ALBANO: Thank you, doctor.

Assemblyman Dancer.

ASSEMBLYMAN DANCER: Thank you, Mr. Chairman.

We'll be quick and brief.

I wanted to just-- Governor, on your opening remarks-- It certainly caught my interest when you mentioned about the role of the faith-based nonprofits with the reentry and with the halfway houses. And personally speaking, I'm convinced that the best result of the diversion programs is a conversion of the individual. And I believe that the best way to do that-- If we're going to change a life, it begins by changing a heart. If we're going to change a heart, I believe the best way to do that is spiritually. And I think that you and I both have heard and seen testimonials of those in our particular faith -- in the Christian faith -- where in 2 Corinthians, Chapter 5, Verse 17: "If any man be in Christ, he is a new creation. The old has passed away."

So my question to you, Governor, is: What role or collaboration have you experienced with the halfway houses with the faith-based initiatives?

GOVERNOR MCGREEVEY: Thanks, Assemblyman. I think that's a critically important question that people are going to go outside, and they're going to be challenged with people, places, and things. And even if they adhere religiously to AA and NA, there are going to be

challenges. So what we do in Hudson County -- we link the women with a house of worship -- whether it be a Christian church, whether it be a mosque -- so that they provide ongoing mentoring. So I think these other--

The halfway houses can work as beautifully as the doctor would like. But if the second they walk out there are no services, there is no support, there is no IOP, there is no spiritual support, there is no adequate housing, it all falls. So that's why the recommendations that I suggested would create a continuum between what happens in the halfway house, but most importantly when people begin to stand on their own feet. And I appreciate that because, personally, that's where I've seen the greatest change.

ASSEMBLYMAN DANCER: Thank you, Mr. Chairman.

REVEREND WALTON: I'd like to respond to that as well. We are a faith-based organization located in Hudson County. We have a 97 percent success rate.

Again, I want to reiterate that it begins with treatment. But we've been quite successful, not just -- because we have the holistic approach and we can't just rely on the spirituality of the person. But we also reinforce that point.

As of now, every female that we service in our household now has a full-time job. We've actually seen some success rates in terms of, again, family reunification -- returning to the community in a holistic approach. And it does begin with the treatment in the facility, coming to a faith-based program and being introduced to life -- working, personal hygiene, the IOP, anger management, those services that we provide.

And to speak to Assemblywoman Bonnie Watson Coleman, we are a smaller facility, and we create a home atmosphere which they missed out on being in and out of jail, and while they are in active addiction.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you.

GOVERNOR MCGREEVEY: If you want to see security, Gloria Walton makes Lanigan look like the good shepherd. She's tough.

Thank you very much, Mr. Chairman.

ASSEMBLYMAN MAINOR: I thank you too, Governor.

ASSEMBLYMAN BENSON: Dr. Wolff, just a quick questions on some of the parts of your testimony. These standards that you had mentioned in other states -- these standards currently exist that other states currently include in their contracting?

DR. WOLFF: There are a variety of models used in different states for contracting for a variety of services that can be used as an exemplar to decide what those standards should be in New Jersey.

The most recent report for the Federal Bureau of Prisons -- there were standards that were written into that as recommendations in terms of performance outcomes or process outcomes that could be used or adapted by the State.

ASSEMBLYMAN BENSON: And how long have they existed?

DR. WOLFF: The report of the Federal Bureau of Prisons was 2011, but it's not the case that other states haven't been using performance-based contracting with key performance outcomes that are outcome-based or process-based. And also in terms of tying outcomes to payment structures--

ASSEMBLYMAN BENSON: And in your research, looking at the New Jersey context of standards, or lack thereof, are you aware of whether -- in your research -- that they're aware of these other standards that other states have?

DR. WOLFF: I can't speak to that. That would be a question for Commissioner Lanigan.

ASSEMBLYMAN BENSON: We'll do that.

DR. WOLFF: But I think that the point is that those standards could be available, and that the current ways their performance is written into the current contracts are much more input or process performance measures, which have no necessary relationship with outputs that we as public citizens care about.

ASSEMBLYMAN BENSON: Thank you very much.

I think your testimony was very valuable. And we do want to see that accountability that we're talking about. I hope some of these recommendations are taken to heart.

DR. WOLFF: Thank you.

ASSEMBLYMAN MAINOR: Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you very much.

Dr. Wolff, in any of the research you've either participated in, observed, or whatever, has there been any discussion or findings with regard to what works better: for-profit or not-for-profit services? Have any differences been established? Are there differences in cost, outcomes, or whatever?

DR. WOLFF: There's a large literature that I'm familiar with on comparing for-profit and nonprofit performance in a variety of industries. Nursing homes are some of the best examples. Oftentimes you see nonprofits acting like for-profits in disguise. And so there's a literature that oftentimes will say you will see very little difference between nonprofit and for-profit behavior. That's why you really do need to have -- make sure that you have performance standards. Because markets work when there's competition.

I think the other point that I wanted to make sure you understand is that if you want privatization to work, you have to have a competitive, healthy market. When you contract to create monopoly elements, when you disproportionately contract with one agency or one group to deliver services, you introduce monopoly elements into that market which can then lead to higher costs or lower quality over time. And as a consequence, I would strongly recommend that there was a ceiling put on the share of the market that any one provider was allowed to have, to make sure that you have healthy, competitive market conditions to ensure best value for the taxpayers' dollar.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you very much.

DR. WOLFF: You're welcome.

ASSEMBLYMAN MAINOR: Thank you.

Thank you very much for your testimony today.

At this time, I'm going to call up Matt Brower (*sic*), Office of the State Comptroller. I'm sorry, Matt Boxer, the Office of the State Comptroller; Commissioner Plousis, Parole Board; and Commissioner Gary

Lanigan, New Jersey Department of Corrections. If you would, come forward please.

Let me start by saying thank you, gentlemen, so much for waiting. I apologize. But at this point we're going to move forward and allow you to testify.

Whoever wants to go first can start.

Thank you.

Just state your name for the record.

S T A T E C O M P T R O L L E R M A T T H E W B O X E R:

Good afternoon, Chairman Mainor, members of the Committee.

Thank you for the opportunity to discuss the findings of our 2011 audit of the Department of Corrections' Residential Community Release Program.

My name is Matthew Boxer. With me today is Melissa Liebermann, who sits to my right, who is the Chief of Staff at our Office.

As you know, Mr. Chairman, in June of last year our Office released an audit of the Department of Corrections that reviewed the Department's oversight of its halfway house program. Our audit covered the period of July 1, 2008 to May 4, 2011. The audit evaluated multiple aspects of DOC's oversight of its contracts with halfway house providers. Our procurement division also sent a separate letter to the Department to provide guidance as to how it could improve the process through which it was procuring these halfway house services.

Our auditors ultimately concluded that DOC had not been adequately overseeing the program, leading to numerous problems and financial consequences. For example, our auditors determined that the

State had overpaid 10 halfway house providers by more than \$500,000 over a six-year period due to mathematical errors in the per diem rates charged by the providers. Our separate procurement division review found additional problems with these per diem payments because DOC had allowed providers to include duplicative administrative expenses in per diem budgets. As a result of our review, DOC has agreed to exclude such administrative costs from per diem rates in future contracts.

Our auditors also concluded that DOC had failed to exercise its right to collect preset damage amounts from halfway house providers that violated contract terms. For example, we found that damages could have been assessed for escapes by six residents, but DOC failed to assess such damages or determine whether damages could be assessed for the 195 other escapes we reviewed during our audit period.

We also looked at DOC's program monitoring and found it to be deficient. For example, our auditors discovered that DOC contract administrators were not meeting DOC's own guidelines for overseeing the halfway houses and were conducting only a small fraction of the required number of site visits. In addition, none of the site visits that were conducted were unannounced as required by DOC policy. Instead we found, for example, that one of the halfway house directors actually had an upcoming schedule on her wall calendar of both announced and the supposedly unannounced visits.

We also found the disciplinary process for halfway house residents accused of misconduct to be flawed, as we identified many disciplinary charges dismissed by hearing officers because of a lack of necessary information from the halfway house providers or because of

reports not being properly completed. The audit noted that these kinds of failings may enable residents who should be reincarcerated to remain in the halfway house, with potential security implications.

In total, our audit included 28 recommendations designed to enhance DOC's oversight and correct the problems identified by our audit. As required by law, DOC filed a corrective action plan with our Office in which it committed to address our recommendations. The Department also has committed to addressing the additional deficiencies we identified as a result of the procurement review that we performed of DOC's contracting process.

As with all of our audits, we will be performing a follow-up review to assess whether DOC has, in fact, fully implemented the recommendations in our audit report and in the separate procurement review that we did.

So I thank you again for the opportunity to appear before you today, and we would be happy to answer questions about our audit work.

ASSEMBLYMAN MAINOR: Thank you, sir.

What I am going to do is, I'm going to allow my Committee members to ask any questions first before I--

Anyone?

Assemblyman.

ASSEMBLYMAN CRYAN: Thanks.

Thank you, Comptroller.

Of the 28 recommendations that you have, how many, to your knowledge -- or maybe I should ask the Commissioner -- do you think have

been completed, or embraced, or implemented -- whatever term you want to use?

STATE COMPTROLLER BOXER: The only knowledge I have on that is I can recount what was set forth in Corrections' corrective action plan in which they committed to implement our recommendations. We have not yet gone back and done the follow-up review that would enable me to sit here today and confirm for you whether any or all of them have been implemented. I know that they stated that they were going to.

ASSEMBLYMAN CRYAN: I'm sure the Commissioner will mention it when he comes up.

I'd like you to take me for a moment or two through the financial structure. First off, CEC is-- Take me through the financial structure, as you know it, of educational community health assessment -- whatever it's called -- the nonprofit; and then the profit called CEC. Can you take me through the structure as you understood it from the audit?

STATE COMPTROLLER BOXER: Sure. There are two separate companies that you referred to. I will refer to them by their initials EHCA and CEC if that's all right with the Committee.

ASSEMBLYMAN CRYAN: Sure.

STATE COMPTROLLER BOXER: The State contracts with EHCA, which is a nonprofit entity. The entity actually providing the services under the halfway house services in this case is CEC, with whom the State does not have a direct contractual relationship with. There is a very substantial relationship between EHCA and CEC, including some management overlap and the like. EHCA is a much smaller company that exists at least in part, at this point, to comply with the requirement in New

Jersey law that the contracts have to be assigned to a nonprofit company, although the actual services are being provided by CEC.

ASSEMBLYMAN CRYAN: How does that sit with you, through the Chair -- the idea that there is a nonprofit that, if I read it right, takes less than a million dollars of overhead and yet -- depending on what figures you use -- \$70 million out of \$71 million -- whatever the number is -- is actually functioned through CEC? Did that affect your audit in any way?

STATE COMPTROLLER BOXER: What we wanted to make sure was that the law was being interpreted accurately and that the legislative intent was being adhered to. And so the recommendation that we had on this point was for the Department of Corrections to go back to it's counsel -- the Department of Law and Public Safety -- and ensure that it was interpreting and applying the statute correctly.

The statute says that the State has to contract for these services with a nonprofit. The question that may be asked -- and this may be an issue where the Legislature may seek to clarify the statute. But the question that I think is fairly asked is, when the Legislature said the contract has to be with a nonprofit, did it only mean that the contract itself has to be assigned to a nonprofit, or did the services have to actually be provided by a nonprofit? Because in this case, the State is complying with the first bucket but not the second. So if the second is what the Legislature intended, perhaps the law should be clarified.

ASSEMBLYMAN CRYAN: I think -- and, again, through the Chair -- one of the things I'm sure every legislator wants is an understanding of the fiscal accountability of the groups that are doing the

work. For example, nonprofits have to file certain financials with the State of New Jersey, do they not?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: As a matter of fact, for-profits do not in some cases. Is that correct?

STATE COMPTROLLER BOXER: Depending on the specific circumstance, sure.

I guess with regard to this specific case -- and maybe this speaks to your point. With regard to this specific case, the State had obtained financial disclosures from EHCA, not from CEC, because it didn't have the contractual relationship with CEC.

ASSEMBLYMAN CRYAN: Are you aware of -- from your own audit or any other experience -- the number of concerns that have been raised about the financial condition of CEC?

STATE COMPTROLLER BOXER: I've seen reporting of that issue.

ASSEMBLYMAN CRYAN: Okay. Did your audit have the ability to obtain that data, even though it's a for-profit company, or did you not -- to obtain data that would verify for the people of this state that CEC is financially sound?

STATE COMPTROLLER BOXER: Well, in the context of the specific project that we undertook, which was an audit, which-- We were conducting an audit of the Department of Corrections, so we were looking at issues including -- such as whether the Department of Corrections has knowledge of the financial information of the key entities.

If your question is whether we have the statutory ability to seek financial information from CEC, we could use our subpoena authority to seek those documents. Sure.

ASSEMBLYMAN CRYAN: Did you, in your audit, find that in the procurement process -- and I know the Commissioner is probably going to mention-- How were the RFPs generated? How were these contracts issued for halfway houses? And how do they work?

STATE COMPTROLLER BOXER: I'm not sure exactly what you're getting at in terms of--

ASSEMBLYMAN CRYAN: Is there an RFP in bidding? How does it-- You looked at this stuff, right?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: Is there an RFP, is there a bid? How does the actual awarding of these contracts happen?

STATE COMPTROLLER BOXER: Yes, there is an RFP that is -- the State has endeavored to seek proposals from interested entities, and then it evaluates those proposals and awards the contracts to those entities that it believes are the most suitable providers.

ASSEMBLYMAN CRYAN: So when was the last RFP done on halfway houses?

STATE COMPTROLLER BOXER: In 2010.

ASSEMBLYMAN CRYAN: Okay. Is there a financial requirement of disclosure of data as a result of the RFPs?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: Okay. So folks have to say they're financially sound?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: Okay. For-profits as well?

STATE COMPTROLLER BOXER: Well, in theory, there are no for-profits that you'd be talking about because the State can't contract with a for-profit.

ASSEMBLYMAN CRYAN: Right. So you understand where I'm going here, right? We can't get access to the financial data because it's run by a for-profit, but yet we can bid on a for-profit for the company that has, let's say, 70 percent of the business. Is that a fair way to put it? Is it probably a reasonable number -- \$71 million out of 105, if I read it right? Is that correct?

STATE COMPTROLLER BOXER: The number in my head was closer to about 50 percent, but I don't have the exact.

COMMISSIONER GARY M. LANIGAN: It's up around 56 percent.

ASSEMBLYMAN CRYAN: All right. So let's use 56.

By the way, is CEC too big to fail, in your opinion, in the State of New Jersey in terms of what we have? If they went under tomorrow, would we have to bail them out?

STATE COMPTROLLER BOXER: One of the things that we had noted in the review that we did was that the lack of fullsome financial information being provided by CEC to the State was a cause for concern because of the volume of the work it is performing for the State, such that it would be very much in the State's interest to have an awareness of their financial condition so that it would be able to make -- take any steps it

would need to take to address any issues of corporate weakness from an economic perspective.

ASSEMBLYMAN CRYAN: I have your report; I've read it. I don't recall. Is there a direct recommendation that says, "Hey, look-- You guys should take a look at the financials here as to how this thing is operated and fix it?"

STATE COMPTROLLER BOXER: Well, we were operating on a much more basic level, which is whether this is a company that can be doing the work at all. And so that's where our suggestion was aimed. "Let's figure out if this is an entity that, by law, is permitted to be performing these services," period, full stop.

If your question is aimed at: Do I think that there should be-- If the answer to that question is yes, that it is legally appropriate for that company to be performing the services in the way that is currently taking place-- If your question is do I think that some greater amount of financial disclosure is appropriate, the short answer is yes. The issue of transparency is one that we've talked about as an Office in a variety of different subject matters, and that's why we raised the concerns that we raised in the letter that we sent.

ASSEMBLYMAN CRYAN: So you have the ability for Kintock and others to -- to find out, for example if you chose to -- they would be able to tell you, for example, what their-- You heard today discrepancies between the highest paid and the lowest paid. You would be able to find that out from a nonprofit entity, would you not?

STATE COMPTROLLER BOXER: When you mean "you," do you mean my Office specifically?

ASSEMBLYMAN CRYAN: Yes, your Office, Matt.

STATE COMPTROLLER BOXER: Sure, nonprofit or for-profit.

ASSEMBLYMAN CRYAN: For-profit if you had subpoena power.

STATE COMPTROLLER BOXER: Yes, if we sought to use our subpoena power.

ASSEMBLYMAN CRYAN: Okay. In the condition that we don't have a contract with CEC, do you have subpoena power for that?

STATE COMPTROLLER BOXER: Yes, in the context of an investigation, not in the context of an audit.

Again, not to get too far in the weeds of this stuff, but what we were performing in this case was an audit of the Department of Corrections. But if we had an investigative file that we opened up into a particular investigative matter, sure, we could get documents from CEC or any other company that was the subject of our investigation.

ASSEMBLYMAN CRYAN: Let me give you one of my concerns, and then maybe you can just -- maybe I'm not clarifying it correctly.

And I can't help but think of, like, JPMorgan Chase. They were just too big to fail. And the finances that came in under what we saw -- which was a \$53 million loan and some other things that were prominently discussed in the media. And without having any understanding of what the biggest player in the market really has, I have to wonder, in the tenuous fiscal condition that the State is in, as to why we didn't look at CEC when the reality is that they're doing -- if it's 56 percent

-- I'll give the other guy 1 -- the company -- it's a pass through -- and say 55.
Why did we not do that, sir?

STATE COMPTROLLER BOXER: Again, when you say "we,"
who is the we?

ASSEMBLYMAN CRYAN: You, I mean you. You're the
Comptroller. You're part of *we*.

STATE COMPTROLLER BOXER: Why didn't we look at
CEC's financial condition as part of our audit?

ASSEMBLYMAN CRYAN: Yes.

STATE COMPTROLLER BOXER: It was beyond the scope of
the audit. That's not an issue that was germane to the audit plan and was
germane to the scope of the audit.

ASSEMBLYMAN CRYAN: I just find it amazing that \$65
million isn't part of the audit. I'm not attacking the audit, per se. But it
just seems strange, at least to me-- And now that you've illuminated on
what the financial -- the contracts and the way they work -- it just seems a
bit off.

STATE COMPTROLLER BOXER: I don't think it's fair to say
that \$65 million-- How could \$65 million not be part of the audit? That
was the audit. I mean, the issue is, this was an audit of a State agency. We
were not doing inquiries into the financial condition of each of the
recipients of those State contracts.

Now, it's also worth noting that we are going to do a follow-up
review as we do with all of our audits. We'll be doing that here as well.
And these are the kinds of issues that in the context of a follow-up we may

well take a look at, depending on what our audit division determines is the appropriate follow-up.

ASSEMBLYMAN CRYAN: Could I, through the Chair, as you specifically, as a member of the Legislature -- and, Chairman, through you -- that we would like to know the condition of CEC? I have a specific request that when you follow up that you do that, if that's possible.

STATE COMPTROLLER BOXER: Yes, I appreciate that input.

ASSEMBLYMAN CRYAN: Did you -- did DOC overpay the residential centers -- the per diem amounts that you talked about: \$587,000 that is mentioned in your audit.

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: Was that repaid?

STATE COMPTROLLER BOXER: I don't know specifically what steps have been taken in the wake of our pointing out that issue. The last information I received on that -- the Department of Corrections reported to us that they were going to look into the possibility of recouping those funds. In terms of timing, it's worth noting that those overpayments were the product of the RFP issued in 2004. So we're talking about payments made from 2004 to 2010. And so there is a-- You had asked before about the year that we were talking about. This is not the 2010 RFP; this is the 2004. In terms of what the Department has done to recover those amounts, all I can tell you is they told us they were going to look into their ability to do that.

ASSEMBLYMAN CRYAN: That question is coming, Commissioner.

Can you tell us, as a legislative body, that in the audit -- which was quite a read. And, frankly, I think the Commissioner embraced the audit. That's what it looks like. I thought that there--

I guess this is more for you -- that there are three that aren't done yet. Is that correct? Are there three recommendations that aren't done yet? Is that what you're going to tell us?

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: Are you going to tell us that there are three recommendations that aren't done yet?

COMMISSIONER LANIGAN: There are three recommendations that the Department did not embrace. That's correct.

ASSEMBLYMAN CRYAN: Do you, Comptroller, happen to know what they are, just out of curiosity?

COMMISSIONER LANIGAN: Yes, he does. We have discussed those with the Comptroller. I can go through those with you if you'd like.

ASSEMBLYMAN CRYAN: Is it okay to go there now? Is that all right?

ASSEMBLYMAN MAINOR: Yes, we can go there.

ASSEMBLYMAN CRYAN: Are you sure, Chair?

ASSEMBLYMAN MAINOR: Sure.

Could you just identify yourself?

COMMISSIONER LANIGAN: Gary Lanigan, Commissioner, Department of Corrections.

ASSEMBLYMAN PETERSON: Mr. Chairman, for the sake of order, could we finish with one person before we jump to another? I mean, we'd like to have an opportunity to ask questions as well.

ASSEMBLYMAN CRYAN: I apologize, Chair. Let's wait.

ASSEMBLYMAN MAINOR: All right.

Mr. Lanigan, would you hold one second while we finish up with Mr. Boxer? Could you give us one minute, and we'll finish with Mr. Boxer? (affirmative response)

Assemblyman, did you have another question for Mr. Boxer?

ASSEMBLYMAN CRYAN: When do you anticipate that the follow-up order will begin and then end?

STATE COMPTROLLER BOXER: We typically do these things chronologically in order of the audits that we've actually completed. We try to give at least a year between the audit and the follow-up. It's now been a year. I think there's one audit in front of this one that is due for follow-up, which is an audit of the State's disposition of its surplus computer equipment. After that -- the follow-up has commenced. As soon as an audit team is free we will commence this follow-up. I would imagine in the coming months, certainly by the end of the year, it will begin.

ASSEMBLYMAN CRYAN: Last question, I promise, Charlie.

Do you know of any other area -- either in Corrections or any other place -- where for-profits basically do the bidding and then the -- excuse me, a not-for-profit does the bidding, such as the case with CEC as the for-profit? Is there any other example of that either in the State that you're aware of, or if you could illuminate the Committee from your own knowledge of any other place?

STATE COMPTROLLER BOXER: The short answer is, no. Let me give a sentence or two just to clarify a little bit.

This is-- There aren't-- Well, you're dealing with a State law that requires a nonprofit to begin with, and so your universe that you're drawing from is narrowed by that requirement that exists here that doesn't exist in the majority of contracting situations.

But the short answer is, no. I'm not aware of a holding company -- to use the phrase that was used by CEC's principal. I'm not aware of other situations where you have a nonprofit holding company but the services are being provided by the for-profit.

ASSEMBLYMAN CRYAN: All right. Thank you.

ASSEMBLYMAN MAINOR: I just have one concern, and then I'm going to pass it on to you, Assemblyman.

If EHCA is the company that we have to contract with -- and because of the financial problems that CEC is supposed to be having -- if they were to fold, where would that leave us, the State?

STATE COMPTROLLER BOXER: Well, the State would be scrambling if they were to fold.

ASSEMBLYMAN MAINOR: So it goes back to what the Assemblyman said. They may be too big to fail.

STATE COMPTROLLER BOXER: I think those questions are probably best answered in a specific sense by the Department of Corrections in terms of the day-to-day -- what the State would do. What I could tell you is that in the work that we did, this was an issue that we flagged as a concern for the reasons that you're expressing.

ASSEMBLYMAN MAINOR: One more thing. If I'm not mistaken, I believe there were a total of two assessment centers that we have in the State of New Jersey. Is that correct?

STATE COMPTROLLER BOXER: Yes, that's my understanding.

ASSEMBLYMAN MAINOR: Was there an RFP put in place, or did we just pick those?

STATE COMPTROLLER BOXER: Did the assessment centers come under the RFP process?

ASSEMBLYMAN MAINOR: Yes.

STATE COMPTROLLER BOXER: Yes, my understanding is yes, they did.

ASSEMBLYMAN MAINOR: So there were other assessment centers that wanted to be a part of--

STATE COMPTROLLER BOXER: Well, that gets us to a whole other question. The marketplace that we're talking about in this area is limited. And so sitting here, I couldn't tell you that there were other entities that sought the assessment--

ASSEMBLYMAN MAINOR: But you don't know the amount. You know there was more than one company though?

STATE COMPTROLLER BOXER: In terms of assessment centers specifically, I don't know.

ASSEMBLYMAN MAINOR: So you don't know how many bid.

STATE COMPTROLLER BOXER: Not for assessment centers specifically. I know that there were very-- With regard to the halfway

houses generally, all of them -- assessment centers and the others -- there were only a handful that were turned away, is my recollection. Most of the entities that sought business in this area -- sought the contract -- get it. And that's one of the things that I think we as a State should be focused on -- is building the marketplace here so the State can better replicate market forces in using these services, rather than relying on a small number of companies that it relies on to do all the work.

ASSEMBLYMAN MAINOR: Okay.

Assemblyman.

ASSEMBLYMAN BENSON: I'm going to first follow on to that question so I can understand a little better the answer. So at least -- of the larger companies that are responding to the RFP, they've always gotten the contract? They haven't been denied a contract in your audit?

STATE COMPTROLLER BOXER: The larger companies -- you're referring to CEC and EHCA?

ASSEMBLYMAN BENSON: That's correct.

STATE COMPTROLLER BOXER: Yes, they've been a provider since at least the 1990s.

ASSEMBLYMAN BENSON: And there is nobody of comparable size that was competing for at least that portion of the business?

STATE COMPTROLLER BOXER: Not to my knowledge.

ASSEMBLYMAN BENSON: Okay. Another question I have is: Is part of the audit -- much in the same way you did with the administrative expenses -- you saw that there was some duplication in the per diem rates. Did you look to see-- Was there any prohibition on where

the dollars get spent once it gets to the nonprofit? In other words, is there prohibition against using the dollars for advertising, public relations, or other things that are not treatment-center or client-centered?

STATE COMPTROLLER BOXER: In arriving at the per diem budgets, the vendors have to specify to the State, in advance, where exactly the moneys are going to be spent. They're broken down into different categories. So the State is aware -- when I say the "State" I mean the Department of Corrections -- they're aware up front what those moneys are allotted for.

ASSEMBLYMAN BENSON: Okay. And they know that even with the for-profit CEC, or does it just show a charge saying, "We've contracted with this vendor -- the subcontracted vendor -- for those services in this bucket?" Is there a requirement that in order to do their due diligence as being the nonprofit on record that they've shown some documented auditing that they've done of their for-profit subcontractor?

STATE COMPTROLLER BOXER: Off the top of my head I don't recall the extent of the documentation in terms of what EHCA breaks down for the State with regard to CEC's expenditures. That's something that the Department of Corrections, I'm sure, would be in a better position to answer.

ASSEMBLYMAN BENSON: Do most of the other nonprofits -- especially the smaller ones -- find revenue from other sources besides State contracts -- grant money and other things like that?

STATE COMPTROLLER BOXER: I'm not aware of the specifics of that other than to know that they have -- in some cases they may have a similar relationship with the county or other government

entities. But in terms of nongovernment work, that's not an area that we delved into. I'm not aware of any substantial nongovernment work, but they may well have some.

ASSEMBLYMAN BENSON: Okay.

ASSEMBLYMAN MAINOR: Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you very much, Mr. Chairman.

Mr. Boxer, in order to be eligible to bid on a contract in the first place, does the entity that is bidding on the contract have to show that it has something other than a name? I mean, if you were a DOT contractor, in order for you to even be able to bid on a contract of a certain amount you have to be bonded for a certain amount of money. Is there any such requirement in this situation? Would the Department of Corrections expect EHCA to represent it has a certain financial healthiness?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: It would.

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: When you did your audit, was that included in your audit -- looking into that -- that DOC did do that, that EHCA was a viable entity for purposes of bidding on such a large contract?

STATE COMPTROLLER BOXER: We didn't do a detailed financial workup on each of the vendors and their financial wherewithal. The issue that we had noted as part of the process is the one that I referred to earlier.

ASSEMBLYWOMAN WATSON COLEMAN: So you just actually did a process audit -- did the DOC enter into a contract, did it have oversight of what was expected to happen under that contract, did it document that it did what it was supposed to do, that kind of thing? You have-- You don't know about the financials and you don't know about the quality of service. So you really don't know what the State got for the \$65 million or however much it was. You only know that the Department of Corrections -- not you, Commissioner -- the Department of Corrections hadn't done what it was supposed to do with its responsibility to oversee that the contract was being carried out in the way it was expected. Was that the extent of your audit?

STATE COMPTROLLER BOXER: I think that's partially right. We did endeavor to look at the performance of the halfway houses themselves, and we had asked the Department to compile for us the information that they used to ascertain which halfway houses were performing well, better, worse and how the program on the whole was performing relative to inmates who had not gone through the halfway house program. And we were informed that that information didn't exist but was being worked on.

ASSEMBLYWOMAN WATSON COLEMAN: Right. So we don't know whether or not there is success because there were no standards to measure it by and really no expectations to measure it by.

STATE COMPTROLLER BOXER: Exactly.

ASSEMBLYWOMAN WATSON COLEMAN: One other question: Would the Department of Corrections have access to the specifics of the contractual relationship and expectations between the

nonprofit, EHCA; and the for-profit, CEC, which was really going to be the expender of all of our money?

STATE COMPTROLLER BOXER: In terms of the specifics of what the Department of Corrections knew on that and what they believe they had access to, I think they could speak to that better than I could. What I can say is that when we asked Department personnel about that issue, what they told us, as reflected in our report, is that they basically treated -- they viewed the companies as basically the same company. They deemed it as essentially interchangeable. But we also noted that the financials that had been provided from CEC -- well, basically they hadn't been provided -- and that the financial information was EHCA-specific.

ASSEMBLYWOMAN WATSON COLEMAN: When you look at it-- When you -- looking at this particular situation -- the EHCA -- did you look at any of their financials? Did you look at whether or not this entity did anything other than pass through the money the State of New Jersey gave for the halfway houses in the State of New Jersey to the CEC?

STATE COMPTROLLER BOXER: No.

ASSEMBLYWOMAN WATSON COLEMAN: So the answer is no they don't, or no you didn't?

STATE COMPTROLLER BOXER: We didn't look at that. That's beyond the scope of our review. I mean, with every project we do, at a certain point you need to draw the line and issue the report. And that was not a place that we went to.

ASSEMBLYWOMAN WATSON COLEMAN: So is it fair to say that you all didn't look at whether or not this relationship -- this contract relationship was a good contractual relationship because the

company with whom the State was contracting was a viable company? You didn't look at that. You made no evaluation, no assessment on that issue, right?

STATE COMPTROLLER BOXER: We did not assess the financial wherewithal of any of the vendors that the State was contracting with.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you so much.

STATE COMPTROLLER BOXER: Thank you.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN DANCER: Thank you, Mr. Chairman and, through the Chair, Comptroller Boxer.

At your opening remarks I recall you saying that your determination of the statute was that it was legally tenable and permissible for the nonprofit to be a -- to subcontract out to a for-profit. Is that your opinion?

STATE COMPTROLLER BOXER: Well, no, I wouldn't say that specifically. What we said was that this issue was murky and that the Department of Corrections should seek formal legal advice from the AG's Office to make that definitive legal determination.

ASSEMBLYMAN DANCER: Thank you, sir.

Through the Chair, were you aware that there were Attorney General opinions to this very issue in 1994 and again in 1996?

STATE COMPTROLLER BOXER: Yes, that's exactly right.

ASSEMBLYMAN DANCER: And through the Chair, did you reflect upon those opinions, obviously, in your report?

STATE COMPTROLLER BOXER: Yes, we referenced them in the procurement review that we did. We noted that those opinions had been rendered.

ASSEMBLYMAN DANCER: Mr. Chairman, one follow-up quickly.

Do you believe that if the universe for competitive bidding under the State's public contracts law and this particular statute were to be less exclusive, and rather than be for nonprofit -- but were to be widened -- the universe would be widened to say nonprofit or for-profit could be involved in the competitive bidding process, do you feel with a wider universe such as that, that the better interest of perhaps the taxpayers could also be served?

STATE COMPTROLLER BOXER: The decision on whether services like this should be rendered by a nonprofit as opposed to a profit entity is very much a policy issue that as auditors we would not typically speak to. There are folks-- I mean, there are a series of academic pieces that have been written on this issue. You will get people arguing it on both sides of the equation. What we weighed in on, from an audit perspective, is that there needed to be greater clarity in terms of whether this particular arrangement was permitted or not. And if ultimately the resolution is that it is permissible, let's, as a State, make that clear because that may bring other entrants into this marketplace which would be in the interest of taxpayers.

ASSEMBLYMAN DANCER: Thank you very much.

Thank you, Mr. Chairman.

STATE COMPTROLLER BOXER: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN PETERSON: You just raised an interesting question. So you believe that the number of organizations, businesses that could possibly provide these services would be increased if we didn't have a limitation that it would be -- that these services be provided through a nonprofit?

STATE COMPTROLLER BOXER: That's possible. I can't sit here and say, "These four companies will enter this realm if we expand that." But certainly in theory that's possible.

ASSEMBLYMAN PETERSON: Okay. And I just want to clarify a point that I -- a little bit lost. Your audit was on a contract that ran from 2004 through 2010, correct?

STATE COMPTROLLER BOXER: We looked at two different RFPs, one of which had been issued in 2004 and one in 2010.

ASSEMBLYMAN PETERSON: Okay. So one that was issued in 2004 and one that was issued in 2010.

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN PETERSON: Okay. And the 2004 aspect of your audit -- that's where the overcharges were discovered?

STATE COMPTROLLER BOXER: Yes. And it's worth noting that for the 2010 RFP, the vendors had made some similar miscalculations, but this time around the Department of Corrections caught those miscalculations and fixed them before the money went out the door.

ASSEMBLYMAN PETERSON: Okay. So as of the 2010 contract, whatever the procedure was that had miscalculated the repayment -- that was corrected in the 2010 contract?

STATE COMPTROLLER BOXER: Yes, that's correct.

ASSEMBLYMAN PETERSON: So all the overpayments occurred prior to 2010.

STATE COMPTROLLER BOXER: Correct.

ASSEMBLYMAN PETERSON: Okay. When you-- Your recommendations-- You said that all but two that were -- three that were followed -- that had been complied with.

STATE COMPTROLLER BOXER: That's what the Department of Corrections has represented to me.

ASSEMBLYMAN PETERSON: Is it unusual when you do an audit that not every recommendation is embraced?

STATE COMPTROLLER BOXER: It depends. That can happen. What the law requires is that the auditee has to put together a corrective action plan to address the deficiencies that we identified. And the Department of Corrections has absolutely done that in this case. But, sure, there are certainly times where we make a recommendation and the entity that we're auditing has a different view of it.

ASSEMBLYMAN PETERSON: And there is nothing inherently wrong with that, is there?

STATE COMPTROLLER BOXER: No, there is not.

ASSEMBLYMAN PETERSON: All right. Thank you.

ASSEMBLYMAN McGUCKIN: Mr. Boxer, thank you for your report, by the way, which I found very informative.

A couple of questions: This subcontracting process -- how long has that been going on in this field -- in this particular--

STATE COMPTROLLER BOXER: Between EHCA and CEC?

ASSEMBLYMAN McGUCKIN: Well, where the State has authorized nonprofits to perform these types of services and allow them to subcontract. It seems to me it's been going on for about 15, 20 years. Something like that.

STATE COMPTROLLER BOXER: I think the law was actually changed in 1976 to permit the services to be provided by nonprofits. The issues we looked at went back to the mid-90s, though in terms of whether -- in terms of when the marketplace started to grow substantially.

ASSEMBLYMAN McGUCKIN: So this has been going on for about 15 years -- this process?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN McGUCKIN: And there were two attorney general opinions indicating that it met the statutory requirements?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN McGUCKIN: Two different attorney generals?

STATE COMPTROLLER BOXER: I don't know. I think the letters were both written by the same person, but I don't know who the attorney general was at those two times.

ASSEMBLYMAN McGUCKIN: Now, I'm not familiar completely with your charge as the Comptroller for the State of New Jersey, but I did have an opportunity to read a number of your reports. One of them was on, for instance, auditing of tax abatements for the State.

Did your Office then go on and investigate the companies that received those abatements to find out what financial benefit they were receiving from them?

STATE COMPTROLLER BOXER: No.

ASSEMBLYMAN McGUCKIN: And you don't believe it is part of your charge then to perform an audit of the companies that are the subcontractors of this process. Is it?

STATE COMPTROLLER BOXER: The short answer is no. If we see something that we want to follow up on, we have the ability to do that.

ASSEMBLYMAN McGUCKIN: If you think there is something wrong.

STATE COMPTROLLER BOXER: But we don't have the resources. If we investigated the financial condition of all the State's vendors in this area, our whole Office could be working on just that alone.

ASSEMBLYMAN McGUCKIN: Well, if you're going to perform one on the other -- on this one, I would ask you to go back and perform one on those tax abatement companies.

Thank you.

STATE COMPTROLLER BOXER: Thanks.

ASSEMBLYMAN MAINOR: Mr. Boxer, I have just one question. I just want to make sure-- You said in 2010 when you looked at the contract you noticed at that point there were still some numbers in there that were showing there would have been an over -- we would have been paying another \$500,000 in overage. Is that correct?

STATE COMPTROLLER BOXER: I don't remember what the specific numbers were in 2010. I do remember that there were mathematical errors that had again been made by the vendors when they put together their rates. But this time around the State caught those errors, and so those moneys were not ultimately charged. They went back to the vendors and said, "I'm looking at how you got your per diem rate."

ASSEMBLYMAN MAINOR: Understood.

STATE COMPTROLLER BOXER: "You haven't added these numbers right."

ASSEMBLYMAN MAINOR: I just want to make sure that I'm clear that in 2004, when you found the moneys being over \$500,000-- To date, you don't know if that money was ever repaid back to the State.

STATE COMPTROLLER BOXER: That's correct. I don't know that. That's something that we would look at as part of our follow-up.

ASSEMBLYMAN MAINOR: Understood.

Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you.

Mr. Boxer, I just need some clarification on a couple of things. You said the -- said something about the original legislation was back in the '70s -- '76.

STATE COMPTROLLER BOXER: That's my recollection.

ASSEMBLYWOMAN WATSON COLEMAN: What did that legislation allow?

STATE COMPTROLLER BOXER: It changed the definition of *facility* to include nonprofits so that the facility providing these kinds of

rehabilitative services could include nonprofit companies, as well as the State itself.

ASSEMBLYWOMAN WATSON COLEMAN: And then what happened in '92? You said in the '90s some language changed.

STATE COMPTROLLER BOXER: Well, I'm not aware of a change in the statutory language in the 1990s. My understanding is that the use of nonprofit facilities to provide these services started to grow in the 1990s in New Jersey.

ASSEMBLYWOMAN WATSON COLEMAN: You said something in your testimony -- and I think it was in response to Assemblyman Cryan's question about this contractual requirement between the Department of Corrections had to be with a nonprofit.

STATE COMPTROLLER BOXER: Yes, that's what the law says.

ASSEMBLYWOMAN WATSON COLEMAN: And I think you said something -- that that in and of itself is unusual. Do you mean that that's unusual in State contracts because other departments can contract with for-profit entities?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: So given that it was specifically said in this sort of situation between the Department of Corrections and people who are going to provide this service that it should be a nonprofit -- or must be a nonprofit -- where is the rub? I mean, I don't understand. If that's the unusual situation here -- if that's a unique situation in that it specifies nonprofit, why is anyone thinking it's okay then to subcontract to a for-profit to deliver the service and therefore kind

of be in charge of the majority of the money? That's what I'm not getting here, I guess.

STATE COMPTROLLER BOXER: We had some of those very same concerns, which is why we asked the Department of Corrections to make sure that its interpretation of the law was accurate in its permission that that was permissible. We asked that same question.

ASSEMBLYWOMAN WATSON COLEMAN: Do we have a-- The Attorney General's Office said yes, right?

STATE COMPTROLLER BOXER: I'm not aware.

ASSEMBLYWOMAN WATSON COLEMAN: Has the Attorney General's Office answered the question yet? Has the question been put before the Attorney General's Office, to your knowledge?

STATE COMPTROLLER BOXER: I know it's been put to them because at some point they had asked us for information that we provided to them to assist them in making the determination. I'm not aware of what the resolution of that is. I'm not aware of that resolution.

ASSEMBLYWOMAN WATSON COLEMAN: I know it's not the time, but I just want the Commissioner to know that that will be a question I will be asking the Department.

Thank you very much.

Thank you, Mr. Boxer.

STATE COMPTROLLER BOXER: Thank you.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you, Mr. Chairman.

ASSEMBLYMAN MAINOR: Because of time we're going to move on.

ASSEMBLYMAN BENSON: Just a quick question.

What is the length of the contract, since the last one was 2010?

STATE COMPTROLLER BOXER: I think typically these are contracts that are for three years, with the possibility of three one-year extensions.

ASSEMBLYMAN BENSON: Okay. For a total of possibly six.

STATE COMPTROLLER BOXER: Six total is my understanding, yes. At least that's the way it was in 2004. It might be different in this one.

ASSEMBLYMAN BENSON: Typically, have most contracts received those three one-year extensions?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN BENSON: Okay. So generally these end up being six-year contracts.

STATE COMPTROLLER BOXER: Yes. And certainly the last time around when this was done in 2004, I think they were all fully extended.

ASSEMBLYMAN BENSON: Okay. So we could potentially see the contracts that are in existence now, without standards, extend to 2016?

STATE COMPTROLLER BOXER: I think Corrections could speak better to the length of the contracts. But I know in 2004 these were six year deals.

ASSEMBLYMAN BENSON: Okay.

ASSEMBLYMAN MAINOR: Assemblyman Peterson.

ASSEMBLYMAN PETERSON: Just one clarification and I have a question.

There are two attorney general -- separate attorney generals' opinions saying that this arrangement of a non-for-profit contracting with a for-profit to provide services is legal as far as the statute goes, correct?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN PETERSON: All right. Is there any benefit to ask a third time?

STATE COMPTROLLER BOXER: Well, our recommendation was that the Department of Corrections do ask again. And let me explain why we suggested that. The extent of the program has changed substantially since the 1990s, and so we recommended both in its -- at this size of the program, and the amount of the services being provided by this particular provider. And so we recommended that the Department of Corrections go back to its counsel and update that advice to confirm that that was still the Attorney General's Office view of the law.

I mean, the way your question was phrased, I guess-- That was our recommendation -- to confirm that's still the Attorney General's Office view of the law.

ASSEMBLYMAN PETERSON: And at this point the contract is already in place, correct?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN PETERSON: Okay. I did have a question, because there has been this innuendo that there is some problem with the for-profit company. And you stated, if I heard you correctly, you have somewhat of a broad subpoena power.

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN PETERSON: And you could have subpoenaed that company for documents. I believe that was your testimony, correct?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN PETERSON: And you didn't do that, did you?

STATE COMPTROLLER BOXER: We did not.

ASSEMBLYMAN PETERSON: And based on some of your reports -- and I've read some of your reports as well. You seem to be pretty tenacious and diligent in your responsibilities. If you believe that there was something amiss you would have used that subpoena power wouldn't you?

STATE COMPTROLLER BOXER: Absolutely we could have. In a situation like this we could make a referral to our investigations division and have them undertake an investigative inquiry if that was something that we thought was warranted.

ASSEMBLYMAN PETERSON: But you didn't do that.

STATE COMPTROLLER BOXER: That's correct.

ASSEMBLYMAN PETERSON: Thank you.

ASSEMBLYMAN MAINOR: Just as a point, you stated that there were two different attorney generals who stated that this process was--

STATE COMPTROLLER BOXER: No, I think there was a question to that. I don't know who the attorney general was in 1994--

ASSEMBLYMAN MAINOR: But there were two different ones.

STATE COMPTROLLER BOXER: --1996. I don't know if it was the same attorney general or different. My recollection -- what I do recall is that the opinion letters themselves were both written by the same person.

ASSEMBLYMAN MAINOR: Oh, by the same person. I just wanted to make sure we clarified that.

Question?

ASSEMBLYMAN ALBANO: Thank you, Chairman.

Mr. Boxer, just a couple of questions.

When your department found discrepancies in the 2004 and 2010 audits of over \$500,000 -- \$500 million -- no, was it \$500,000 -- why at that point, where you chose two years-- Did you go through '05, '06, '07, '08, and '09 to see if there were discrepancies in those years, or you just choose 2004 and 2010?

STATE COMPTROLLER BOXER: No, no, it's 2004 through 2010. That's over that whole period.

ASSEMBLYMAN ALBANO: Okay. When you had asked the Department of Corrections to look and see what was kosher and what wasn't as far as the for-profit and the not-for-profit, why didn't you address the Attorney General's Office instead of the Department of Corrections? Because I, myself, have dealt a couple of times -- not with this Commissioner but with the Department of Corrections, where a lot of times they interpret the law the way they want to interpret it. Why didn't you go to the Attorney General's Office and not the Department of Corrections?

STATE COMPTROLLER BOXER: We did do that. We went to both. The letter that we sent was sent both to the Department of Corrections and to the Attorney General's Office.

ASSEMBLYMAN ALBANO: Okay. And my last question is: In the end, who has the final say or the final oversight on the halfway houses?

STATE COMPTROLLER BOXER: The Department of Corrections.

ASSEMBLYMAN ALBANO: Thank you.

STATE COMPTROLLER BOXER: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

Since the process that we're currently reviewing began in 1976, there were some discussions about if this for-profit or not-for-profit failed, what would the Department of Corrections do. Have we had a case since the '70s where we had a service provider fail to provide service to the Department of Corrections?

STATE COMPTROLLER BOXER: That's not something I would have any knowledge of one way or the other.

ASSEMBLYMAN CLIFTON: You reviewed the RFPs?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CLIFTON: Were there safeguards built into those RFPs in case the service provider failed? We do that at the municipal level or county level when we're building a road or a contract for services -- there's always a safeguard in there. Was there something built in to protect the Department in case someone failed?

STATE COMPTROLLER BOXER: I don't recall what the specific measures were on that.

ASSEMBLYMAN CLIFTON: And looking at the RFP process, did you look at -- at least for in the 2004 or 2010 process-- Did you look at the other entities that had put in for RFPs and weren't awarded?

STATE COMPTROLLER BOXER: Not from a financial standpoint, no.

ASSEMBLYMAN CLIFTON: But I mean you had a list of names of who-- Were there any that were strictly not-for-profit or ones that were not-for-profit that subcontracted with for-profit companies?

STATE COMPTROLLER BOXER: No, I think that's-- The only situation where we saw that was with EHCA and CEC, which is why we talked about the Department being more clear and perhaps the law itself being more clear so that if this arrangement is permissible, that other vendors be aware that they can have this kind of arrangement with a for-profit company.

ASSEMBLYMAN CLIFTON: Off the top of your head, do you know how many others applied or went through the RFP process that didn't get-- I mean, was it 50 companies, or was it 4 or 5?

STATE COMPTROLLER BOXER: I think it's more like 4 or 5.

ASSEMBLYMAN CLIFTON: I mean, since it is such a small industry -- and I don't like to use that word *industry* -- but a small service, I would imagine that attorney general notification from both '94 and '96 would probably be pretty widely known within the circle of people who

provide this kind of service. That's why I was wondering how many people would have actually gone forward with the RFP process.

Thank you.

STATE COMPTROLLER BOXER: Thank you.

ASSEMBLYMAN MAINOR: Thank you, sir.

Commissioner Lanigan, please.

COMMISSIONER LANIGAN: Good morning, Chairman and Committee members -- good afternoon, now.

Thank you for giving me the opportunity to address you regarding the Department of Corrections' oversight of the Residential Community Release Program.

Let me state up front that, in my estimation, the State of New Jersey, and specifically the New Jersey Department of Corrections, can be proud of its performance in housing State-sentenced offenders and preparing them to return to the community. In fact, based on the success of this reentry model, the Legislature deemed it appropriate to mandate the RCRP beds be filled at 100 percent of contract capacity. Statistics underscore the effectiveness of the model utilized by the Department.

A study conducted by the Pew Center on the States released in April 2011 found that New Jersey was one of just six states -- and the lone state in the northeast -- that saw a double-digit decrease in the number of offenders returning to State prison during the periods examined. Among the inmates released in 1999 and another group in 2004, the percentage of inmates returning to State prison within three years after release dropped by 11.4 percent. Our own reports -- the results of which are published on our website -- indicate that the downward trend continues.

Let me now explain the process by which an inmate moves from incarceration in a secure facility to a resident in a halfway house. From the moment the State-sentenced inmate enters the prison system, we begin preparing and assessing him or her to make the transition from incarceration to reintegration into society. We call this a *continuum of care*. The process begins by quickly moving the inmate out of the county jail and into our facilities. We then assess the inmate's educational and programming needs, and using an objective classification tool, assign him or her to a prison. Over time good behavior and program participation will allow the inmate to retain a reduced-custody status.

In order for an inmate in the Department of Corrections' prisons to even be considered for placement in an RCRP program, several criteria must first be met. The inmate must have full minimum status, the inmate must be within 24 months of parole eligibility or completion of sentence, he must have a positive psychological evaluation and be medically cleared within the past year, the inmate must not have been convicted of arson or a sexual offense, and the inmate must have a favorable recommendation from the facility administrator.

There has been a great deal of discussion on the housing of violent and nonviolent offenders at the RCRPs. They are being transitioned back into society as their prison terms end. Inmates convicted of certain violent offenses undergo additional screening. Pursuant to statute, if an inmate is convicted of murder, manslaughter, vehicular homicide, aggravated assault, robbery, kidnapping, or any crime of the first or second degree involving serious bodily injury, then the Department contacts the county prosecutor's office in which the offense occurred before a placement

is approved. Any resident who does transition to an RCRP and was convicted of a certain violent crime is statutorily prohibited from being granted a furlough.

The aforementioned measures, in addition to risk assessments and the objective classification tools utilized by the New Jersey DOC, are designed to ensure public safety. However, despite the best efforts and risk assessment tools, reentry involves moving inmates who have made bad choices in the past back into the community. The possibility of a limited number of additional poor choices and bad consequences is always present.

Inmates entering an RCRP are first assigned to an assessment and treatment center where they remain for an average of 30 to 60 days for a comprehensive assessment of their needs and risks. During that time at an assessment center, they may not participate in community activities. Based on their comprehensive assessment and previous histories, inmates are then either sent back to prison or assigned to a correctional treatment program, a work release program, or a special needs program.

Following a blackout period and completion of any treatment requirements, inmates -- now known as *residents* -- seek services such as employment and education in the community. Halfway houses, which are located in the community, provide residents with substantially more liberties than prisons. These facilities are not prisons nor should they ever be considered such. Halfway houses provide rules, treatment programs, work requirements, and curfews for residents. Since time at the RCRP occurs at the end of the sentence, the focus is on reentry preparation, including job training, education, and drug treatment.

Now I'd like to discuss the Department's activities concerning recommendations by the State Comptroller in a report in 2011. The report included some 35 recommendations, 32 of which have been implemented. A number of these issues were addressed in the Fiscal Year 2010 contracts prior to issuance of the audit. The remainder were subsequent to the auditor's report.

The New Jersey DOC has taken several steps to ensure RCRP providers' compliance with the contract provisions. Most importantly, all contract monitors were trained to utilize the contract compliance evaluation system. That tool now includes essential areas of the contract, as well as 16 items recommended by the Office of the State Comptroller. Contract monitors' schedules were adjusted to provide sufficient field visits and office time. In addition, supervisory review and approval of all site visit reports are now required.

Furthermore, to ensure contract compliance, each site is visited at least six times per quarter. These site visits are used to audit the following areas: the physical plant, program operations, program services, financial obligations, medical, and accountability measures. It's important to note that DOC conducted 161 site visits to the RCRPs in Fiscal Year 2010. But under this Administration, in Fiscal Year 2012, the number of site visits has more than tripled to 551, and the findings at each visit are now documented.

Consistent with another recommendation in the Comptroller's report, the Department has revised the liquidated damages policy and procedures and put together a liquidated damages review committee. That committee is comprised of staff of the Office of Financial Management, the

Office of Legal and Regulatory Affairs, and the Office of Community Programs. This group is increasing our scrutiny of vendor adherence to contractual obligations. The first meeting was conducted in the beginning of 2012 with recommendations for consideration of liquidated damages to three of six vendors. The next meeting is scheduled the week of July 31.

Let me now turn to the issue of walkaways from halfway houses. After detailing the RCRP model, I believe you can appreciate the difference between an escape from a secure facility and a walkaway from a halfway house. A walkaway occurs when someone willingly chooses to leave a program or fails to return from a specific community appointment. As I frequently explained, providing an avenue for success in reintegration of inmates for participation in the Residential Community Release Program represents both an opportunity and a choice for the inmate. He can make the wrong choice to walk away from the program or fail to make a required accountability call and risk criminal and/or administrative charges and penalties, as well as denial of further participation in the halfway house; or as overwhelmingly is the case, he can make the right choice, follow the rules, and successfully complete his reintegration back into the community.

When an inmate walks away from a Residential Community Release Program, he or she is immediately entered into NCIC, the National Crime Information Center, in order to ensure appropriate notification to all law enforcement personnel. As soon as this notification is made, the Department of Corrections' Special Investigation Division initiates an investigation in conjunction with other law enforcement authorities for the purpose of apprehending the subject as quickly as possible.

From 2005 to the present, there have been approximately 2,400 walkaways. Significantly, 98 percent of them have been reapprehended. On average, 29 percent return within 24 hours, and 57 percent within one week. It should be pointed out that the number of halfway house walkaways has dropped 42 percent from 2005 to 2011, and 27 percent for Governor Christie's first two years in office versus the previous two years.

This decrease is the result of many improvements that have taken place under this Administration. Among them: dramatic increases in inspections, enforcement of liquidated damages, unannounced tours, direct security assessments, action plans to correct deficiencies by the halfway houses, enhanced intelligence and information gathering, and targeted searches based upon that intelligence.

As we look ahead, the Department, in conjunction with the New Jersey Office of Information Technology, the State Parole Board, the Juvenile Justice Commission, the Administrative Office of the Courts, and Rutgers University has created a real-time recidivism database with the ability to perform real-time data queries. The database will provide reporting capabilities that will allow for flexibility of individual offenders or ad hoc preporting. The database will be used to measure recidivism rates by offender characteristics or by halfway houses program participation. This will provide useful information to the Governor's Reentry Task Force, chaired by the Chairman, which is charged with evaluating the efficacy of various programs.

While the database statistics will be available in the near future, current statistics clearly indicate that the New Jersey Department of

Corrections is moving in the right direction, and that we have proven to be more efficient and effective than ever before as evidenced by the reduced rates of recidivism, decreases in walkaways, and a continued reduction in the overall offender population.

I'd be happy to respond to any questions you may have.

ASSEMBLYMAN MAINOR: Thank you, Commissioner.

I have a few questions.

How many prisoners do we have in the system right now?

COMMISSIONER LANIGAN: How many?

ASSEMBLYMAN MAINOR: Prisoners do we have in the system?

COMMISSIONER LANIGAN: Roughly 24,500.

ASSEMBLYMAN MAINOR: Does that include the residents in the halfway houses and/or the assessment centers?

COMMISSIONER LANIGAN: Yes, it does.

ASSEMBLYMAN MAINOR: It does. So if you had to break it down, how many do we have in the halfway houses and assessment centers together?

COMMISSIONER LANIGAN: In the halfway houses we have approximately 2,700.

ASSEMBLYMAN MAINOR: Okay. And who makes the decision as to who goes -- what prisoners go into the halfway houses?

COMMISSIONER LANIGAN: Ultimately the Department of Corrections. It is a process that is gone through, as I mentioned in my testimony. We look at the several screening items that are required, and then they're placed in the assessment center.

ASSEMBLYMAN MAINOR: So are you involved in that decision?

COMMISSIONER LANIGAN: Personally, no. I do have a director of the programs division who oversees that process.

ASSEMBLYMAN MAINOR: Because we were forwarded, under N.J.S.A. 30:4-91.2, that the sole responsibility and decision is on you as to who goes into the halfway house.

COMMISSIONER LANIGAN: Again, that is my responsibility. I'm not saying that's not my responsibility. I'm saying I have a director who oversees the process.

ASSEMBLYMAN MAINOR: I'm not quite sure, what is the MAP program?

COMMISSIONER LANIGAN: MAP is the Mutual Assistance Program. That's for severely addicted inmates that we carry out in conjunction with the Department of Human Services.

ASSEMBLYMAN MAINOR: Okay. And within the last five years, have the numbers gotten better in reference to that program?

COMMISSIONER LANIGAN: They've been pretty constant; roughly, I would say, 40 to 60. It's a relatively small program.

ASSEMBLYMAN MAINOR: Okay. And that's for people who are addicted to drugs.

COMMISSIONER LANIGAN: Severely addicted.

ASSEMBLYMAN MAINOR: What percentage of the inmates would you say are addicted criminals -- people with problems with drugs? What percentage of the inmates?

COMMISSIONER LANIGAN: Inmates who come into the system -- there is a high rate of prior addiction. Inmates in custody -- it's extremely low.

ASSEMBLYMAN MAINOR: Understood. How many-- So you don't know the percentage of the population who are addicts within the prison system.

COMMISSIONER LANIGAN: If you're talking the percentage of positive drug finds-- We do random drug tests and drug tests for cause on a regular basis, both in the prison and, I might add, in the halfway houses as well. The positive findings on that are less than 1 percent.

ASSEMBLYMAN MAINOR: And out of that 1 percent, how many of them are actually in a treatment system provided by the prison system?

COMMISSIONER LANIGAN: We have some 1,356 -- or 1,376.

ASSEMBLYMAN MAINOR: I only ask that because it was the Governor who just once said that treatment works and it's much more affordable.

I just wanted to know, what are we doing for the people who are behind bars who need treatment?

COMMISSIONER LANIGAN: We do quite a bit. We do have some 1,300-odd beds in custody. Those are inmates who will fit one of two categories. Either they are not going into the halfway house; or before they move into the halfway houses ideally we do begin drug treatment at our facilities. And ideally you would move that inmate into a treatment facility, halfway house. That treatment will continue. And in the

best of all worlds they will move from there to parole for further continuance, and then from parole to the community.

ASSEMBLYMAN MAINOR: Now, it's my understanding that after they've been in prison for a certain amount of time and they end up going to the halfway house, they go into an assessment center.

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN MAINOR: Now, we've sat here and gone over it again and again -- that 90 days, 60 days really isn't enough time to actually assess someone and prepare them for the outside. Do you think it would be better to have the assessment done while they're in prison?

COMMISSIONER LANIGAN: There is an assessment done. There is a constant assessment being done on the inmates. But remember, before that inmate is moved to the assessment center, several criteria are met and the administrator at the facility says that that inmate is a viable candidate for the community. So there is assessment being done both in the Department of Corrections-- Then the assessment center does what I will call a *more thorough* -- in that they have licensed individuals or they have a more stringent process by which they are assessing the appropriateness of that person for the community, as well as their needs. Whether those needs are drug treatment needs, domestic violence programming, they do assess several criteria.

ASSEMBLYMAN MAINOR: So you do pretty much the same -- similar to what Bo Robinson and Talbot Hall does.

COMMISSIONER LANIGAN: Similar.

ASSEMBLYMAN MAINOR: So is there a need for Bo Robinson and Talbot Hall, because you're doing it?

COMMISSIONER LANIGAN: Yes, I believe there certainly is, because their assessment -- they're making a recommendation to the type of program that that inmate should make or whether they believe, in fact, that that inmate is not ready to go to the community at all. But there are some 5 percent of the inmates they will refer back to the Department of Corrections.

ASSEMBLYMAN MAINOR: How long is your assessment process?

COMMISSIONER LANIGAN: Again, ours is an ongoing process.

ASSEMBLYMAN MAINOR: Starting when?

COMMISSIONER LANIGAN: Starting the day that we receive that inmate.

ASSEMBLYMAN MAINOR: From the day they come in they're being assessed.

COMMISSIONER LANIGAN: From the day they come in, that inmate -- there is a housing classification assessment that is done. And every inmate comes in, they're at a medium status based upon their behavior, their background, their education, they're going to programs -- they move their housing classification either up or down. The lowest they can achieve is a full minimum status, and that is what is required before they can even be considered for a halfway house.

ASSEMBLYMAN MAINOR: That's great. Because if you're assessing them and preparing them for the outside, then that means there must be some type of training process going on.

Let me ask you this: How many are in, like, a job training program within the system? Do you even have that?

COMMISSIONER LANIGAN: I don't have that number off the top of my head.

ASSEMBLYMAN MAINOR: You don't have the number, but you do have a job training program?

COMMISSIONER LANIGAN: We do have specific halfway houses that provide job training and others that provide treatment.

ASSEMBLYMAN MAINOR: And what else is being done in the prison to make people more employable when they are released? Other than the job training, is there anything else being done?

COMMISSIONER LANIGAN: Definitely. We do a tremendous amount of training inside the Department of Corrections. We have a number of training programs, we have mandatory education for inmates under a certain age. And under recent legislation, we're now providing literacy education to try to move the reading level of every inmate up to a 9th grade level.

ASSEMBLYMAN MAINOR: Do they work in the prison system?

COMMISSIONER LANIGAN: There are thresholds that we have to make.

ASSEMBLYMAN MAINOR: Do they have to work in the prison system?

COMMISSIONER LANIGAN: I believe we can mandate that work be done, but generally speaking inmates do want to work.

ASSEMBLYMAN MAINOR: So it's up to the inmate to want to work. Because if he didn't want to work he could just sit around all day in his cell.

COMMISSIONER LANIGAN: I don't think that's true. Inmates do want to work, and we do try to provide as much opportunity for work and training as we can.

ASSEMBLYMAN MAINOR: All right. I'm going to ask you one more question. If we're preparing them for the outside -- and this has always been an issue -- when they do leave-- Because if I'm not mistaken -- you can correct me if I'm wrong -- eventually 97 percent -- maybe 96 percent of the prisoners are going to get out of jail sooner or later.

COMMISSIONER LANIGAN: Absolutely. In New Jersey, unless you die in jail, you're going to get out.

ASSEMBLYMAN MAINOR: You're going to get out.

So I just feel as though we need to do a little bit more to prepare them for the outside, number one. And we need to do something to make it so that we can stop the recidivism. Because once they leave, there's nothing there for them on the outside. They can't get housing.

I mean, have you ever had a talk with maybe DCA or HMFA about creating some type of affordable housing for ex-offenders?

COMMISSIONER LANIGAN: Creating some type of--

ASSEMBLYMAN MAINOR: Some type of affordable housing for them. Because once they come out, a lot of these guys have nowhere to go. So we don't-- We're just bringing them in, we're housing them, we're giving them the training and the education you're saying they're getting, but once they leave they can't go any further than that.

COMMISSIONER LANIGAN: There are reentry task force-- We work with Parole, we work with members of the community. I mean, we do things as deep as trying to make sure that an inmate has a copy of his birth certificate or a copy of their Social Security card. We work with the department of Motor Vehicles to get them their Motor Vehicle ID card. So these are things that we not only do, but we monitor the progress of each facility -- that that offer has been made to the inmate, and we document whether the inmate accepts that offer or declines it. And we try to understand why.

ASSEMBLYMAN MAINOR: I understand. But I do want to say this to you: I have arrested many people who come home from prison with warrants because they were not checked. They're let out, they have warrants, and they're right back into the system because no one checked to see if they were warrant clear -- they didn't have any warrants whatsoever.

I thank you for answering my questions. I don't want to take too much more time.

Assemblyman Benson.

ASSEMBLYMAN BENSON: Help me to understand some of these statistics that you read to us a little bit earlier. You said there was about -- I think it's the Chairman's question -- 24,500 prisoners. We have about 2,700 in halfway houses. So about a little more than 10 percent.

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN BENSON: And over the last seven years we've had 2,400 escapees, walkaways, whatever the term we use-- Are we talking about somewhere between 12 to 15-- We're talking about 15 percent of the halfway house population are walking away?

COMMISSIONER LANIGAN: One is too many, because as it was explained earlier, legally that's an escape. So no inmate should escape. One is too many.

Having said that, 2,400 over a seven-year period, with each year decreasing, to me indicates that we are moving in the right direction with the model and the program. We are making mistakes, and we're strengthening them each time.

ASSEMBLYMAN BENSON: Commissioner, let me finish asking my question. What we're saying is, on average over that period of time we've had more than 12 percent to 15 percent walkaways given that number?

COMMISSIONER LANIGAN: No.

ASSEMBLYMAN BENSON: You're talking about 2,400 over a seven-year period -- is what this reads here -- 2,400 walkaways over a seven-year period.

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN BENSON: So on average you're talking about 300, 350 walkaways a year?

COMMISSIONER LANIGAN: On average over that period probably yes. Again, it's been steadily decreasing.

ASSEMBLYMAN BENSON: So what was the most recent year in terms of walkaways.

COMMISSIONER LANIGAN: Two hundred and change. It's down 27 percent from the prior--

ASSEMBLYMAN BENSON: So we're close to around 10 percent a year walking.

And then the statistic that really concerns me here is-- You seemed to read it as this was a positive thing -- that 57 percent return within a week. You're telling me that 43 percent out of 2,400 walkaways -- that's more than 1,000 -- are walking around for more than a week without a clue where they are. Is that supposed to reassure the public?

COMMISSIONER LANIGAN: I'm not trying to reassure you with those stats. I'm trying to explain that progress is being made. You asked what the numbers were. If we go back to 2008, you had 365; 2009, you had 330; 2010, you had 290; 2011, you had 218. Year after year that number is coming down. Some day I will reassure you, hopefully, and say that it's zero. Until then I can't.

ASSEMBLYMAN BENSON: And it was brought up before-- Whether it's a walkaway or an escapee, it's a crime, correct?

COMMISSIONER LANIGAN: That's absolutely right.

ASSEMBLYMAN BENSON: It's a third-degree crime. Do you recommend each time that happens they be prosecuted for that crime?

COMMISSIONER LANIGAN: Absolutely. And we've discussed this with the prosecutors. But it depends upon the circumstances. There are instances where an inmate will come back to a halfway house an hour late because of public transportation. That inmate has already been declared escaped so likely they're not going to receive an escape charge.

ASSEMBLYMAN BENSON: So for the ones that are more than 24 hours-- What percentage are being prosecuted that are more than 24 hours?

COMMISSIONER LANIGAN: I don't have that percentage.

ASSEMBLYMAN BENSON: Do you think they should be prosecuted if it's more than 24 hours?

COMMISSIONER LANIGAN: Depending upon the circumstances.

ASSEMBLYMAN BENSON: Because my concern is, what's--

COMMISSIONER LANIGAN: In the vast majority I would agree, yes, they should be prosecuted.

ASSEMBLYMAN BENSON: We need to provide a disincentive for walkaways. And if they think they can come back without anything other than administrative penalty, we're not providing a disincentive. And I am-- Even at 200 I am, frankly, concerned that we're seeing 10 percent walkaways still, or *escapees* as I think they should be rightly called. But I appreciate the fact that you agree that even that number is too high.

COMMISSIONER LANIGAN: And absolutely in the vast majority of the cases -- not only do we agree that they should be prosecuted, the halfway house providers do also. Everyone believes that for the program to be successful, the inmates have to act responsibly.

ASSEMBLYMAN BENSON: Have you had conversations with the Attorney General's Office to speak to our prosecutors' offices to make sure that that occurs?

COMMISSIONER LANIGAN: I have had conversations with various prosecutors' offices and had our legal division reach out to various prosecutors' offices and have this discussion, yes.

ASSEMBLYMAN BENSON: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman Connors.

ASSEMBLYMAN CONNORS: And through the Chair, thank you.

Thank you, Commissioner.

I have to say though, out of the last five escapees, or ones who walked away, four of them have been from my district in Hudson County. So that's not reassuring of the program itself and the numbers going down. And I think that just took place recently.

But I do have a couple of questions here. According to your testimony, the State DOC has its own standard for assigning State inmates to halfway houses based on four criteria: full minimum security classification; less than 24 months remaining in their sentence; pass a medical, physical, and psychological evaluation; no pending charges or sex, arson, or of the first or second degrees. Are these the same standards for county inmates in halfway houses? And if not, why hasn't the DOC amended its regulations to mirror State requirements? Don't you think State and county correctional facilities should follow the same standards?

COMMISSIONER LANIGAN: I believe that the State and county inmates are different. The county inmates are pre-trial inmates; State inmates, as you know, are sentenced inmates. Their rights are different, their circumstances are different. Having said that, I think that both have to rely heavily on a strong classification model to determine who they're allowing to go into the halfway house.

ASSEMBLYMAN CONNORS: When was the last time the State DOC sent in special operations groups into halfway houses on raids for suspects, contraband, or anything else?

COMMISSIONER LANIGAN: Probably about a week ago. We had the special operations group out at one of our facilities to do a search. They have conducted, I believe, four halfway house -- thorough searches this year. We also send out our Special Investigations Division periodically to do narcotics searches, ion scans for the residents.

ASSEMBLYMAN CONNORS: Right. And what were the results of some of those searches? And do we notify the municipalities and the county jurisdiction when this is taking place as well?

COMMISSIONER LANIGAN: I don't know which notifications are made when we're doing that. In terms of the results, they're markedly different. Some instances I can say we've gone into the halfway house and found a good deal of contraband such as cell phones, alcohol, weapons. In other instances we've gone into large halfway houses or assessment centers and found absolutely no contraband, which is remarkable. But I think the big difference you'll find, if you look at these circumstances surrounding those, are access to the community. Just like in our own facilities, we find our largest contraband in the full minimum security areas is because there is more access to the community. That doesn't mean we don't search. We continue to search. But the more access you have to the community, the more likely you're going to have contraband.

ASSEMBLYMAN CONNORS: When large disturbances or small disturbances take place in the halfway house, who responds to those situations to quiet them?

COMMISSIONER LANIGAN: Can you say that again? When what happens?

ASSEMBLYMAN CONNORS: When a disturbance takes place in a halfway house and untrained professionals are calling other agencies, who do they call to come in and do the work for them?

COMMISSIONER LANIGAN: They're required to make notification to the Department. The Department, again, works with law enforcement throughout the state. So if there were a serious disturbance, the closest law enforcement body would be the responding body. The Department of Corrections also responds. But we have the agreements with law enforcement -- cooperative agreements with law enforcement throughout the state.

ASSEMBLYMAN CONNORS: Now, do you feel comfortable with the level of training that individuals receive at halfway houses compared to the law enforcement population of correctional facilities?

COMMISSIONER LANIGAN: I think the level of training for the two is very different. The training for corrections officers -- they're law enforcement officers. And in the halfway houses you're dealing more with counselors and civilian staff. And that's part of the concept of the model, again, as an inmate is transitioning from a secure DOC facility back into the community. Part of that transition requires a recognition on the inmate or the resident's part that they are accountable to legitimate authority and not just a law enforcement authority -- be it a teacher, be it an employer, be it a counselor. If they are in a position of legitimate authority, they have the right to give direction. And you as a resident or inmate have a responsibility to take that direction.

ASSEMBLYMAN CONNORS: Well, as a person with a background in law enforcement, I disagree with that. I think that all levels should be of the utmost--

Thank you for your time.

COMMISSIONER LANIGAN: Thank you.

ASSEMBLYMAN MAINOR: Assemblyman Albano.

ASSEMBLYMAN ALBANO: Thank you, Chairman.

Thank you, gentlemen, for spending the time to come here and testify today.

Commissioner, I wish that I could meet with you personally because I probably have a million questions. But I don't really-- I want to bring up the important issues that I feel are important to the people in the State of New Jersey.

In one part of your statement you said that if somebody is convicted of aggravated assault, robbery, kidnapping, vehicular homicide that the prosecutors are notified. Why is that?

COMMISSIONER LANIGAN: To elicit their input as to whether or not they believe a placement for that particular individual in a community program is appropriate.

ASSEMBLYMAN ALBANO: Is that letter stating that they are going to be released or is that letter stating that, "We are asking for your recommendation?"

COMMISSIONER LANIGAN: I don't know what the specifics of the letter say. I'm sorry, Assemblyman. I don't know.

ASSEMBLYMAN ALBANO: That's why I pose the question to you, because the letter that was sent to the prosecutor and forwarded to me

was a statement from the Department of Corrections stating that an individual that -- the person who killed my son was going to be released in a community program. There was nothing in the letter asking for their recommendations, because if they did ask for their recommendations, the recommendation from the prosecutor would have been no, because of the statement in the judge's sentencing statement said this individual should serve the whole time. So I don't believe that the prosecutors have any input on this. And I have a copy of the letter stating that this individual was eligible for the program, and they were kind of shocked when they got the letter. So it was a statement saying that he was going to be, not asking, "Do you think he's a viable person to go back into the community?"

The individual who killed my son was charged with vehicular homicide. He spent roughly eight months in a county jail and went right to prison. During that prison sentence, did this person receive any kind of addiction treatment for alcohol?

COMMISSIONER LANIGAN: I'm not familiar with the specifics. I do know that the individual you are talking about was not afforded RCRP program access based on conversations with the prosecutor's office. But I'm not familiar with his particular--

ASSEMBLYMAN ALBANO: But he wasn't made eligible because of my involvement.

All right. Here is my second question: If somebody is sentenced under NERA -- and for those who don't understand what that is, you must serve 85 percent of your term. Why would an individual-- And this was another shock to the victim witness coordinator and the prosecutor's office -- that somebody who was sentenced under NERA would

be eligible for a community placement program before he had served his 85 percent. That's how I got involved and this individual was not made eligible. But the letter was sent out stating he was eligible. He was going to go into the assessment program and then to a halfway house.

And when I said earlier that the Department of Corrections interprets the laws or their statutes the way they deem fit -- is my concern. There doesn't seem to be oversight on a lot of the issues that are being addressed here today. And these are personal things that I have run across.

I have talked to individuals who have been inmates in halfway houses, I've talked to individuals who have worked in halfway houses, and I've also talked to individuals from the Department of Corrections who transport these individuals. And there seems to be concerns and a lack of -- I don't know what you want to call it -- from the Department of Corrections to the transition into the halfway houses -- where these individuals are concerned about what goes on in the halfway houses, that these individuals aren't getting the treatment that they need.

Now, the person who took my son's life-- My theory is that once he got into the prison system-- I know he's going to be released in less than 10 years. Why weren't his issues addressed when he was within the Department of Corrections? We're talking about taking these individuals and doing a 60-day assessment, putting them in a halfway house -- and I don't know what the length of stay is in a halfway house -- what the average time is. But we expect these individuals, these inmates to transition from a prison back into society within less than a year's time.

What happened to the programs that were in the prisons in my district where these individuals were taught trades? They were taught

electrical, they were taught carpentry, they were taught masonry, they were taught small engine repair. If we don't prepare these individuals within the Department of Corrections, how do we expect to transition these people within less than a year -- throw them out on the street and expect them to be viable citizens within our community? It just doesn't make sense to me.

If you assess these needs within the Department of Corrections -- the alcohol, the drug addiction, the need for education, the need to be taught a trade -- by the time their assessment is done and they're ready to come out, they may spend a couple of months in a halfway house where these individuals can jump right back into society. And that isn't happening today.

There is just a brief summary of my concerns. And it's not on information that I have read here today or articles in the newspaper, but from personal experience.

COMMISSIONER LANIGAN: Again, Assemblyman, let me first offer my condolences for your son. I'm familiar with the circumstances surrounding that.

Having said that, in terms of incarceration in DOC, there are a number of programs that DOC does administer. We have successful parenting programs, we have AA programs, we have job training programs, we have anger management programs. So it's not for a lack of programming. The availability of the programming is there. If that individual who killed your son did not avail himself of those opportunities that is a problem.

ASSEMBLYMAN ALBANO: Thank you, Commissioner.

ASSEMBLYMAN MAINOR: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks.

Commissioner, in a moment or two I will ask you about the three recommendations that you don't agree with and the money reimbursement.

But I wanted to just follow up on some thoughts from your statement. I thank you very much for that. Maybe you could start with -- the inmate must have a positive psychological evaluation. Can you tell me about the psych, how long is it, how does it get done? I'm thinking-- I'll be very clear. I'm thinking about David Goodell, and the folks who beat up Mr. Harris, and the comments we've had today repeatedly about gang influence in halfway houses, which has been admitted by administrators to my knowledge. What kind of psych gets done?

COMMISSIONER LANIGAN: I'm not familiar. I'm not a counselor, I'm not familiar with the specifics of the evaluation that are done. We can forward, through the Chair, a specific set of criteria that are done for the evaluation. But I'm not qualified to speak on specifically how that evaluation is done.

ASSEMBLYMAN CRYAN: Anybody here in your group who could tell us, by chance? I mean, to represent that the guy passes the psych, I'd like to know what the psych is.

COMMISSIONER LANIGAN: Again, we can forward that, through the Chair -- a written report to that question -- through the Chair, if you would like.

ASSEMBLYMAN CRYAN: Through the Chair, I'd ask for that -- what the criteria is for that. And I don't know about medically cleared. But I'd sure like to know what the criteria is for a favorable

recommendation from a facility administrator given the same comments that I just went to you on, on the people I'm thinking about for this.

What's the criteria-- Just on the fourth paragraph of your statement-- "The inmate must have a favorable recommendation from the facility administrator." How is a favorable recommendation from the facility administrator-- How is a favorable recommendation obtained?

COMMISSIONER LANIGAN: There their administrator must affirmatively say that the inmate is ready for -- not necessarily ready, but appropriate for considerations to a committee. And before it even goes to that committee, it requires a sign-off by the administrator.

ASSEMBLYMAN CRYAN: Okay. So to your understanding, some administrator does their own evaluation of each inmate that--

COMMISSIONER LANIGAN: They have each inmate's file that is being brought to the committee, yes.

ASSEMBLYMAN CRYAN: Again, through the Chair, I'd like to ask if there are any sort of standards, parameters, guidelines in terms of how that is obtained.

COMMISSIONER LANIGAN: The standards and guidelines for that would be all of the items that are mentioned in our testimony -- the items that are minimum requirements for an inmate to be considered. And then the administrator has a more keen awareness of that individual's behavior and background while at his or her facility.

ASSEMBLYMAN CRYAN: Good behavior and program participation, right? I'm on the same paragraph. So that would be part of it, right? I'm on your fourth paragraph.

COMMISSIONER LANIGAN: Right.

ASSEMBLYMAN CRYAN: The unannounced visits-- I thought it was striking -- I'm on Page 2 of your statement -- that the NJDOC conducted 161 site visits in 2010. Under this Administration in 2012, site visits has more than tripled to 551. By the way, is that documented -- those reports for all 551?

COMMISSIONER LANIGAN: Yes, they are.

ASSEMBLYMAN CRYAN: What did they find?

COMMISSIONER LANIGAN: Specifically what they found?

ASSEMBLYMAN CRYAN: Just give us a highlight.

COMMISSIONER LANIGAN: These are documented in quarterly reports for each of the halfway houses. They will be anything from lack of documentation for a certain screening that was required to be done, such as -- every inmate that comes back from a furlough is required a drug test. Every inmate is required to be drug tested at least once a month. And random drug tests are conducted throughout the month. So what will happen is, the monitors will go out and they have a form. And they will pull files. One of the Comptroller's criticisms was that the monitors were not independently pulling the files but being given files. They now will request specific files. They will randomly check to make sure that, in fact, it was documented that that inmate was on a furlough and that a drug test was, in fact, done or that inmate was at least drug tested once during that month.

ASSEMBLYMAN CRYAN: I'm just astounded at the 551 figure.

And then I want to follow up with the Governor's announcement -- stepped up as of June 18 -- where that went.

But 551-- I mean, I'm trying to understand what happens. A monitor goes in, does some sort of evaluation. By the way, how many announced, how many unannounced?

COMMISSIONER LANIGAN: I don't know what the mix of the announced and unannounced are. Again, I can provide that to you.

ASSEMBLYMAN CRYAN: When you can, through the Chair. Thank you.

What's the deal? What happens when the guy does the report and says--

COMMISSIONER LANIGAN: There are six program areas. Each program area has a list of items that should be checked: medical, physical plant, operations. I'm not sure what the other three are off the top of my head. But they will go through and they will check, in detail, at least six times a quarter for each halfway house. A report is compiled. Any discrepancies that are noted are on the front page of that report. Before the next site visit, they have to address those discrepancies that are on the front page of the report.

ASSEMBLYMAN CRYAN: There's an ongoing-- Because 551 is a lot. How many halfway houses are there?

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: How many halfway houses are there?

COMMISSIONER LANIGAN: Eighteen or 19, including the assessment centers.

ASSEMBLYMAN CRYAN: You did more than the requirement then, right -- using 18 times four quarters, 72 times 6?

COMMISSIONER LANIGAN: We're meeting requirements, yes.

ASSEMBLYMAN CRYAN: So what happens? I'm still trying to get-- Is there a summary that folks-- You walk in and you go, "Hey, I was here last week," or, "I was here--" Because the way this reads, you're there fairly often. What happens? Because it's pretty clear that there still seems to be some issues. How is the follow-up done? Who is accountable for the reporting? How does it work?

COMMISSIONER LANIGAN: Assemblyman, as I mentioned, on the base sheet there is the requirement that any significant finding be noted and on the next visit, that deficiency is supposed to be corrected.

ASSEMBLYMAN CRYAN: Now, do you summarize those findings? Can you look at Delaney and say, "On a quick summary, in this day and age off a PC, here is my last 25 visits, and here are what the problems were."

COMMISSIONER LANIGAN: Do I personally, no; but the director of programs does.

ASSEMBLYMAN CRYAN: Through the Chair, could I ask for these 551 reports that you produced -- the summaries -- if they're available? I mean, I'd sure like to see what is up and how they're following.

Could I ask that, through the Chair?

Commissioner, could you do that?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN CRYAN: Now, since the *Times* story illuminated all of us--

COMMISSIONER LANIGAN: Since which story?

ASSEMBLYMAN CRYAN: The *New York Times* series. You did hear about that, right?

The Governor has demanded stepped up accountability in terms of visits and so on. Can you give us an understanding of how that's going and what is actually happening with that?

COMMISSIONER LANIGAN: That is ongoing. What's happening is each of the DOC halfway houses are being visited, and they are specifically being looked at for security measures.

ASSEMBLYMAN CRYAN: I guess here is my confusion: If you visited above and beyond the amount already -- 551 visits -- why do we need stepped up visits? What's different about them? And as a result of that, what will be different in terms of the investigations at all?

COMMISSIONER LANIGAN: Two things. I think there were two questions there. That if we've done above and beyond the amount -- which we have -- why do we need additional? Because the Governor ordered it. That's why we need additional.

And then what is different is that with these assessments, the Deputy Commissioner and the Chief of Staff are personally visiting, and they're walking the facility. Both of them have extensive corrections background. One ran the central punitive area on Rikers Island, as well as a jail in Virginia. And the other also has probably some 20, 25, 30 years worth of corrections experience. They are personally walking the facility, and they are determining whether or not, based upon their professional background, they see any security deficiencies that can be corrected, such as: Are all the cameras working? Are the lights on the yards working? Are the security doors being properly staffed? Are those security doors properly

working? Are they in place? This is what is different -- is the level of scrutiny that is being put on it and the level of emphasis on the Department's part.

ASSEMBLYMAN CRYAN: Should I take that as you don't -- respectfully -- there is not enough confidence in the guys who are doing the original 551?

COMMISSIONER LANIGAN: Respectfully, I think you should take it as an honest answer.

ASSEMBLYMAN CRYAN: Okay. And the Chief of Staff does this?

COMMISSIONER LANIGAN: Yes, he does.

ASSEMBLYMAN CRYAN: I have to tell you, from where I'm sitting here it sounds like we sent a couple of guys out to make sure -- and there's no long-term. As a result of the Governor's call for stepped up investigations of halfway houses, there doesn't sound like there is any long-term plan to implement it or be any sort of responsiveness to change. It sounds like a short-term fix, respectfully, through the Chair, that we're going to take a walk through, make sure the cameras-- I may be unfair in terms of summarizing this. But it sounds like a one-shot.

COMMISSIONER LANIGAN: That's not correct. They will be doing follow-up. It's not a one-shot. I, again, respectfully disagree with that evaluation.

ASSEMBLYMAN CRYAN: So what in the policies and procedures has changed since the stepped-up investigations, since you were going above and beyond already in the last 36 days, or whatever it is?

COMMISSIONER LANIGAN: I didn't get your question.

ASSEMBLYMAN CRYAN: What has changed, in terms of policies, and procedures, and monitoring other than the two big shots (indiscernible)?

COMMISSIONER LANIGAN: I think I mentioned to you that we do not have (indiscernible) reports on this yet.

ASSEMBLYMAN CRYAN: Okay. Let me switch back to the contracts for a couple of minutes.

By the way, you have contract administrators, right?

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: You have contract administrators in DOC.

COMMISSIONER LANIGAN: I'm the Commissioner for DOC.

ASSEMBLYMAN CRYAN: Do you do the contract administration? Who does that?

COMMISSIONER LANIGAN: I'm not sure what you mean by *contract administration*.

ASSEMBLYMAN CRYAN: Who manages the contract for--

COMMISSIONER LANIGAN: I do. Well, it is my responsibility and, again, it is managed through the Director of Community Programs.

ASSEMBLYMAN CRYAN: Community Programs, all right.

I want to ask you about this idea that in particular areas there are inmates who are part of your process at DOC. And in particular in Essex there are a number of inmates who are preadjudicated.

COMMISSIONER LANIGAN: A number of inmates who are what?

ASSEMBLYMAN CRYAN: There is a mix of populations in some of these facilities -- is that correct -- folks who have been sentenced and are working their way out versus folks who haven't been adjudicated yet.

COMMISSIONER LANIGAN: Yes.

ASSEMBLYMAN CRYAN: What's your take on that?

COMMISSIONER LANIGAN: The requirement is that there is absolutely no comingling. So what I mean by that is, you could never have a county inmate comingled with a sentenced inmate, not at meal, not at their housing, not at their sleeping quarters. There is no comingling -- not at the counseling sessions.

ASSEMBLYMAN CRYAN: And out of the 551 site visits, has anybody looked for comingling? Is that part of the criteria?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN CRYAN: We haven't found any?

COMMISSIONER LANIGAN: No.

ASSEMBLYMAN CRYAN: Okay. That's great, I guess.

Did you get the money back? Did the \$587,000 that was overcharged in the Boxer report come back?

COMMISSIONER LANIGAN: No, we did not.

ASSEMBLYMAN CRYAN: Could we have it?

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: Could we get it?

COMMISSIONER LANIGAN: I can't hear you, Assemblyman.

ASSEMBLYMAN CRYAN: What's the deal? Can we get it? What do we have to do to get it?

COMMISSIONER LANIGAN: We have discussed this with the Attorney General's Office. We've sought legal advice. Again, let me try to put this in some sort of frame for you. The contract that we're talking about was a 2004 contract. This \$500,000-odd relates back to a contract that was let in 2004. In 2007 there was an audit that was done and it was identified. This issue was identified. Right now we are looking for Attorney General advice as to whether or not we go back to a 2004 contract. It was a fixed per diem rate contract. Those rates were established upon the criteria that the Comptroller talked about. Expense sheets had to be submitted, etc. -- calculations sheets. There were errors on those calculation sheets back in 2004, which lead to a specific per diem rate. At the end of the day it was a fixed rate contract that was agreed to. "We will pay you X amount of dollars per day, per inmate." And we are now looking to see if it's appropriate or not. It will require two things. One, it will be a legal analysis. And second, it will be a cost-benefit analysis -- the cost and benefit of going back, including our legal costs to go back to try, and what the likelihood is of the State prevailing.

ASSEMBLYMAN CRYAN: It's the same players, right, who were there in 2004 to now? Nobody has changed.

COMMISSIONER LANIGAN: Correct.

ASSEMBLYMAN CRYAN: Why don't we go get our money back? That just seems to make a lot of sense to me. I'm sure to you guys as

well, right? If we shouldn't have paid it, we ought to get it back, especially to the same players.

COMMISSIONER LANIGAN: Again, this was something under the prior Administration. The contract was let, the errors were there.

ASSEMBLYMAN CRYAN: Commissioner, you're holding the bag. It's not your call.

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: You didn't create the problem. I'm there on that. But I'd like you to go get our money back. Somebody else screwed up; please go fix it.

The three recommendations that you don't agree with are what -- in the Boxer report?

COMMISSIONER LANIGAN: First was obtaining corroborating documentation for expenses listed in the per diem budgets. Because the new contracts are now firm, fixed rate contracts, there is no need for us to be looking at expense sheets. So what we monitor are the requirements of the RFP. So, for example, that the facility be maintained at an appropriate level, we don't look into how much it costs to do that. That's the vendor's responsibility, regardless of whether it costs a lot of money or very little money. The vendor is required for meeting the appropriate standard, and we will pay the vendor the per diem rate. That was one that-- Under the prior, 2004 contract it may have been appropriate, but under the current contract, it is not.

ASSEMBLYMAN CRYAN: Okay. What are the other two?

COMMISSIONER LANIGAN: The second dealt with an amendment to the contract -- again, the 2004 contract. At the end of that

contract, there were some 400 -- there was an amendment to that contract to add some 400 beds to the contract. The Comptroller questioned the manner in which the amendment was done. That's been the-- Again, this is under the prior Administration. That was approved by the Attorney General's Office and really has no bearing on the current contract.

ASSEMBLYMAN CRYAN: Okay. And the last one?

COMMISSIONER LANIGAN: The last one recommended staffing at RCRP locations with securities staff specifically trained to handle residents. And again, philosophically, as I explained earlier, we believe that the transition from incarceration to community requires residents at that point to begin to respond appropriately to a legitimate authority -- not just to a correction officer or police officer, but to any legitimate authority.

ASSEMBLYMAN CRYAN: Okay. So, for example, the psych that you're not sure how long it takes -- but you do the process. And the things that we do that permits somebody to be in a halfway house are good enough that in the new contract we don't have to have defined securities requirements. Is that basically right?

COMMISSIONER LANIGAN: The model itself -- it's not defined security requirements. Again, I'm talking just the State-sentenced inmates who are leaving our custody who will be back out in the community within a short period of time and that in a number of cases are in the community currently working, and going to school, and going to the DMV for their driver's license, etc.

ASSEMBLYMAN CRYAN: I want to switch gears and talk about recidivism for a minute. You touted, and we read in a lot of

newspapers, about the 11-something percent Pew Center. Can you tell me from what to what for the reduction of 11 percent?

COMMISSIONER LANIGAN: That was from 40-some-odd percent to, I believe, 42 percent. I don't remember exactly what the percentages were. We are now down at a recidivism rate -- meaning reincarceration in a State facility -- to some probably 35, 36, 37 percent. So we're continuing to move that rate down. Ideally, someday, it will be down in the 20s.

ASSEMBLYMAN CRYAN: So today's recidivism rate -- for argument's sake let's say 37. I thought that -- and I'm switching gears a little bit, Comptroller, that you requested some recidivism rate information and a study in your report, did you not?

STATE COMPTROLLER BOXER: Yes.

ASSEMBLYMAN CRYAN: And if I read the report right -- I didn't flip the page -- didn't it say it was going to take four years to do that?

STATE COMPTROLLER BOXER: What we were told by DOC staff was that the information that we had suggested be compiled would take three to four years to compile. That's my recollection.

ASSEMBLYMAN CRYAN: Okay. So whose 37 percent is it? How do you get that number? And how does it take-- You see my problem here.

COMMISSIONER LANIGAN: Yes. Let me try to clarify. The Comptroller is talking about outcome measures specific to the halfway houses. The percentages that are in the Pew report and the numbers that I just gave you are overall DOC recidivism numbers. Those are not specific to the halfway houses.

What we have done, as I mentioned in the testimony, over the past year is begun developing a database to collect that data so that queries can be made. Once we start putting information into the database, then we'll be able to do that research and determine what the recidivism rates look like.

The reason that the Comptroller was likely given a three-year time period is that you tend to look at recidivism three years after release. The basic indicators tend to be rearrest, reconviction, and reincarceration over a three-year period. So once we create the database and it's up and running, we likely will be able to go back and look at inmates who were released in 2008 and determine what their recidivism rates look like through 2011.

ASSEMBLYMAN CRYAN: Okay. I'm not sure I follow that. I'll be honest with you. Do you have performance measures or things in place for particular programs that are designed to reduce recidivism?

COMMISSIONER LANIGAN: For particular programs--

ASSEMBLYMAN CRYAN: That are designed to reduce recidivism -- education, GED, anything like that -- employment.

COMMISSIONER LANIGAN: Not specific to-- Well, let me take that back. Things like education, GED -- Department wide we do measure that. So, yes, we do have those types of measurements. For the halfway houses, we do look at a number of things, such as the escapes or walkaways. We will be looking at the number of completions for the program -- how long the average length of stay has been in the program, etc. So we are developing those measurements. Do we have all that you're talking about today? No.

ASSEMBLYMAN CRYAN: But you're working toward that.

COMMISSIONER LANIGAN: Yes.

ASSEMBLYMAN CRYAN: I have a couple others. I want to share with you -- and I mentioned it when the Governor came up earlier -- the schedule of a couple of folks who, today, are successful who were in Logan Hall. And I-- People who I know--

COMMISSIONER LANIGAN: Can I say one thing before you go through that, Assemblyman?

ASSEMBLYMAN CRYAN: People I know who have been through the program at Logan Hall.

COMMISSIONER LANIGAN: Logan Hall is not a DOC--

ASSEMBLYMAN CRYAN: I'm well aware of that.

COMMISSIONER LANIGAN: Okay.

ASSEMBLYMAN CRYAN: But I just want-- Because we talked about the comingling of folks a little bit. And in Logan, for example, the separation between State folks, and folks who are going out to work each day, and resident folks is the difference in the doors in the men's room. You go in one and you cut through to the other and you're pretty much there. And you can place your orders for anything from -- and you heard some of this here today -- cigarettes, heroin, drugs, whatever you want. And particularly on Thursdays, when everybody gets their 30 bucks, folks place their orders. And it seems to be an ongoing, comingling issue where people are able to deliver.

I'd ask specifically here, in terms of your audits -- and you mentioned these folks all technically work for you -- to take a look at that situation for the comingling of that. Because evidently there seems to be

quite a bit of contraband, shall we say, that's brought in and out each day by folks who are leaving, which goes to the comingling of prisoner issues that I mentioned earlier to you that are of great concern for us all.

COMMISSIONER LANIGAN: Again, those are county inmates. Those are not State-sentenced inmates. But I do hear the issue that you're raising.

ASSEMBLYMAN CRYAN: You read the *New York Times* stories, didn't you, Commissioner?

COMMISSIONER LANIGAN: I read a lot of the *New York Times* articles. I don't know if I read all of the ones that you're going to refer to.

ASSEMBLYMAN CRYAN: Did you read the three-part series?

COMMISSIONER LANIGAN: The three-parts I did read--

ASSEMBLYMAN CRYAN: Sam Dolnick, three-part series in June that -- actually the Governor created and, I believe, directed you to step up your investigations as a result. Did you read that?

COMMISSIONER LANIGAN: Yes, the three-part article, I did.

ASSEMBLYMAN CRYAN: I'm interested, on a professional level, what did you take away from the stories? What corrective action did you have in mind from it? Did you think it was all hogwash from a slanted reporter? Or did you think it deserved the merits and a candid conversation about where we are -- all of us, I add -- all of us -- where we are and where we need to be? What were your thoughts in terms of reading the series and what it meant to the people of New Jersey? I'm really interested

in your public opinion on what that meant to you as the leader of Corrections in this state.

COMMISSIONER LANIGAN: I'm a strong believer that any criticism, if it's constructive, will make you stronger. I think that that article, like a number of you folks sitting here today asking these questions-- I think it will only make the system stronger. How constructive the criticism was -- some might question that. If you're asking my opinion, I think it was somewhat biased. But, again, I will take the criticism for what it was, and we'll come out of this with a stronger model than we have today.

ASSEMBLYMAN CRYAN: Did you accept-- I'll ask, because this just stays with me-- Did you read David Goodell's psych after her story?

COMMISSIONER LANIGAN: I'm not sure.

ASSEMBLYMAN CRYAN: Did anybody reach out to Ms. Tulli and say, "Hey, you know what? This thing is just a terrible nightmare. (indiscernible) was part of our conscience." Did any of that happen, to your knowledge?

COMMISSIONER LANIGAN: I don't think I heard that question.

ASSEMBLYMAN CRYAN: Did anybody reach out -- for example, the young lady who opened this conversation today, Ms. Tulli -- Tulli is the correct pronunciation. Did anybody reach out to her family as a result and say, "How are you doing? How is it going?"

COMMISSIONER LANIGAN: I think that would be far too little, far too late. I think any reach-out that should have been done for her should have been done years ago, not today. I think that would have been--

If I were her I would have been insulted by the phone call and felt that the phone call was the result of media and a cover-your-butt type of phone call. So, no, I did not.

ASSEMBLYMAN CRYAN: Did you implement any sort of internal investigation as a result of any one of those stories?

COMMISSIONER LANIGAN: Did I feel anyone what?

ASSEMBLYMAN CRYAN: Did you implement any sort of internal investigation as a result of any part of those three stories?

COMMISSIONER LANIGAN: That investigation was being done by the prosecutor's office. Again, this is a case that happened a number of years ago. It's not a DOC inmate. And the prosecutors are handling the investigation and follow up on that.

ASSEMBLYMAN CRYAN: The last part of the *Times* stuff-- Thank you, Chairman, for the opportunity.

The CEC issues, financially -- so that we're all clear -- was raised as part of a lawsuit, frankly, about financial considerations in other states that potentially has an impact here in New Jersey, if one is concerned about finances -- and, quite frankly, only surfaced in the past couple of weeks. So I believe it's post contract award, and I want to be clear about that.

That said, have you had any concerns about the financial stability of CEC and/or -- how do I want to word this-- Is CEC, in your opinion, too big to fail, or would New Jersey be able to, if they couldn't function, handle 70 percent of the halfway house problem on a fairly quick basis?

COMMISSIONER LANIGAN: The second part of that question was-- I'm sorry, I didn't understand the second part of the question.

ASSEMBLYMAN CRYAN: Is CEC too big to fail? I mean, one of the things I wonder about -- whether it's 56 percent, or if you use money it's 70 -- it's actually 72 or something. Is CEC too big to fail? And as a result of the financial considerations that were raised by that story, would we have-- Do we have a contingency plan if CEC failed or is financially insolvent, and/or have you asked for CEC's finances as a result of this being raised to our awareness?

COMMISSIONER LANIGAN: The first question: I am not concerned. No one is too big to fail. CEC or EHCA -- who is our vendor -- if they were to fail, we would go in, we would pick up the inmates, and we would proceed and have to change the model. The negative consequence of that would be that in the interim -- until we were able to retool the model -- the inmates would not receive the same reentry programming that they're receiving today. But in terms of security to the community, there would be no security lapse whatsoever. DOC has some 1,200, 1,300 beds that are available today that we could put inmates in. Plus we have agreements with the counties. So there would never be a security impact to the community.

In terms of our financial relationships with EHCA, I have no reason to question their financial viability other than a *New York Times* article. We do have--

ASSEMBLYMAN CRYAN: On a filed lawsuit. I mean, that's what it referenced.

COMMISSIONER LANIGAN: Excuse me?

ASSEMBLYMAN CRYAN: It referenced filed lawsuits and questions of financial-- Anybody pull that? Anybody take a look what the story referenced, in terms of documents and--

COMMISSIONER LANIGAN: Our contract is in place with them, and the auditors did the original review of the vendor, and there were no financial questions raised at that time. There were financial questions raised with some of the other vendors, and appropriate action was taken. In fact, one of the vendors was disqualified for financial reasons.

ASSEMBLYMAN CRYAN: You know, in summary -- and I'm not going to get into how you determine per diem rates or overall costs -- here is my concern: I think those-- I think the installments in that series shocked our conscience. Others can disagree, but it certainly shocked mine and, I know, others.

Our response has been to take two folks -- our response, we, this team of leaders in New Jersey, all of us -- our response has been to take the Chief of Staff and some other fellow and send him out on more visits without any sort of game plan or follow-up in terms of what we're going to do. And now we've been notified that there are concerns. I think we ought to take it more than that -- a lot more than that. I think, quite frankly, the Tulli family, the Harris family, and the taxpayers of this state deserve more than that. And I think it behooves you to look at these things-- And I understand you may see a bias. I might have seen a bias in a news article or two along my way. (laughter) But with that said, we need to be responsive at every level. And I have to tell you, from listening to this, I don't think the response has been that great. I'd like to see you do more.

COMMISSIONER LANIGAN: I'm sorry you feel that way, Assemblyman. But, again, I think you're underestimating the qualifications. That not just an administrative Chief of Staff. That's someone with a long security background in corrections, as well as the Deputy Commissioner. Also, the reports -- I think you're prejudging the action. This is the beginning of the process, not the end.

ASSEMBLYMAN CRYAN: I guess we'll respectfully disagree. And I look forward to the Comptroller's follow-up audits.

ASSEMBLYMAN MAINOR: Commissioner, I have one request -- and I'm listening to you. I'm going to ask if there is a possibility if I can visit maybe Northern State and Rahway, and actually go behind the wall. I would like to talk to some of the inmates; I would like to talk to some of the workers. Is that something I can do?

COMMISSIONER LANIGAN: Absolutely. Just contact my office and we'll arrange it.

ASSEMBLYMAN MAINOR: I will do so.

Do we have any questions?

Assemblyman.

ASSEMBLYWOMAN WATSON COLEMAN: I apologize, Commissioner, if I'm a bit redundant; because I was out on the phone, unfortunately. It's good to see you.

When you talk about the 24,500 inmates, and you talk about the 2,700 who are in halfway houses, are any of these the department of personnel (*sic*) clients, or is that an additional population?

COMMISSIONER LANIGAN: Are you talking Human Services clients?

ASSEMBLYWOMAN WATSON COLEMAN: No, the Parole Division that has clients in residential facilities.

COMMISSIONER LANIGAN: I'm speaking those 2,700 are purely State-sentenced inmates. Those are not parole violators, those are not county, those are not Federal inmates, all of which also use halfway houses.

ASSEMBLYWOMAN WATSON COLEMAN: Your division of parole has the Logan house and about four other facilities -- the step facilities. Is that right -- the Division of Parole.

JAMES T. PLOUSIS: Yes, your right.

ASSEMBLYWOMAN WATSON COLEMAN: And there are how many people in those?

MR. PLOUSIS: Five hundred and seventy-eight.

ASSEMBLYWOMAN WATSON COLEMAN: Five hundred and seventy-eight?

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: So are those 578 in your number, Commissioner?

COMMISSIONER LANIGAN: No, they're not.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. So that's an additional 578.

When I was looking at something -- and I may have not read it right -- \$65 million for 2012-2013 is appropriated for halfway houses under the Department of Corrections, right?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: Thirteen million dollars is appropriated for corrections facilities under the Parole Division.

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: So those are the five houses.

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: So that's \$65 million plus \$13 million.

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: For 3,200 and some individuals.

MR. PLOUSIS: Correct.

ASSEMBLYWOMAN WATSON COLEMAN: I don't know what that comes out to be in terms of a per diem.

MR. PLOUSIS: It averages \$71 a day.

ASSEMBLYWOMAN WATSON COLEMAN: So, Mr. Boxer, when you did your evaluation, you just did DOC, right?

STATE COMPTROLLER BOXER: Correct.

ASSEMBLYWOMAN WATSON COLEMAN: So the facilities that the Department (*sic*) of Parole -- Division of Parole -- I'm going to make you a Department yet, stick with me (laughter) -- the Parole Division contracts with.

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: Are those the same vendors that the Department of Corrections has contracts with?

MR. PLOUSIS: They are the same vendor. And Mr. Boxer did do a review of our contracts. They don't run exactly the same sequence, but our report came out with no major deficiencies.

ASSEMBLYWOMAN WATSON COLEMAN: Are any of the Parole Division's halfway houses owned and operated by either EHCA or CEC?

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: How many of them?

MR. PLOUSIS: Two.

ASSEMBLYWOMAN WATSON COLEMAN: Of the five? You have five all together?

MR. PLOUSIS: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: For either you, sir, or Commissioner, sir, knowing that you're actually engaging in a relationship with CEC as the entity that is providing the service, as opposed to EHCA which simply passes through the money and takes some-- Do you have specific knowledge of their financials -- CEC?

COMMISSIONER LANIGAN: Not of CEC's, no.

ASSEMBLYWOMAN WATSON COLEMAN: Not of CEC.

MR. PLOUSIS: No, I don't.

ASSEMBLYWOMAN WATSON COLEMAN: Because the majority of the money that we're talking about is spent, controlled, and dispersed through CEC's authority -- overseeing, whatever. Do you think that that's a problem for us? Should we not be concerned where the majority of the money is as opposed to the minority of the money?

Let me ask another question. Do you have any financials on EHCA that would suggest that it is a viable, financially stable company? Because it just seems to me to be a company that is a holding company holding dollars for a few minutes and then sending them on their way. What else does it do?

COMMISSIONER LANIGAN: The only way I could answer that, Assemblywoman, is that the financial audit that was done raised no inquiries about EHCA. So I've not looked at the financial records of any of the vendors, personally. But we do have trained auditors who are in the evaluation committee who did evaluate and did not raise any issue of concern with the EHCA.

ASSEMBLYWOMAN WATSON COLEMAN: That raises tremendous concern with me because I believe that it was represented earlier today that EHCA has, like, \$31 million of the \$65 million. Is that right? Or \$37 million of it. Something like that. That's just DOC money. I have no idea what-- And actually that money is not in -- the accountability can't be from EHCA, because EHCA hasn't gotten it -- doesn't have anything that we know of. But we've got this other entity that has control of public dollars -- some \$40 million, maybe more if you add the Division of Parole. And we don't know dip about them. There is something wrong with that. And we need--

So just on that issue alone, I really believe that the Legislature has to be more specific on what it intends. And I don't care if it started under the Whitman Administration and went through the McGreevey and the Corzine Administrations, up to the Christie Administration. This, which we know about right now, smells to high heaven, and we need to do

something about it. And I'm not even suggesting that EHCA or CEC are doing anything wrong. We don't know. We don't know what they're doing. That's number one.

Number two is, when we talk about evaluating the success of a program, we keep talking about the public safety issue, because we want everybody in this state to know that we're concerned about the public safety issue. But I'm also concerned about -- success of this program has to be linked to whether or not these individuals get jobs, live in communities, participate and unify with families, and become taxpayers. Because, you know, it's really about -- at the end of the day, New Jersey needs its taxpayers. So I'm hoping that when we start correcting our deficiencies that we also look to see if the programming that is taking place in these facilities is addressing our expectations of those individuals coming back into society and being fully functioning, not just getting arrested again, not just getting half -- go halfway back, whole-way back, or whatever -- but actually becoming productive citizens.

COMMISSIONER LANIGAN: That's specifically the data that we'll be looking to collect.

ASSEMBLYWOMAN WATSON COLEMAN: Absolutely.

So I'm really-- I was struck by Dr. Wolff's testimony, because she's outcomes-oriented. She wants to measure the success based upon the outcomes. And it's not just going back into prison. It's whether or not we have healthier communities at the end of the day.

I had another question or clarification, but I've written these scribbly notes all over the place here so let me, just one second, find it if I can. Here it is -- even written more neatly.

When an-- Do you have a prerelease assessment program -- assessment of individuals before you release them to assessment centers?

COMMISSIONER LANIGAN: Yes, we do. Well, that's the recommendation process that we spoke about, at length, for them to be referred.

ASSEMBLYWOMAN WATSON COLEMAN: So once they leave the prison after they've met this criteria that the assessment team has -- recognizes and has evaluated with regard to that individual, then these gentlewomen and gentlemen go through an assessment center. Where do women go? Do they go to Bo Robinson?

COMMISSIONER LANIGAN: Bo Robinson.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. After that 60- or 90-day assessment period, your classification people meet and determine what's appropriate. Who makes the assignment to the halfway house?

COMMISSIONER LANIGAN: The Department of Corrections makes the assignment, but that's based upon recommendations from the assessment center. So a committee meets, they review each proposed assignment, and--

ASSEMBLYWOMAN WATSON COLEMAN: So they are guided by the recommendations of the assessment team--

COMMISSIONER LANIGAN: Exactly.

ASSEMBLYWOMAN WATSON COLEMAN: --at the assessment center, which is sometimes owned by the same people who are the halfway house provider, right?

COMMISSIONER LANIGAN: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. I just wanted to make sure I understand.

I strongly support your -- both of your divisions. You know that I believe very much that transitioning people out of these facilities into the community is very important, and it is strategic, and it is substantive; and we need to make sure that we have high standards and we hold these entities that we are paying to provide the services at the highest level. And as long as we do that, I'm there, sirs. I am there.

COMMISSIONER LANIGAN: Thank you.

ASSEMBLYWOMAN WATSON COLEMAN: I am very concerned with what Mr. Boxer had said and what Dr. Wolff said about -- in order to ensure we have the highest degree of services, we need a competitive marketplace. So we do need to reexamine how we can make that happen in this environment.

And lastly, sir--

Thank you very much, Mr. Chairman. I shall end with this.

I am very concerned that halfway houses are becoming mini-institutions. And I really believe that if we are interested in transitioning individuals from an institution-like environment into -- ready for the community, then we need to look at halfway houses that are not hundreds of people -- at least not hundreds of people of different situations, comingling populations that perhaps shouldn't. And I think that we need to get a handle on what the counties are sending to these facilities, and that there should be the same rules, regulations, and standards that exist for everybody and not just somebody. And that's the work that we have cut out for us. We need to approach what we've learned through this, and the

newspaper articles, and the report as opportunities to make this system better. And that's what I look to do; and I thank you for being here.

COMMISSIONER LANIGAN: Thank you, Assemblywoman.

ASSEMBLYMAN MAINOR: Before I have Assemblyman Albano--

Chairman Plousis, can you, for the record, just--

MR. PLOUSIS: Yes. My name is Jim Plousis, Chairman of the State Parole Board.

ASSEMBLYMAN MAINOR: Thank you, sir.

Assemblyman.

ASSEMBLYMAN ALBANO: Thank you, Chairman.

Real quick, Commissioner-- And let me just say that by no means am I attacking the Department of Corrections or putting blame on anyone. This Legislature has a responsibility to the people of the State of New Jersey to have the most effective system, from the top to the bottom, for the taxpayers and the State of New Jersey.

I just want to give my recommendation of my concerns right now. My concerns are the accountability and the effectiveness of the halfway houses of what they were implemented to do. And this is just my suggestion. You don't even have to comment on it. There seems to be that lack of accountability, supervision, and the success rate. What would be the problem -- until the Department of Corrections or State Comptroller's Office comes up with a solution to how we can better this system and implement somebody within your Department to have some kind of oversight within halfway houses-- And I know you want to make this more of a residential environment, and I agree. But if there is a set of eyes -- to

not watch what the inmates or the residents of the halfway houses are doing, but accountability from the facility itself through the Department of Corrections -- I think it would put a lot of our minds at ease right now, temporarily, until you come up with the solution.

Thank you, Chair.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CLIFTON: Thank you, Mr. Chairman.

Commissioner, just a couple of quick questions.

The county inmates -- are there county inmates in all of the halfway houses and centers in New Jersey?

COMMISSIONER LANIGAN: No, certain counties -- I think there are three counties that place inmates in halfway houses. The other 18 or so do not.

ASSEMBLYMAN CLIFTON: So when they're placed in-- They're obviously separated from the State inmates. Who oversees their activities during the day and night, as well?

COMMISSIONER LANIGAN: Again, their placements are also done by a classification process, and that is done by the staff of the halfway house, I believe. But I'm not even certain about that.

ASSEMBLYMAN CLIFTON: Okay. So the Department of Corrections is out of--

COMMISSIONER LANIGAN: The Department of Corrections--

ASSEMBLYMAN CLIFTON: --any dealing with anything with those inmates.

COMMISSIONER LANIGAN: Yes. We do review policies to make sure that they have a classification process in place. But the individual placements we leave up to local law enforcement and the local governing bodies.

ASSEMBLYMAN CLIFTON: Okay. So for the residents who are under the Department of Corrections, you've seen over the last several years those numbers declining. What do you attribute that decline to?

COMMISSIONER LANIGAN: Again, I think it has a lot to do with the enhanced monitoring of the vendors, partially as a result of the what the Comptroller found and partially of the results of what we found initially. I think it also has to do with intelligence -- enhanced intelligence gathering that our Special Investigations Division already does of the halfway houses. Assemblyman Albano had talked about setting your minds at ease a little bit more if you knew that there were independent eyes. Our Special Investigations Division not only has a Fugitive Unit, but we also have investigators who look at activity at the halfway houses.

For example, there was a recent incident that resulted in indictments based upon halfway house residents working at a facility that was not being operated appropriately. The Attorney General -- our investigators worked with the Attorney General's staff, and there are prosecutions undergoing right now with that. That had to do with the removal of hazardous materials -- asbestos, etc. -- from a work site. So it's not that we do not look at what's happening in those halfway houses. We do have investigative staff that does that now. We will be looking at whether or not that needs to be enhanced.

ASSEMBLYMAN CLIFTON: Okay. On the issue of escapes or walkaways-- Now, are these, for the most part -- I don't know if you have a percentage -- are these folks who slip out of the back door, climb out of a window, or are they usually out at their job or educational trainings and don't come back?

COMMISSIONER LANIGAN: I don't have the exact numbers, but I think more often than not you're going to find them where they're already out in the community and choose not to come back. Periodically they will leave from the facility, but more often than not I think it's they're already in the community at work or in school and choose not to come back that evening.

ASSEMBLYMAN CLIFTON: So adding correctional officers to the facility -- that's not going to stop a large percentage of these escapes or walkaways?

COMMISSIONER LANIGAN: No, not in those instances.

ASSEMBLYMAN CLIFTON: Now, this morning we heard from our first witness the horrifying story of her sister being murdered. Was that a situation where he escaped from the halfway house or was he out in the community at job training or for work?

COMMISSIONER LANIGAN: That was an individual who was already placed on parole. That was not a State-sentenced inmate at all. That was an individual who was already on parole.

ASSEMBLYMAN CLIFTON: Okay. I think it was brought up by the Chairman earlier, several hours ago, about the line item veto. Could you explain a little bit about what actually occurred with the line item veto?

COMMISSIONER LANIGAN: We will produce whatever reports the Legislature and the Governor require us to produce. Whatever our mandate is we will do that.

Having said that, I don't think it was so much content as it was frequency. The line item talked about doing reports every quarter, and it was on information that -- I don't have the exact wording in front of me -- but it was somewhat vague and not necessarily appropriate, again in my own opinion, for our budget language. This was placed inside a budget. And we produce a number of reports on a regular basis. We're constantly producing reports. There is a ton of information that is already out on our website. This would be yet another report that we were doing. So would it be onerous for us? Yes it would. But again, we will do whatever the Legislature and the Governor's Office agrees is required of us.

ASSEMBLYMAN CLIFTON: Thank you, Commissioner.

ASSEMBLYMAN MAINOR: Commissioner, I think it was yesterday I called your office and asked if you would provide us with copies of the contracts that you have with each and every one of the halfway houses.

UNIDENTIFIED COMMITTEE AIDE: (indiscernible).

ASSEMBLYMAN MAINOR: We do have them?

Okay. I'm sorry. I do have them. I apologize.

Assemblyman.

ASSEMBLYMAN DANCER: Thank you, Mr. Chairman.

Through the Chair, Commissioner, first I want to commend you and your Department on the ongoing reductions in the recidivism and on the walkaway, escapee, absconder reductions. Good job there.

COMMISSIONER LANIGAN: Thank you.

ASSEMBLYMAN DANCER: Also, I note it was raised here -- a question was raised about the psychiatric evaluations and that process.

Just my personal observation in that field-- I personally see a very good working relationship between the Department -- the Commissioner of Human Services and your Department. I know under Title 30 of our statutes, whenever an inmate, for example, is exhibiting behavioral problems, that there is this good working relationship where either the mobile PESS unit -- the Psychiatric Emergency Screening Service, PESS -- the mobile unit will come to the facility or the Department of Corrections will transport the individual to a PESS unit.

And what happens there under Title 30 is that there is first a New Jersey certified mental health screener that does a mental health evaluation. And upon that mental health evaluation, there is a determination made whether, in fact, the individual could be suffering from a mental illness that would cause a threat to the individual, to others, or to property.

And subsequent to that there is a process under Title 30 where the New Jersey mental health screener will ascertain the services of two clinical psychiatrists to do two evaluations on the inmate. Now, once we have the two clinicals -- the psychiatric and independent evaluations -- plus the New Jersey certified mental health screener report -- and there is a 72-hour period under Title 30 which they are detained, legally and statutorily, for that period of time -- that information is then given to a Superior Court judge. It is a judge -- not the Department of Corrections, not the Commissioner of Human Services -- but is a judge of the Superior Court

who will review that information and will make an informed decision as to whether, in fact, that individual should be involuntarily committed under the Civil Commitment statutes in Title 30 on a temporary basis. And if that decision is made by a court, there is an order -- a temporary order of civil commitment that is signed by that judge. And then, of course, the due process will ensue.

Now, that's under the civil commitment process. In the criminal process -- and under 2c of the Criminal Code -- there is a process where the criminal will have a -- what is known as an IST. It is an evaluation by the medical professionals-- IST stands for *incompetent to stand trial*. And these evaluations are every 30, 60, or 90 days depending upon the patient or the inmate's mental health state. So what I have seen personally in that field is there is a very good collaborative, working relationship between the Commissioner of Human Services; yourself, Commissioner; and your Department.

So I think job well done.

COMMISSIONER LANIGAN: Thank you very much.

ASSEMBLYMAN MAINOR: Do we have any other questions?
Assemblyman.

ASSEMBLYMAN PETERSON: Commissioner, there has been a lot of questioning about the fact that there is a not-for-profit and then some other entity that is for-profit that provides services. And there was a statement made that we don't know who they are or what they're doing. But didn't you testify that you had 551 visits to these facilities where criteria based on the facility itself, what treatments are being provided,

everything that's going on, every aspect of the operation-- So is it safe to say you know what we're paying for?

COMMISSIONER LANIGAN: I believe we do, yes. Can we know more? Absolutely.

ASSEMBLYMAN PETERSON: So I think it was -- \$73 per day is the average cost for these services.

COMMISSIONER LANIGAN: It will range, but that's probably the average -- right around there.

ASSEMBLYMAN PETERSON: Okay. And if you know off the top of your head, what is the cost to keep them incarcerated in a prison, State prison per day?

COMMISSIONER LANIGAN: The daily cost I'm not sure of. The annual cost is someplace up around \$45,000 to \$49,000 annually. But, again, those are averages that deal from people who are minimum security to people at a very high security. So the averages are really sometimes misleading.

ASSEMBLYMAN PETERSON: Okay. Now, I think you've stated here that there is always room for improvement. I was brought up that you could always do better. You're only as good as that day, and you can do better. And in business you need to do better.

And I believe I heard you say you could do better, you want to do better, and you have goals that are geared to doing not just a little bit better but significantly better than you currently are. Is that correct?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN PETERSON: And in the last two years you've made significant improvement over prior administrations, correct?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN PETERSON: And you hope not to rest on your laurels in those improvements. But you want to even improve further, correct?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN PETERSON: And although we're having this public discussion about it -- and that's never fun to have to air all the errors that happen in life. And most people hope that in their jobs they don't have to have a public discussion about mistakes that occur and what they've done to improve it. Out of this Committee hearing, have you heard things that -- ideas that will help you achieve those lofty goals that you have set?

COMMISSIONER LANIGAN: Yes, I think we have. There are a number of messages we're taking from these hearings, including some of the folks who are testifying, as well as the legislators who have made comments. And we will be doing a briefing of all of the testimony.

ASSEMBLYMAN PETERSON: And the auditor's report -- that was also an independent look at what you're doing, correct?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN PETERSON: And they made their recommendations, and you reviewed them, correct?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN PETERSON: And you've implemented many of those recommendations?

COMMISSIONER LANIGAN: Yes.

ASSEMBLYMAN PETERSON: And you believe that will help improve your performance, correct?

COMMISSIONER LANIGAN: Absolutely.

ASSEMBLYMAN PETERSON: And from your testimony, you don't see this as a negative, you see this as a positive, because constructive criticism -- as I think I heard you say -- is always welcome because it will make you a better, stronger organization, correct?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN PETERSON: Well, I wish you much luck.

ASSEMBLYMAN McGUCKIN: Mr. Chair, very briefly, if I could.

ASSEMBLYMAN MAINOR: Yes, sir.

ASSEMBLYMAN McGUCKIN: Thank you.

Thank you, Mr. Chairman.

It's late in the day, and I know you've been here all day like us. I appreciate your efforts today.

We've talked a lot about walkaways, and escapees, and so forth -- absconders. Do you know what the national average is for halfway houses by any chance?

COMMISSIONER LANIGAN: The average for walkaways?

ASSEMBLYMAN McGUCKIN: Yes, from halfway houses.

COMMISSIONER LANIGAN: No, because they're very significantly-- For example, there was a lot of talk about Talbot Hall -- one of the CEC. They've actually only had one walkaway over the time period that we talked about. And that individual was brought back into custody.

But they're a relatively secure facility. The residents there do not have access to the community.

ASSEMBLYMAN McGUCKIN: And I think you testified that in the current Fiscal Year -- Fiscal Year '12 -- you were down to 200-and -- did I hear 18 total?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN McGUCKIN: And the high had been up in the 300s and change?

COMMISSIONER LANIGAN: Yes. The high in 2005 was 379.

ASSEMBLYMAN McGUCKIN: You mentioned the three counties that sometimes house inmates or whatever in these facilities. What three counties were they?

COMMISSIONER LANIGAN: Essex, Mercer, and Union.

ASSEMBLYMAN McGUCKIN: Now, do they have the same requirements as to people being placed in these facilities as far as their past record, as far as their violent crime record, and so forth?

COMMISSIONER LANIGAN: They will place them through a secure -- a classification screening. So their classification screening will be similar to ours, but they're dealing with a pre-sentenced, not a sentenced inmate. So there will be differences, but classification is very basic and common to the criminal justice practice.

ASSEMBLYMAN McGUCKIN: Do any of these counties permit people who are charged with aggravated assault, rape, or something like that to be placed in these facilities?

COMMISSIONER LANIGAN: I believe not, but the specifics I would not want to comment on without looking at it.

ASSEMBLYMAN McGUCKIN: As I understand it, walkaways are down, recidivism is down, double-digit decrease in individuals returning to prison. That's all correct?

COMMISSIONER LANIGAN: Yes.

ASSEMBLYMAN McGUCKIN: And you've done roughly a four-fold increase in site visits since you became the Commissioner as to what had been occurring previously to these halfway houses?

COMMISSIONER LANIGAN: That's correct.

ASSEMBLYMAN McGUCKIN: Thank you, sir.

COMMISSIONER LANIGAN: Thank you.

ASSEMBLYMAN CRYAN: Marshal, can I ask you a question or two?

You were the Marshal in 2008, right?

MR. PLOUSIS: Yes.

ASSEMBLYMAN CRYAN: Did you sign the deal with Essex on the ICE detainees? Was that you?

MR. PLOUSIS: Well, the -- no. ICE weren't under the Marshal Service.

ASSEMBLYMAN CRYAN: Okay. So you didn't do anything with the immigration deal with Essex on corrections.

MR. PLOUSIS: No.

ASSEMBLYMAN CRYAN: Thank you.

ASSEMBLYMAN MAINOR: Gentleman, I thank you.

COMMISSIONER LANIGAN: Thank you.

STATE COMPTROLLER BOXER: Thank you.

MS. WHITBECK: The Chairman would like to call up Dr. John Pinkard, Center of Urban Education; Diane DeBarri from The Kintock Group; Patricia McKernan, Volunteers of America Delaware Valley; and Dr. Robert Mackey, Community Education Centers.

Just come up to the mikes. (referring to PA microphone)

ASSEMBLYMAN MAINOR: Please let the record show that an invitation did go out to Mr. Clancy and to all stakeholders, at which point he accepted, but he was unable to attend. I believe he sent Dr. Mackey in his place.

Dr. Mackey, I'm not quite sure if you will be able to answer all the questions that we do have, but we'll ask that you do your best.

ROBERT MACK EY, Ph.D.: I'll do my best, Chair.

ASSEMBLYMAN MAINOR: Also, just to let you know, we are familiar with your agencies, so there is really no need for you to testify. But if you could just allow us to be specific in our questions we'll be able to move forward. Is that okay?

WILLIAM C U R R Y: Yes.

And it wasn't John Pinkard, it was William Curry. I'm sorry.

ASSEMBLYMAN MAINOR: No, it was Pinkard.

So, at this time, I'm going to ask if you could please just identify yourselves, and then I will open up the floor for all Committee members to ask questions.

Sir, your name, for the record.

MR. C U R R Y: William Curry, with the Reentry Coalition of New Jersey.

ASSEMBLYMAN MAINOR: Okay. I don't believe we called for a Mr. William Curry.

DR. MACKEY: Dr. Bob Mackey. I'm with Community Education Centers.

D I A N E D e B A R R I: Diane DeBarri, President and COO of The Kintock Group.

P A T R I C I A M c K E R N A N: Pat McKernan, Chief Operating Officer, Volunteers of America Delaware Valley.

ASSEMBLYMAN MAINOR: Thank you.

And if I'm not mistaken, the three of you all operate a halfway house. Is that correct?

DR. MACKEY: That's correct.

ASSEMBLYMAN MAINOR: All right. I'm going to take the last stop of it all.

Any Committee members want to start off with any questions?

ASSEMBLYMAN CRYAN: Obviously we do. (laughter)

ASSEMBLYMAN BENSON: I think we've heard a lot of different questions that probably pertain to the operations. What types of filings are required through the nonprofit that would reflect on the for-profit's operations -- that are required, that any other nonprofit would have to file?

DR. MACKEY: What was the question again, sir?

ASSEMBLYMAN BENSON: One of the questions that we heard -- we were asking Matt Boxer about -- the Comptroller -- was different issues of the financial relationships between the two entities and how this was a unique relationship among all the different halfway houses. I assume

the nonprofit halfway houses have to file a 990 form with the IRS that provides a series of financial information. I assume you do, as well.

DR. MACKEY: Correct.

ASSEMBLYMAN BENSON: However, some of that may be limited considering your largest subcontractor provides the overwhelming majority of the costs. Do they file something similar to you that would then -- that similar information would be filed on your 990?

And the example I will give is, there was legislation recently passed in the Senate, and I believe Assembly as well, where, because we're giving such public resources to some for-profit hospitals, there is legislation pending that would ask for-profit hospitals to provide 990-like information to the State -- that the nonprofits would have to as well. Is that information publicly available?

DR. MACKEY: The relationship between the-- I'm not an expert on the relationship between the two organizations. I'm here to represent Community Education Centers, which is the for-profit.

The information that is provided to the not-for-profit is specific to contract compliance issues. So the-- Although financial information is not shared between the two companies, specific requirements of the contract are monitored by the not-for-profit to ensure that all aspects of the contract with the Department of Corrections are complied with. So issues around staffing, issues around program services, all the things that are contained within the contract are contract-oriented and contract-compliant by the not-for-profit over the for-profit.

ASSEMBLYMAN BENSON: Does CEC receive any revenue sources other than public contracting through the nonprofit?

DR. MACKEY: Does CEC receive--

ASSEMBLYMAN BENSON: Within New Jersey, does CEC -- does it have sources of revenue beyond the revenue it gets from subcontracting through the nonprofit -- the public dollars that it receives?

DR. MACKEY: Does CEC receive money from outside of New Jersey?

ASSEMBLYMAN BENSON: No, from within New Jersey -- is all the revenue from New Jersey public dollars that it receives--

DR. MACKEY: Goes through the-- Well, not all of it. There is a small amount of money that-- We have a Federal contract at Logan Hall -- Toler House, actually -- that does not contract through the not-for-profit. That's a direct contract from CEC to the Federal Bureau of Prisons.

ASSEMBLYMAN BENSON: Okay. But it's all public money in that sense.

DR. MACKEY: It's all public money, yes, sir.

ASSEMBLYMAN BENSON: Are there restrictions on money -- on where that money can be spent beyond facilities, and treatment, and things? Again, the question I had asked before through the auditing -- things like advertising, PR, and those types of overhead items -- are those allowed to be spent from public dollars?

DR. MACKEY: No, it's a per diem contract, and the requirements are that we fulfill -- minimally fulfill the requirements of the contract. But there is no specific requirement to say that you can't spend the money on something else.

ASSEMBLYMAN BENSON: So as long as you meet the minimum requirements of the contract, you can use the money however else you feel is--

DR. MACKEY: That's correct.

ASSEMBLYMAN BENSON: I think that was the answer I was looking for.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CRYAN: Thanks.

Doctor, you're with CEC.

DR. MACKEY: That's correct.

ASSEMBLYMAN CRYAN: All right. So you don't actually contract with the State of New Jersey in any way, right?

DR. MACKEY: CEC does not contract with the State of New Jersey.

ASSEMBLYMAN CRYAN: Okay. Did I understand you right that you don't share financials with the nonprofit?

DR. MACKEY: That's correct.

ASSEMBLYMAN CRYAN: But the same CEO is with the nonprofit and with the CEC, right?

DR. MACKEY: That's correct, John Clancy.

ASSEMBLYMAN CRYAN: So help me with that. Does he left-side-of-the-brain and then right-side, and the two shall not cross? How does that work?

DR. MACKEY: I think in those two arenas certainly John works for both companies and would have access to that information. But there are two separate boards of directors. Those two boards of directors do

not interact. Frankly, I don't think they've ever met each other. But, no, there's-- Other than a couple of principal players, there is no communication between the two entities in sharing.

ASSEMBLYMAN CRYAN: Doc, I appreciate what you're saying, but come on. It's the same thing.

DR. MACKEY: It is a--

ASSEMBLYMAN CRYAN: He's a good guy, but come on.

DR. MACKEY: I'll tell you, there is a financial firewall there. There is absolutely a financial firewall there.

ASSEMBLYMAN CRYAN: Really?

DR. MACKEY: Yes, absolutely.

ASSEMBLYMAN CRYAN: Come on. I mean, it's the same guy.

DR. MACKEY: It's a subcontractor relationship. I guess the analogy I would use with you would be that if a general contractor would certainly know what the contract -- the subcontractors were providing, would have to have some knowledge of the general expenses of what the subcontractors are providing, but wouldn't necessarily know every nuance of what every subcontractor was providing.

ASSEMBLYMAN CRYAN: Right. I see-- We saw from the filings that Mr. Clancy does pretty well off of EHCA. Where are you in the company in the order of things? He's the CEO, right? He's the big chief.

DR. MACKEY: And I'm the Chief Operating Officer, so I'd be the number two person at Community Education Centers.

ASSEMBLYMAN CRYAN: Who is three and four, just out of curiosity? Who is third in charge, who is fourth? You're out of the office today, John is clearly unavailable. Who is running the show?

DR. MACKEY: There is entire corporate staff of about 80 people who oversee legal aspects, administrative aspects, HR. There's a corporate infrastructure.

ASSEMBLYMAN CRYAN: Okay. I want to go to the financials first. Did you read the *Times* story regarding the financials?

DR. MACKEY: I'm familiar with it, but I can't tell you that I read it.

ASSEMBLYMAN CRYAN: So you can't tell me about the financials or you can?

DR. MACKEY: In general I can tell you that we-- Through the period of time that they were looking at-- I'm not the CFO, I'm not the Chief Financial Officer, so I'm not going to be able to--

ASSEMBLYMAN CRYAN: What are you again? I thought you were the CFO.

DR. MACKEY: Chief Operating Officer.

ASSEMBLYMAN CRYAN: Oh, you're the Operating Officer.

DR. MACKEY: As my colleagues are with their organizations.

There was a period back in '08, '09. I think we're all aware of the fact that a number of states -- since we run primarily with state contracts -- were in financial distress. There were states that were literally faxing us IOUs and calling us and thanking us for kind of bearing with them while they got through some of their fiscal restraints.

During that period, we never reneged on a contract, we never violated a contract. Compliance issue -- we never failed to make payroll or provide services for our staff. We were able to get through that period of time, but it was a difficult time.

ASSEMBLYMAN CRYAN: Do you think -- and I'm just asking your professional opinion. I've mentioned this a couple of times today. Now, I know you have a firewall, except it's the same CEO. But given the fact that you have 56 to 70-something percent of the business, depending on who is looking at it, that it's reasonable for the folks sitting, say, with a microphone and the people of the state to have some understanding of the financial stability of CEC?

DR. MACKEY: I think that's the responsible thing. You should absolutely, sir.

ASSEMBLYMAN CRYAN: Can we have it? Can you provide--

DR. MACKEY: It's not in my authority to grant it, but I understand why you would want to know that and understand why you would want to understand the stability of an organization that you're related to.

ASSEMBLYMAN CRYAN: I appreciate the understanding. Do we have to ask John with the CEC hat?

DR. MACKEY: Yes, sir.

ASSEMBLYMAN CRYAN: Okay. I had a lot of questions. But you know what?

I'm going to say this, and I apologize, Chairman.

You know, we asked John Clancy to be here. The bottom line to it is the appropriations for every dollar you spend in your nonprofit and

profit are related to this house. The people's house actually appropriates the money. And I find it offensive beyond belief that for a series of articles -- and legitimate questions being raised -- that we couldn't even get the guy here. I think it's an insult to every citizen of this state, and it's certainly an insult to this body. The idea that he can march down to the Senate last Thursday and not have his (expletive deleted) here is a disgrace. I don't care how you carry that message, and I don't care what you say. We all represent around 225,000 people or so. My 225,000 and your 225,000 deserve better. And it's absolutely a disgrace that he's not here.

I'm not going to engage a cat and mouse with you, and you can just say, "I don't know. You'll have to talk to John." I'm not going to do that. And I have to tell you something. I think it's reprehensible that he's not here.

ASSEMBLYMAN MAINOR: Lets just say, Assemblyman, I appreciate your comment. And I do understand--

ASSEMBLYMAN CRYAN: I'm sorry.

ASSEMBLYMAN MAINOR: No, I do understand it.

So with that being said, Dr. Mackey, I don't think there is much that you may be able to answer. I think the questions that we do have may be directed directly to Mr. Clancy. He may be the only one who may be able to answer them.

So rather than proceed on, I'm going to ask if you could step back and we'll talk to the other halfway houses that are here to get some information.

I appreciate you coming down though. Thank you.

DR. MACKEY: I'm available for operational questions, sir.

ASSEMBLYMAN MAINOR: Thank you, sir.

I do have one question for the halfway houses here. The programs that you have established within your halfway houses -- are they similar with both? Is there anything different from what you have to offer than the other halfway houses?

MS. McKERNAN: I think Volunteers of America Delaware Valley runs similar programs to Kintock. The Kintock Group runs more work release programs in the state, but they're very similar. We're probably more similar to each other than we are the assessment centers run by CEC.

ASSEMBLYMAN MAINOR: How are you-- The inmates who come to you -- of course they come from the assessment centers. How do you receive them? Do you send out and tell them how many beds you have available and what you can offer? Is that how your residents come into your establishment?

MS. McKERNAN: The Department of Corrections has each program on contract, so they're aware of how many beds we have. Every single day they track, as well as we report, how many people are in our programs. They are people who are scheduled to come in based on scheduled releases, and then available beds. So it's a coordinated effort between the Department of Corrections, the assessment centers, and the program.

ASSEMBLYMAN MAINOR: Let me ask you this here: Do you see any problems with the way the system is run right now? In other words, if you were sitting here and had to make recommendations-- Better yet, if you could make a recommendation to make this system better, what would your recommendation be?

MS. McKERNAN: I don't want to monopolize Diane's time too.

MS. DeBARRI: No, no, no.

ASSEMBLYMAN MAINOR: No, no, she's going to be next.
(laughter)

MS. McKERNAN: I think that-- I've been doing this a long time. I've been with Volunteers of America 16 years. I think that Commissioner Lanigan overseeing the Department of Corrections and the Office of Community Programs has done a tremendous job. I think that we've seen an increase in accountability, and understanding, and having open dialogue and problem solving.

I think that any solution that we have to increasing accountability is a joint effort. I think that Dr. Wolff's testimony today about looking at future contracts for performance-based and risk-sharing associated with that, I think, is absolutely worth discussing. I think that's something that all of us would welcome.

I think that there is -- we've worked very hard to create a system that is accountable, and I think that sort of portraying it that it's wreaking havoc all over the State of New Jersey is a little unfair. I think the Department of Corrections has done a fair job of accountability. I think that the recommendations made by the Comptroller were well taken. And I think that Commissioner Lanigan is overseeing a lot of suggestions to improve them.

ASSEMBLYMAN McGUCKIN: Mr. Chairman, if I could.

I'm sorry. I have questions for the doctor, but you've allowed him to leave. I'd like to ask him a couple of questions.

ASSEMBLYMAN MAINOR: He said he was going to stay for operational questions, but I guess the bus is leaving.

And Mr. Palatucci was also invited, and we saw him leave. He can come in also, please.

We'll have him come back. Okay, Assemblyman.

I'm sorry.

MS. McKERNAN: We can do the best we can to answer those questions because we all work cooperatively together.

ASSEMBLYMAN MAINOR: I'm sorry.

Same question.

MS. DeBARRI: I've been with The Kintock Group for 26 years, and I began my career at the very bottom and worked my way up. We've been involved in partnering in New Jersey with the Department of Corrections and Parole since the 1990s.

I think that during this past Administration there has been more accountability, and I think that the relationship and the meetings that have taken place with Commissioner Lanigan's office, and with Parole, and the vendors has been very much increased. So I'm very happy with that.

ASSEMBLYMAN MAINOR: Mr. Mackey, would you please come forward again? I believe we have some administrative -- operational questions that are going to be asked.

Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: I'm interested in actually--

I don't know. Am I not on? Could you turn one of those off? (referring to PA microphone)

There we go.

I'm interested in the Volunteers of America. I just want to ask you a couple of questions. I know that The Kintock is a kind of large facility. You have a large facility too, right? What's your largest facility?

MS. McKERNAN: Our largest facility is 175 beds. We run three contracted programs with the Department of Corrections. One for women is 47 beds, another for men is 84 beds, and the largest is a 175-bed facility for men. All three of them are in Camden.

ASSEMBLYWOMAN WATSON COLEMAN: And the one that's 175 beds-- Do you have a population that comes from different places -- the county, DOC?

MS. McKERNAN: They all come from-- Those three programs -- all of them come from -- all clients come from the Department of Corrections now.

ASSEMBLYWOMAN WATSON COLEMAN: And Kintock, Ms.--

MS. DeBARRI: DeBarri.

ASSEMBLYWOMAN WATSON COLEMAN: Ms. DeBarri, what about in-- Your facility holds-- Is it 226? What was the number? What is your bed size?

MS. DeBARRI: Our midsize is 220.

ASSEMBLYWOMAN WATSON COLEMAN: Do you have residents coming from just the Department of Corrections, or the Department of Corrections and other entities?

MS. DeBARRI: We have contracts with Parole also. We have a separate building for Parole.

ASSEMBLYWOMAN WATSON COLEMAN: Is it the same building but a separate part of a building?

MS. DeBARRI: In Bridgeton they share a building, and in Newark they have separate buildings.

ASSEMBLYWOMAN WATSON COLEMAN: In the building where they share the same building, are they segregated in some way?

MS. DeBARRI: Yes, they are. There are gates up between the dorms, and dinner times and counseling times are scheduled and monitored.

ASSEMBLYWOMAN WATSON COLEMAN: So I guess here is my question, because I really don't know the answer to that: What is the difference in those two populations?

MS. McKERNAN: The agency that sends them, honestly, and their status. The Department of Corrections sends clients who are on inmate status, the State Parole Board sends clients who are on parole status. It's really the sending institution and their custody status that are different.

ASSEMBLYWOMAN WATSON COLEMAN: But they're both sending clients from a Department of Corrections facility, right -- from the prison?

MS. McKERNAN: Not always. I think one of the things that is important to remember is that the State Parole Board has created alternatives to incarceration. So whereas the State Parole Board members can make a decision-- "You're standing before me. I'm going to make a decision you need to go to a halfway house or a contracted program." The parole officer in a district office can say, "This person is failing on parole. They're not maintaining employment. They are testing positive," or for

whatever other treatment reason they think someone needs to step back into a halfway house bed rather than be incarcerated-- So the Parole Board has more latitude because of the contract. The parole officer can also make referrals into a halfway house.

MS. DeBARRI: And coming from the community actually is a lot better sometimes, depending on what the circumstances may be, instead of reincarcerating them.

ASSEMBLYWOMAN WATSON COLEMAN: When you are a parole referral or assigned by the Parole Board, are you coming -- you're never coming from a DOC facility; you're always coming from the community, right?

MS. DeBARRI: Not in all cases.

ASSEMBLYWOMAN WATSON COLEMAN: Okay.

MS. DeBARRI: Sometimes you could be coming from the institution if you're being paroled. But if you're coming from the community, it's a referral from the parole officer or from the Parole Board.

ASSEMBLYWOMAN WATSON COLEMAN: But if you're being paroled from a DOC facility, does that mean that you can go home but have to report?

MS. McKERNAN: If you're being-- I'm sorry, if you're being--

ASSEMBLYWOMAN WATSON COLEMAN: I don't understand the difference between the individual who is in a prison facility and leaves that facility and goes into one of your houses-- Bonnie is a paroled referral, and Nicole is a DOC referral. She's within 24 months of the end of her term. What am I, coming as a paroled referral, coming out of a DOC facility?

MS. McKERNAN: So if you're on parole and you're in a contracted program, the Parole Board member might recommend, "This person needs to be in a halfway house for 90 days."

ASSEMBLYWOMAN WATSON COLEMAN: I'm talking about, can you come from Trenton State Prison or Edna Mahan facility -- that's a State corrections facility, right? (affirmative responses)

You don't come from that to a halfway house as a parole client, you come only as a DOC client, right?

MS. McKERNAN: You could if you were referred by the State -- you were stipulated as a condition of your parole -- to be stipulated into a halfway house. Then that Parole Board can send that person into-- They're separate programs. But they could send them to a contracted program that the Parole Board has contracted with.

DR. MACKEY: Assemblywoman, if I could, the Parole Board I think has determined that there are some people who are in the institutions still who are eligible, and that they would like to consider for parole but don't have the level of comfort ability at this point to refer them to community supervision. So they would refer them to a residential program for a period of time -- as was indicated, possibly 90 days -- to work their way through a community program out to community supervision. You may want to think about that as a halfway out.

ASSEMBLYWOMAN WATSON COLEMAN: How is that different than a DOC inmate?

MS. McKERNAN: The DOC person has not been paroled. They're two years away from their first parole eligibility, and they're still a DOC inmate. So the distinction here is between a parolee and an inmate.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you very much.

But those individuals may have committed the same offenses and been sentenced for the same offenses but are at different stages in their sentencing. So you're not-- You might be mixing populations by virtue of from where they're coming. But they're not necessarily different populations in terms of, "This is a very violent population, this is a not so violent population."

DR. MACKEY: Inmates and parolees are not mingled together, regardless of where the referral source is coming from.

ASSEMBLYWOMAN WATSON COLEMAN: But county referrals, pretrial individuals who come to -- they come to the Bo Robinson facility, I know.

DR. MACKEY: From Mercer County.

ASSEMBLYWOMAN WATSON COLEMAN: Do they come to Kintock?

MS. DeBARRI: No.

ASSEMBLYWOMAN WATSON COLEMAN: Those individuals--

DR. MACKEY: Are not mixed with DOC inmates, but they can interact with parolees.

ASSEMBLYWOMAN WATSON COLEMAN: Are they segregated from everybody?

Thank you.

Thank you very much, Mr. Chairman.

It's as clear as mud.

ASSEMBLYMAN ALBANO: Assemblyman McGuckin, you had a question for Mr. Mackey.

ASSEMBLYMAN McGUCKIN: For a few of them actually.

First, Ms. McKernan, you're the Chief Operating Officer of Volunteers.

MS. McKERNAN: I am.

ASSEMBLYMAN McGUCKIN: Who is the Chief Executive Officer?

MS. McKERNAN: Dan Lombardo.

ASSEMBLYMAN McGUCKIN: Is he here today?

MS. McKERNAN: He is not.

ASSEMBLYMAN McGUCKIN: Okay. Ms. DeBarri, you're the Chief Operating Office of Kintock?

MS. DeBARRI: Chief Executive Officer.

ASSEMBLYMAN McGUCKIN: Chief Executive Officer.

Is there a separate Chief Operating Officer?

MS. DeBARRI: Yes, there is.

ASSEMBLYMAN McGUCKIN: Is that person here today?

MS. DeBARRI: Yes, she is.

ASSEMBLYMAN McGUCKIN: And, doctor, you're the Chief Operating Officer for CEC?

DR. MACKEY: That's correct.

ASSEMBLYMAN McGUCKIN: And the hearing today was about the operations of halfway houses, correct?

DR. MACKEY: That's correct.

ASSEMBLYMAN McGUCKIN: And you're prepared to testify today on the operations of the halfway houses operated by your company.

DR. MACKEY: Yes, sir, I am.

ASSEMBLYMAN McGUCKIN: And the same with the two other individuals?

MS. McKERNAN: Absolutely.

ASSEMBLYMAN McGUCKIN: Okay. We've had six hours of testimony on operations of halfway houses, and I understood the purpose of this hearing was to investigate that and to discuss those issues.

I'm going to start first with you, doctor. You listened to the testimony today. Based on all of the testimony you've heard today, is CEC complying with their contractual arrangements? And is CEC doing an appropriate job for the services you provide for the State of New Jersey?

DR. MACKEY: Absolutely. There are a number of factors, I think, that would assure that. One of the contract requirements by the Department of Corrections is that all facilities be accredited by the American Corrections Association. Within those requirements are training requirements, staffing requirements, physical plant requirements. There are 250 performance-based standards required of community programs. Those are contract requirements.

Now, as a company, we instituted accreditation through ACA six years before it was a contract requirement. Under Commissioner Brown, those requirements -- to become either ACA certified or CARF accredited -- became contract requirements I think around 2004 during Commissioner Brown's tenure. But those standards are -- those performance standards are required by contract by the Department of Corrections, and we're required

to submit regular reports to the Department of Corrections on those -- compliance with those standards.

ASSEMBLYMAN McGUCKIN: Now, you were a subcontractor under the original 2004 bid. Is that correct?

DR. MACKEY: That's correct.

ASSEMBLYMAN McGUCKIN: And were you awarded the contract this year -- 2010, excuse me?

DR. MACKEY: Yes, sir.

ASSEMBLYMAN McGUCKIN: And was that contract reviewed by the State of New Jersey?

DR. MACKEY: Yes it was.

ASSEMBLYMAN McGUCKIN: By which agency?

DR. MACKEY: Pardon me?

ASSEMBLYMAN McGUCKIN: By which agencies within the State?

DR. MACKEY: The Department of Corrections.

ASSEMBLYMAN McGUCKIN: Did the Attorney General's Office review any contractual arrangement between--

DR. MACKEY: I'm not aware they're reviewing the contracts. My understanding -- although I have not seen a copy of it. I don't know that anyone has seen it at the facility level -- the company level -- seen a copy. There was, apparently, a ruling on the parting Attorney General that the structure between the two companies was appropriate.

ASSEMBLYMAN McGUCKIN: Now, we talked about escapes at length today. What's the current rate of escapes through CEC companies?

DR. MACKEY: The rate of escapes from-- And, again, I think you have to look at different programs -- Talbot Hall and Bo Robinson. Talbot Hall, as mentioned by the Commissioner, over the last 10 years had one escape. We had an individual who got out through the front. He was actually run down by our Deputy Director of Treatment across the street on Lincoln Highway. He was never out of sight of anybody at the facility.

We had an SID, a special investigative officer, assigned to the facility. He drove around on Lincoln Highway, put him in handcuffs, and he was returned to custody immediately. So escapes from those kinds of facilities is almost nonexistent.

From the halfway houses, our rate of escape is about 3, 3.2 percent. The national average is about 7.5 percent. I operate facilities in Colorado, and I have a good relationship with the Colorado Department of Corrections. They're walkaway rate in Colorado is about 11 percent. So it's not acceptable to anyone. But the fact of the matter is that when people are at that stage of their sentence, and they are -- do have access to the community, they will occasionally make that wrong decision not to return for a variety of reasons.

ASSEMBLYMAN McGUCKIN: Ms. McKernan, do you pay a different rate than the State pays through the other prime company to CEC? Do you get a different rate of payment?

MS. MCKERNAN: Do you mean the per diem rate?

ASSEMBLYMAN McGUCKIN: Yes.

MS. MCKERNAN: I would imagine so. I think that every per diem for each program is set by that agency and negotiated with the Department of Corrections.

ASSEMBLYMAN McGUCKIN: Okay. And you submit a bid for that process also?

MS. McKERNAN: Yes, sir.

ASSEMBLYMAN McGUCKIN: And you were awarded that bid in 2010?

MS. McKERNAN: Yes, sir.

ASSEMBLYMAN McGUCKIN: And were you awarded that bid in 2004?

MS. McKERNAN: Yes, sir.

ASSEMBLYMAN McGUCKIN: Okay. And the same for CEC, as I understand it.

DR. MACKEY: Yes, sir.

ASSEMBLYMAN McGUCKIN: And for you, Ms. DeBarri?

MS. DeBARRI: Yes, sir.

ASSEMBLYMAN McGUCKIN: Now, I think, Ms. McKernan, you indicated that since Commissioner Lanigan came into office there has been an increase in communications, and inspections, and so forth. Could you elaborate on that? What do you mean by that?

MS. McKERNAN: Well, Commissioner Lanigan, I think, had an open door policy. I think he appreciated the work that community providers were doing and viewed it as a partnership. I think that he has made it very clear to us that public safety is at the forefront of every decision he is going to make. But as-- Whether it came to contracting or meetings with providers, he's always been forthright. We have seen an increased number of people coming to the community -- from community programs, as well as SID and otherwise in the Department of Corrections --

to our programs. Although we-- I think that the characterization that we did not have staff coming out and visiting our programs, I think, is not correct. But I definitely have seen an increase.

ASSEMBLYMAN McGUCKIN: Do you believe the Department of Corrections is taking a more proactive effort currently under the current Commissioner than it did previously?

MS. McKERNAN: I do.

ASSEMBLYMAN McGUCKIN: Thank you very much.

ASSEMBLYMAN ALBANO: Assemblyman Benson.

ASSEMBLYMAN BENSON: Mr. Mackey, when you were saying "we" earlier about, "We submit the reports," is that CEC that signs the report to the Commissioner or the nonprofits?

DR. MACKEY: Actually the reports are issued from CEC to EHCA. We have a Chief Compliance Officer -- Contract Compliance Officer full-time at EHCA.

ASSEMBLYMAN BENSON: When you say "we"--

DR. MACKEY: No, that EHCA has a Chief Compliance Officer. CEC provides those reports to EHCA to that Chief Compliance Officer.

ASSEMBLYMAN BENSON: Do you receive any compensation from EHCA -- or from the nonprofit?

DR. MACKEY: EHCA does receive--

ASSEMBLYMAN BENSON: No, do you. As the COO, do you receive compensation?

DR. MACKEY: I do also.

ASSEMBLYMAN BENSON: From both?

DR. MACKEY: Yes.

ASSEMBLYMAN BENSON: So just like the CEO is both, are you--

DR. MACKEY: That's correct.

ASSEMBLYMAN BENSON: Are you the COO for both?

DR. MACKEY: That's correct.

ASSEMBLYMAN BENSON: And how do you operate the firewall between yourself that you had mentioned earlier?

DR. MACKEY: Again, my responsibilities extend beyond New Jersey as well. I also receive operations in--

ASSEMBLYMAN BENSON: Do you fill out the 990 that's required from the nonprofit side to the IRS? All nonprofits file--

DR. MACKEY: The not-for-profit funds.

ASSEMBLYMAN BENSON: So you help with those as well, from the immigration stand point.

DR. MACKEY: I don't put those together. No, I do not.

ASSEMBLYMAN BENSON: Okay. Is the salary that you're paid on the nonprofit side public information because of those filings?

DR. MACKEY: Is it--

ASSEMBLYMAN BENSON: Is the salary that you draw from the nonprofit portion of it-- I'm just trying to understand since it seems like there's a flow-through -- but we have a CEO and COO who are both being paid from both entities, yet we're supposed to believe that there is some type of firewall between these two entities.

DR. MACKEY: Financially there is.

ASSEMBLYMAN BENSON: Financially. And it is such a unique relationship. It's the only one like that. And we're hearing-- You know, there are concerns about competition and marketability. We've heard from Dr. Wolff. And we know the per diem rates are negotiated individually between the Department so there could be different per diem rates.

When the option for the Department of Corrections is to either go with you or absorb all those clients or inmates back into the system, do you think that's an unequal relationship, as Dr. Wolff had mentioned earlier -- that there are concerns of monopoly or monopolistic relations in negotiations?

DR. MACKEY: I don't believe it is. I think that the procurement process is subjective. I think it's based on requirements of the RFP. So I think that we compete with everyone else for those contracted services. We've been denied those services based on past procurement processes, so I think that if we're able to provide services at a rate that is either equal to or less than the competitors, we probably would be awarded that contract.

ASSEMBLYMAN BENSON: When was the last time you were denied in New Jersey?

DR. MACKEY: Pardon me?

ASSEMBLYMAN BENSON: When was the last time you were denied a contract in New Jersey?

DR. MACKEY: There was one recently. Actually, the contract that we recently applied for was probably for the in-prison treatment programs that was--

ASSEMBLYMAN BENSON: I'm just talking about for the halfway house contracts and for assessment.

DR. MACKEY: For the RCRP programs, we've never been denied a contract. And my guess is that my colleagues here have never been denied contracts that they currently hold as well. The only change in that recently was a 115-bed mental health contract that was held by one provider. It was put out to open bid. We bid on it, the incumbent facility also bid on it. We were the lowest bidder. I think the proposal was well-received by the Department, and we were then awarded that contract. That was a competitive bid contract.

ASSEMBLYMAN BENSON: My final question is: We also heard from the Boxer report that there was a finding for the 2004 contract that they felt there was \$500,000 across all the different companies -- organizations and nonprofits -- that the State should go and seek that money, either through -- as a rider in a future contract or when you come up for renewal next year, as most of the contracts are. But I think you're going to be seeing an interest in recouping that money. So I hope you continue to have those conversations as well. And I know that's, again, maybe above some of the pay grades here or has some legal implications. So I'm not going to ask you on the record for that. I don't think that would be fair. But there is an interest from the folks in this room to seek that money again. And I think that's something the taxpayers are entitled to.

ASSEMBLYMAN ALBANO: Assemblyman Clifton.

ASSEMBLYMAN CLIFTON: Thank you.

Doctor, on the \$500,000, did CEC receive any of that money that's being discussed that you know of?

DR. MACKEY: Did I--

ASSEMBLYMAN CLIFTON: That you know of -- of that \$500,000?

DR. MACKEY: I don't know if any or some portion of that is from my company. I have not seen that or seen that report. We've not been assessed that, certainly.

ASSEMBLYMAN CLIFTON: Okay. The question of competition came up. You operate in other states. Is that correct -- halfway houses in other states?

DR. MACKEY: Yes, sir, we do.

ASSEMBLYMAN CLIFTON: And when you go up for an RFP in those other states, is it basically the same companies that operate here in New Jersey, or do other states have other companies that operate?

DR. MACKEY: It's Community Education Centers.

ASSEMBLYMAN CLIFTON: What I'm saying is, you bid on halfway house contracts in other states against companies that may just be locally in those states?

DR. MACKEY: That's correct.

ASSEMBLYMAN CLIFTON: So there is an opportunity for companies to bid on the work in other states.

DR. MACKEY: Absolutely.

ASSEMBLYMAN CLIFTON: So any company could come here to New Jersey to bid on these contracts as well.

DR. MACKEY: Absolutely.

ASSEMBLYMAN CLIFTON: Thank you very much.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN PETERSON: Ms. McKernan, have you been contacted about the overpayments? (affirmative response) Your company was?

MS. McKERNAN: Yes, sir.

ASSEMBLYMAN PETERSON: And I know this is a question they're dying to ask: Are you going to pay back that money that--

MS. McKERNAN: I've been dying to answer it too. (laughter)

I think that the Comptroller's report was very thorough, except I don't think that it was accurate in the description of the overpayment. I don't know the totality of the \$500,000, because that's not all relevant to my agency. But I can say specifically that in that report it talked about a \$60,000 expense that was supposed to be a one-time expense -- which, in fact, wasn't -- for us. Specifically, what we put in the budget was renovating a bathroom. I put a cost in that was annualized. And it was interpreted as a one-time cost. And, in fact, that's not the case. In fact, I spend \$63,000 annually on building repairs for that particular program.

So that characterization of that expense is not, in fact, an overpayment. And to the point about recoupment on a per diem contract, I think that it is-- To speak to it, there is precedent from -- that you-- If an agreed upon per diem-- If I lose money -- specifically I underestimated how much it was going to cost me in personnel -- I can't go back to the Department of Corrections and say, "Can you pay me another \$120,000 because I made a mistake?" It doesn't work that way. In fact, the case law from 1998 related to the Department of Corrections and the County of Morris when they had a similar situation where they thought that they were

owed money -- the Department of Corrections -- the County Department of Corrections. It's not the way a per diem contract works.

However, if in the future contract configurations -- that a per diem is not the way that the Department of Corrections would prefer to reimburse programs, then the mechanism for recoupment is more easily achieved.

Did I answer that sufficiently? I'm sorry.

ASSEMBLYMAN PETERSON: I'm sorry, ma'am, I forget your--

MS. DeBARRI: Diane DeBarri.

ASSEMBLYMAN PETERSON: DeBarri.

Has your company also been contacted about the auditor's report regarding the \$500,000-some of -- that the auditor believes is an overpayment?

MS. DeBARRI: No, we have not.

ASSEMBLYMAN PETERSON: Now, I have a question. Doctor, you had said that-- There has been a lot of discussion about -- and a lot of concern about the financial health of your company. And there was a lot of elaborate testimony. You probably heard about that.

I just want to clarify. You testified earlier that in 2008 and 2009 -- if I remember this correctly -- 2008 and 2009, that-- You didn't state that you had any financial issues but that states -- in other states I'm assuming -- I don't know if we were one of them or not -- but other states were unable, due to financial crises within their states -- their treasuries didn't have the money to pay you the full amount, partial amount. Could you just give us a little bit more of an understanding of that?

DR. MACKEY: There were large states that at times owed us a couple million dollars here and there that essentially were asking us to hang in there, bear with them, continue to provide the services. It in no way ever impacted on the service delivery system here in New Jersey. But we had vendors throughout the country that we had to speak to, to say, "Listen, we have these financial arrangements with large states. I believe, and they have assured us, that they will make good on those moneys owed us." And essentially they were able to say to us, "That's fine. When you're solid, when you're in good shape, we expect to get the money back from you." There was one food vendor in particular that we did have some controversial issues with. We were able to solve all that, settle those cases. We've always paid our bills. We will always continue to pay our bills. But during that period of time -- as also someone providing services and expecting to be paid -- we had to work with our partner governments and make the accommodations.

ASSEMBLYMAN PETERSON: When you go into-- When you contract with a state, or a county, or what have you throughout the country, you expect them to be good (indiscernible), right?

DR. MACKEY: Absolutely.

ASSEMBLYMAN PETERSON: And it's not like you're contracting with an individual or you're contracting with some small company. You're dealing with a state or a county.

DR. MACKEY: Governments.

ASSEMBLYMAN PETERSON: And you expect that governments are not only going to pay their obligations, but they're going to pay them in a timely fashion.

DR. MACKEY: That's correct.

ASSEMBLYMAN PETERSON: So when a state -- which you have modeled your business on -- on this expectation that a state, or a county, or some other form of government -- that we believe is going to make good on their payments. When they have a difficulty making their payments, whatever the financial reasons happen to be, that's not an -- that's an unusual event. Is that fair to say?

DR. MACKEY: It is an unusual event. It was a very narrow time period that that occurred. All of those contracts have been paid up in full. I think that we were certainly wise in continuing that relationship and that trust with those entities.

ASSEMBLYMAN PETERSON: Now, while you're providing services for these states, you're still paying for the food because you have to feed the people who are in your facilities, you still have to keep the lights on so you have to pay the electric bill, you have to pay for trash hauling. You have all these bills you have to keep paying or they will stop sending -- they'll stop doing these things. You have to make all these commitments. You have to pay salaries, right?

DR. MACKEY: That's correct.

ASSEMBLYMAN PETERSON: So it gets difficult for any organization. When their customer doesn't pay them it causes financial issues, because you still have your expenses you have to make, correct?

DR. MACKEY: That's correct.

ASSEMBLYMAN PETERSON: So it's fair to say that the financial-- Is it fair to say that the financial difficulties -- and it doesn't sound like you really had much difficulty -- but some of the issues that were

raised here weren't the result of mismanagement on your part. But maybe it would be fair to say some problems -- I won't go as far as to say *mismanagement* on some states -- but on some of your -- the states and counties that you provide services to.

DR. MACKEY: That's correct.

ASSEMBLYMAN PETERSON: All right. I have no further questions.

Thank you.

ASSEMBLYMAN CRYAN: Chair.

ASSEMBLYMAN MAINOR: Assemblyman.

ASSEMBLYMAN CRYAN: Doctor, thanks.

Did I hear you say that you're an employee of Educational Health Centers?

DR. MACKEY: I'm employed by both companies: EHCA and CEC.

ASSEMBLYMAN CRYAN: I guess for a while.

DR. MACKEY: Yes.

ASSEMBLYMAN CRYAN: What's your title with EHCA?

DR. MACKEY: Chief Clinical Officer.

ASSEMBLYMAN CRYAN: Chief Clinical Officer. Because what I-- You're familiar with the 990. We talked about that, right?

DR. MACKEY: Yes, sir.

ASSEMBLYMAN CRYAN: The document would provide for the tax exempt status.

In it there is a requirement that officers, directors, trustees, and key employees are listed. And I'm going to ask you some names, and you

tell me whether these folks are important. Henry Erwin. Does that ring a bell?

DR. MACKEY: Are you talking about the Board of Directors, sir.

ASSEMBLYMAN CRYAN: I guess so. He's a trustee. Michael Manginelli, Trustee and Secretary.

DR. MACKEY: Yes, sir.

ASSEMBLYMAN CRYAN: As a matter of fact it lists seven or eight folks here -- Robert Sullivan; Gail Connors; John Clancy; Stephen Manocchio; and Maria Carnevale, Assistant to the President. It sounds like the-- You're the medical guy there? Is that what your title is?

DR. MACKEY: I'm not a medical doctor. Dr. Manocchio is a medical doctor. I'm a psychologist.

ASSEMBLYMAN CRYAN: But you're an officer of the organization, right?

DR. MACKEY: Right.

ASSEMBLYMAN CRYAN: So how come you're not on here?

DR. MACKEY: I don't know, sir. I should be.

ASSEMBLYMAN CRYAN: Take a look at Part 7, and if you'd like to take a look at Part 2 under listing officers, directors, trustees, and key employees. That only lists two, Mr. Clancy and Stephen Manocchio. So you'll excuse me for jumping to the conclusion that you aren't a member of the EHCA, or whatever the right acronym is. But you're not on the forms. And I was hoping--

DR. MACKEY: I don't know the date of the forms, sir. Those staff rosters were listed--

ASSEMBLYMAN CRYAN: Well, I asked you how long -- 2010 file. You're not on here. I guess I'll leave it at that for my concerns about the paperwork in the two organizations.

I do have a quick question for Ms. McKernan, if that's possible.

Ms. McKernan, in your testimony you say the recidivism rate for an inmate leaving state prison hovers between 50 and 60 percent.

MS. MCKERNAN: Nationally.

ASSEMBLYMAN CRYAN: Nationally. Did you hear the Commissioner say it's 37?

MS. MCKERNAN: Yes.

ASSEMBLYMAN CRYAN: That's good news.

Thank you.

ASSEMBLYMAN MAINOR: Do we have any other questions?

ASSEMBLYWOMAN WATSON COLEMAN: I have a question.

ASSEMBLYMAN MAINOR: Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Dr. Mackey, my question is to you. You are the Chief Clinical Officer of EHCA.

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: And you're the COO of CEC?

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: So in your capacity as COO, how many states do you work in? Yes, how many states do you work in, in that capacity?

DR. MACKEY: Fifteen states.

ASSEMBLYWOMAN WATSON COLEMAN: So what percentage of your time is spent in New Jersey at the facilities here, if any?

DR. MACKEY: Probably about 20 percent of my time, because I also have a regional manager structure.

ASSEMBLYWOMAN WATSON COLEMAN: That's what I was going to ask you. What is your hierarchy?

DR. MACKEY: There's an infrastructure of people who oversee-- I have state directors, regional directors, and obviously facility directors in a variety of those states. I also have a counterpart that oversees some of our more secure divisions that I do not oversee.

ASSEMBLYWOMAN WATSON COLEMAN: In other states?

DR. MACKEY: In other states.

ASSEMBLYWOMAN WATSON COLEMAN: Who is the state director in New Jersey?

DR. MACKEY: There's no identified -- there's no state director here in New Jersey.

ASSEMBLYWOMAN WATSON COLEMAN: In your absence, who is the sort of head CEC person in New Jersey? What is that title? What is that person's title?

DR. MACKEY: Pardon me?

ASSEMBLYWOMAN WATSON COLEMAN: What would that person's title be? I'm trying to understand. There's some sort of a pyramid even--

DR. MACKEY: New Jersey is actually part of an eastern region, so it's one of many states that is part of an eastern region. There's a gentleman by the-- So a regional manager -- a person by the name of Steve

Tomlin is the regional manager who oversees New Jersey, Pennsylvania, really all the way down to Florida. And Mr. Tomlin then also reports to me.

ASSEMBLYWOMAN WATSON COLEMAN: So if the Department of Corrections had a problem with one of your facilities in New Jersey-- And you have how many in New Jersey?

DR. MACKEY: We have six facilities in New Jersey.

ASSEMBLYWOMAN WATSON COLEMAN: Six in New Jersey. Is there a coordinator over all six of them, or are there six equal folks reporting to the regional?

DR. MACKEY: Well, those six people actually report to EHCA. They report to the contract compliance officer in EHCA. The people who run those facilities would report a particular issue to the contract compliance officer, the Department of Corrections. And that person is in New Jersey full-time, all the time.

ASSEMBLYWOMAN WATSON COLEMAN: So the person who they report to isn't an employee in the hierarchy of CEC.

DR. MACKEY: It's EHCA.

ASSEMBLYWOMAN WATSON COLEMAN: They're in the hierarchy of EHCA.

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: So is there no one-- What's the highest ranking employee full-time in the State of New Jersey employed by CEC?

DR. MACKEY: Well, full-time would be an associate director in one of the facilities who would be-- Again, the management of those

facilities are EHCA managers and directors. But they would report up through EHCA.

ASSEMBLYWOMAN WATSON COLEMAN: So each facility has an associate director or whatever. So they're kind of like equal -- reporting to the regional. And under the facility manager, can you tell me what the organization looks like? You have the manager--

DR. MACKEY: We have a director, deputy director of treatment, a deputy director of operations. And, again, those operational staff would be held accountable to that management structure. They would assure that all the contract requirements are met on a day-to-day basis.

ASSEMBLYWOMAN WATSON COLEMAN: And under the management staff -- under the supervision staff, what are the titles of the other employees? What kind of other--

DR. MACKEY: Well, supervisors of operations, unit managers. Again, that goes down. Under the unit management model you have program counselors who actually provide the counseling services, assessment counselors. Under the supervisor of operations would be shift supervisors, operations counselors who conduct things like searches, security operations.

ASSEMBLYWOMAN WATSON COLEMAN: And you have six facilities in the State of New Jersey.

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: Who owns those facilities? Who owns those buildings, those structures?

DR. MACKEY: It varies. The Delaney Hall facility is actually owned by a (indiscernible) and we pay rent. It's a real estate-- It's not owned by us. We actually rent the Delaney Hall facility.

ASSEMBLYWOMAN WATSON COLEMAN: And then the other five?

DR. MACKEY: Talbot Hall, I believe, is kind of a lease purchase agreement, also a lease; Bo Robinson we own; Tully House we own.

ASSEMBLYWOMAN WATSON COLEMAN: When you say we?

DR. MACKEY: CEC.

ASSEMBLYWOMAN WATSON COLEMAN: CEC owns--

DR. MACKEY: Owns the buildings.

ASSEMBLYWOMAN WATSON COLEMAN: What does EHCA own?

DR. MACKEY: They do not own real estate.

ASSEMBLYWOMAN WATSON COLEMAN: Does EHCA have any other work other than this relationship it has with CEC?

DR. MACKEY: Outside of New Jersey, no ma'am.

ASSEMBLYWOMAN WATSON COLEMAN: Outside of New Jersey, no? Inside New Jersey?

DR. MACKEY: There are no other-- The contract relationships that the EHCA has are with Parole and the Department of Corrections. Federal contract -- as I said -- Tully Hall.

ASSEMBLYWOMAN WATSON COLEMAN: So EHCA exists only as it relates to CEC as it does its business -- is actually the service provider part of the EHCA entity.

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: So CEC owns Bo Robinson and Tully, and Talbot Hall and Delaney are leased. So there are two more.

DR. MACKEY: The Harbor is owned by CEC.

ASSEMBLYWOMAN WATSON COLEMAN: By whom?

DR. MACKEY: CEC. And Logan Hall.

ASSEMBLYWOMAN WATSON COLEMAN: Logan is owned by?

DR. MACKEY: CEC.

ASSEMBLYWOMAN WATSON COLEMAN: CEC. Okay.

I mean, your situation is quite unique. And I don't mean to be hostile in trying to understand it, but it is quite unique in the State of New Jersey. But this relationship exists-- And you know that it's unique, right?

DR. MACKEY: Sure.

ASSEMBLYWOMAN WATSON COLEMAN: Is this unique situation unique in any other states? Are other states run in the same way, or are you the anomaly in the country and therefore very successful?

DR. MACKEY: In the corrections industry there are-- The only other place-- Let me answer your first question. Other states do permit direct contracting with for-profit companies for community corrections operations, as well as a whole host of other private corrections operations. You're familiar with CCA and GO. Those are private

corrections companies that contract directly with government in a variety of these.

ASSEMBLYWOMAN WATSON COLEMAN: May I ask you then, in those states that permit it, EHCA doesn't have a role, right?

DR. MACKEY: That's correct.

ASSEMBLYWOMAN WATSON COLEMAN: Okay. How many states allow direct contracting with for-profit entities? Do you know?

DR. MACKEY: All of the other states that we operate in, with the exception that in some states in-prison treatment programs are specifically identified as requiring a not-for-profit entity. Although, we were running large, in-prison treatment programs in Texas, and Illinois, Florida. And those are direct contracts between the government and the for-profit organization. So it's more common.

ASSEMBLYWOMAN WATSON COLEMAN: Actually, I was going to ask you how many states you operate in.

DR. MACKEY: Fifteen states, and Bermuda.

ASSEMBLYWOMAN WATSON COLEMAN: Do you operate outside of the country at all?

DR. MACKEY: Bermuda.

ASSEMBLYWOMAN WATSON COLEMAN: Bermuda.

DR. MACKEY: Yes.

ASSEMBLYWOMAN WATSON COLEMAN: Who gets that lucky assignment? (laughter)

Thank you, doctor.

Thank you very much.

DR. MACKEY: You're welcome.

ASSEMBLYMAN MAINOR: I'm going to ask just a yes or no question, and we can go right down the line here.

Do you have a problem with quarterly reports?

DR. MACKEY: We submit monthly and quarterly reports to the Department of Corrections.

MS. DeBARRI: We are submitting monthly reports.

MS. McKERNAN: All of us are required to submit monthly reports. I don't think that's your question. Are you asking about the quarterly reports related to--

ASSEMBLYMAN MAINOR: Yes.

MS. McKERNAN: I don't think that-- We haven't seen-- I haven't seen-- I'm going to speak for myself. I haven't seen what it is that would be required, but I trust the Commissioner's discretion if that-- It sounds like it would impact the Department of Corrections more so than it would providers. I'm not sure what other data that we're not already submitting would be required. So I'm not sure that we can answer that appropriately.

ASSEMBLYMAN MAINOR: I understand.

Thank you very much.

We're going to ask if Rich Brown, from the New Jersey State PBA; Joe Amato, PBA Local 382, Essex County; Kenneth Burkert, NJPBA No. 199; John Graham, PBA; Donald Ryland, PBA; Rick McLean, PBA--

There will be one speaker, but everybody has to come up and show support.

Just your name -- identify yourself as speaker.

Who will be speaking?

R I C H B R O W N: Sir, how are you, Mr. Chairman?

ASSEMBLYMAN MAINOR: You will be speaking?

MR. BROWN: Rich Brown.

ASSEMBLYMAN MAINOR: Okay, sir. Could you give me one second? We'll let them get out.

Okay. So you will be speaking for the group. Is that correct?

MR. BROWN: Correct, sir.

ASSEMBLYMAN MAINOR: Okay. Just your name again.

MR. BROWN: Rich Brown, Chairman of the New Jersey State PBA Corrections Committee, Monmouth County Corrections for 24 years.

I'll give you an official statement and then if -- something to clarify, Joe Amato.

ASSEMBLYMAN MAINOR: There will just be one speaker, right? One person will be speaking.

ASSEMBLYWOMAN WATSON COLEMAN: Could everybody be identified.

ASSEMBLYMAN MAINOR: Yes.

Before you even start, since you are all up here, if you could just identify yourself for the record.

J O H N G R A H A M: My name is Officer John Graham. I'm with PBA Local 105. I represent over 5,000 officers in the New Jersey Department of Corrections.

J O E A M A T O: Joe Amato, PBA Local 382, Essex County Corrections. I represent about 550 corrections officers.

K E N N E T H B U R K E R T: Kenneth Burkert, Co-Chair, Corrections Committee, 8th Vice President of the New Jersey State PBA, and Local Representative for Union County Corrections.

D O N A L D R Y L A N D: Donald Ryland, Mercer County Corrections Officer, President of PBA Local 167. I represent 250 corrections officers.

R I C K M c L E A N: Rick McLean, Vice President of Local 167.

ASSEMBLYWOMAN WATSON COLEMAN: Thank you.

ASSEMBLYMAN MAINOR: Thank you very much.

MR. BROWN: Thank you.

Hopefully today we can clarify some things -- what's involved in the broken -- in the policies, procedures, and oversight of the halfway houses in New Jersey.

Halfway houses in this state have become nothing more than private prisons without rules. Look no further than Bo Robinson to see that. They lack oversight; they lack clear, statewide standards; and they are breeding grounds for drugs, violence, and weapons that place residents, counselors, and corrections officers at risk.

Specifically, as the Commissioner said, last week we had a search done at one of his facilities. He didn't know the outcome of the search. To help him out here, 44 cell phones were recovered, 26 chargers, 4 bottles of liquid, 14 gloves, 1 weapon, 10 empty bottles of liquor, CDS with cigarettes, 6 bags of green leafy substances, 30 individual pills, 1 bag of white pills, 2 bags of purple pills, and there was some other minor contraband.

ASSEMBLYWOMAN WATSON COLEMAN: What facility was this?

MR. BROWN: I believe that was at Kintock -- I believe the Commissioner testified.

And as you can see there -- and I read it off just to show you the serious issue with that. And no disrespect to the Commissioner. You're the leader. And with this thing that has been going around with these halfway houses -- and that happened a week ago, and the SOG unit had to go in there and retrieve all that stuff -- that's an issue that we should all be concerned about.

Another core issue is the amount of escapes. Since Friday, six escapes-- DOC testifies that they are walkaways, which is a term only to mislead the public. Because on their own website, it clearly states, "will be deemed an escapee when the inmate leaves without authorization, fails to arrive at a temporary leave site, fails to return at a designated time, or cannot be contacted at an approved destination." This is clearly abused because of individuals not being held accountable and lack of law enforcement oversight.

The reason I bring that up -- with the six -- because we're throwing numbers back and forth with how many -- the percentages. The testimony-- They said when somebody escapes they notify NCIC. I'd like to know who notifies that victim. We are victim witnessed all the time. They need to be notified. Whether it's 24 hours, 48 hours, that victim has-- We heard before that these inmates or residents have choices. What choice does the victim have when they walk away from these facilities?

Let me get back on track because I get a little carried away.

Another thing with these people walking away -- and nobody brought it up. I listened to everyone talk, and they don't talk about the

safety and security of the institutions. I hear a lot of security of people's wallets, but I don't hear about safety and security. I want to know -- with these individuals who are walking away, escaping, whatever you want to call it -- what crimes are they committing? Are they going out for 24 hours, a week, two weeks? Nobody wants to talk about the percentage of what they've done when they left.

Halfway houses do have an important role. Don't get me wrong with that, because I totally believe that. They play in assisting addicts or those in need of counseling or life skills so they can make the transition from jail to a better life. But when halfway houses start being used to free bed space to make county government millions, they become a dumping ground for gang members, drug dealers, high-risk criminals. That puts the security of the people who need and want the help of these programs in jeopardy. Because of the lack of standards from the DOC and county halfway houses, we have dangerous offenders housed in them to prey on these low-level residents who are seeing to better themselves. As you will hear, there is a regular occurrence in these facilities.

Hopefully, with these hearing procedures, we can come up with solutions to end this dangerous practice. There are a few things that the Legislature can do to establish sound policies for halfway houses to truly serve their intended purpose in the correction process. One, require that only sentenced offenders who are deemed low risk and that are not facing other charges may be admitted to a halfway house, and provide that these individuals may not be gang members or Megan's Law offenders. Two, require the State DOC to institute regulations that establish a single, statewide standard for all county correction departments to follow. Three,

require that the inmates assigned to a halfway house can't leave the facility for medical or other reasons without being escorted by a corrections officer, sheriffs officer, or law enforcement personnel. Four, prohibit any inmate who has escaped from a halfway house from being returned to the facility at any time during the remainder of their sentence.

One thing I want to touch on -- I want to step back a little. My number two: requiring the State DOC to institute regulations that establish a single, statewide standard for county correctional departments-- The reason being: In certain facilities -- county -- I believe it's Mercer County -- they allow up to \$75,000 bail for that individual to go over there. Essex County will allow for \$100,000. At one point it was \$150,000. They dropped it down to \$100,000. It should be a clear cut standard across the board. And be consistent. That's all we can ask for -- is be consistent and to the point, and then we don't have favoritism one way or the other.

Instituting these critical reforms will ensure that the halfway house program will help those who need it without endangering public safety. It's a lot to handle. I think if we get back to basics and look at the real issues with these halfway houses -- the safety, the security. That search at Kintock, I believe -- they were looking for a weapon. That's documented somewhere. I know the Commissioner would say, "You went in there for a weapon to a halfway house -- where we're supposed to help people." That's unacceptable. It's unacceptable that all that contraband was removed. If that happened in a facility-- In a State prison, a county jail, a cell phone is worth \$400 to \$500, and you took 44 out of a halfway house. Even if you cut it down to a quarter of that fraction, that's a lot of money to be dealing with. When you're dealing with money, you're dealing with people's lives.

Let's get back to the basics. Let these people who deserve to be there -- let them get help, and let's move on.

Thank you.

ASSEMBLYMAN MAINOR: I have one question just for clarity. You stated that Megan's Law offenders should not be permitted in halfway houses. Are you saying that right now there are Megan's Law offenders who are going into the halfway houses?

MR. BROWN: Yes.

ASSEMBLYMAN MAINOR: When they go into these halfway houses, is information about them put out to the neighborhood -- to the surrounding area?

MR. AMATO: Could I jump in?

ASSEMBLYMAN MAINOR: You can answer that?

MR. AMATO: The issue with the halfway houses holding those types of people is that--

ASSEMBLYMAN MAINOR: Could you state your name?

MR. AMATO: I'm sorry, Joe Amato, from the Essex County Jail, PBA Local 382.

Today is the first time actually I've heard -- since I testified on Thursday last week -- the word *preadjudicated* was mentioned. Up until Thursday's testimony, no one even admitted that preadjudicated inmates were being held in these facilities. And I'm glad to see that somebody let the officials -- I've been educated and asked questions about that.

That's where you have the problem, sir. As long as you put preadjudicated inmates in these types of facilities, you don't know what the threat level is. They might have been arrested for shoplifting and the next

day they're -- something comes across the computer that they're wanted for triple homicide. And I'm not just telling stories. It actually happened where an inmate was brought in with a \$200 bail or something similar to that, and the next day we learned he was wanted for triple homicide with a million dollar bail. And within hours of him coming in on the shoplifting charge he was next door in Delaney Hall. This happens all the time.

There is State criteria; there is none for the county, which I hope that's what the Committee is doing moving forward -- is that we get county criteria. There is absolutely no reason why a preadjudicated inmate should be in a halfway house that is supposed to be providing reentry services.

ASSEMBLYMAN MAINOR: Let me just make sure-- It's been a long day, and I just want to make sure I have this right. Most of the guys who go into these halfway houses have been sentenced already. Is that correct?

MR. AMATO: On the State level, yes.

ASSEMBLYMAN MAINOR: On the State level.

MR. AMATO: On the county level, no.

ASSEMBLYMAN MAINOR: So someone who went to jail for Megan's Law -- has been sentenced and is about to come home -- they are put into these halfway houses?

MR. AMATO: Like I said, it will happen because if they're locked up later on for a lesser charge -- or if they've done something we don't know about yet-- That's the other thing. You're always taking the chance. When you put in preadjudicated inmates, you don't know what the threat level is, you don't know what their record is.

ASSEMBLYMAN MAINOR: I understand. And my question at this point is-- Because in Jersey City, when someone is on the register and Megan's Law, they have to submit literature out within the area to the residents, depending on the tier. So I'm not quite sure what tier it is.

ASSEMBLYMAN BENSON: Mr. Chairman, on that issue, they're not tiered currently under the law until they're released. So the notification won't happen until they're technically released from the system. And in this case, because they're going into the halfway house, they're not technically out of the system yet, they're not tiered yet, notification does not occur. And that's a concern that we have.

ASSEMBLYMAN MAINOR: That's a big concern, because they are leaving those halfway houses at some time, whether they're going to work or to some type of schooling. So they are out in the community and the neighborhood. So I believe that's something that we really need to look at.

Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: Excuse me. I thought that the prosecutor is notified though. I thought that the Commissioner testified that when individuals like that -- sexual crimes and vehicle homicide individuals were released to a halfway houses -- the prosecutor in the community that the offense occurred was notified, which is not necessarily the community that the person is being assigned to a halfway house in.

ASSEMBLYMAN MAINOR: Thank you, Assemblywoman.

ASSEMBLYMAN CRYAN: The bottom line here is you need consistency in the rules, right?

MR. AMATO: Yes, sir.

ASSEMBLYMAN CRYAN: For the safety of your guys and for the safety of everybody else, preadjudicated stuff ought to be just knocked off immediately.

MR. AMATO: And if I could just be a little bit more clear to put numbers on it, these aren't exact numbers for today. They were exact numbers Thursday morning. Delaney Hall, currently -- well, not currently but back then -- held 798 county inmates, 36 of those were sentenced. Logan Hall held 216 Essex County inmates, only 63 were sentenced, which tells you that they're predominantly unsentenced, preadjudicated -- what you would call *high-risk*--

ASSEMBLYMAN CRYAN: And this goes--

MR. AMATO: I know I'm preaching to the choir. You're in the business yourself. Nobody gets \$100,000 bail if they're not high-risk. But yet we've taken the opportunity, through jail policy, to say, "No, we don't need to keep them here. We'll send them next door."

ASSEMBLYMAN CRYAN: Just so I understand, that's to keep the bed empty because of previous agreements where they can get the higher dollar for the bed, right?

MR. AMATO: Yes. Essex County has agreements with the Marshall Service and also with Immigration to keep a certain amount of beds open. I forget the exact number, but it's probably somewhere around 800 or 900 beds. And that's what caused the mad rush to send our inmates to Delaney Hall. Delaney Hall is absolutely what we consider to be a jail annex. They operate like a jail. They're simply selling beds to Essex County. That's what it is about.

ASSEMBLYMAN MAINOR: Is Delaney Hall a halfway house or not? I mean, there's a question there.

MR. AMATO: On their own website it will say they're a reentry facility.

ASSEMBLYMAN MAINOR: They're a reentry facility.

MR. AMATO: Reentry, rehabilitation.

ASSEMBLYMAN MAINOR: So that means it's not a halfway house.

MR. AMATO: Well, halfway houses, in general, are considered the same thing, I would assume. It's a reentry. That's your last stop before hitting the street. And we put them there, sir, before they're even arraigned sometimes. That's how fast it happens. They come in the back door and we send them right back out the back door on a van to Delaney Hall. That's how quick it happens.

ASSEMBLYMAN MAINOR: The information you're giving is very disturbing, and I think that's something that we as a Committee really need to look into. And if it takes legislation to make a move to bring that practice to an end then we really need to look at that, because public safety is at risk there.

Any other questions?

Assemblywoman.

ASSEMBLYWOMAN WATSON COLEMAN: I just know that at some point there has to be a definition of a halfway house. And you said there are 700-some-odd residents or inmates in Delaney Hall.

MR. AMATO: Just from Essex County alone.

ASSEMBLYWOMAN WATSON COLEMAN: Isn't that their entire population?

MR. AMATO: No, Delaney Hall holds a little bit of ours, it holds now Federal detainees, Immigration detainees.

ASSEMBLYWOMAN WATSON COLEMAN: So what is its capacity?

MR. AMATO: I want to say something like 1,200. I don't know the exact.

ASSEMBLYMAN CRYAN: So of the 1,200 in Delaney -- let's put it in perspective -- 793 from Essex, which is three-quarters, right? And of the three-quarters, only 36 have actually been sentenced. We have to fix that. Because it could be your county next.

MR. AMATO: Folks, I know I'm pressed for time, but if I could just add-- The issue about comingling -- I'm sorry, but that's not true. The inmates are mixed together. The way the barber got murdered -- God rest his soul -- Mr. West Harris -- he was there for traffic violations, and he was murdered by three prison-bound, gang-associated, recidivist criminals. They had high bails. And I would urge the Committee, like I urged the Committee last week, you have to get your hands on the housing reports, you have to get your hands on the arrest reports, you have to get your hands on the rap sheets for the inmates who are there. The inmates who murdered the barber were in and out of Delaney Hall. It's not even a matter of them coming to us, and then we send them next door. They go there on a Monday, they get in trouble by Monday night, they're back on a Tuesday. But Thursday, they're back in Delaney Hall. It's a constant chess game. Vans run between the two facilities constantly just to keep the flow

going, just to keep the inmates -- the beds in the jail empty. So that back and forth movement you can track on the housing reports -- what's happening right to the point where the murder occurred. And, again, to say that they're not comingling sentenced and unsentenced-- I mean, it's crazy. It's happening, absolutely.

ASSEMBLYMAN CLIFTON: Chairman.

ASSEMBLYMAN MAINOR: Yes, sir.

ASSEMBLYMAN CLIFTON: Just quick, for legal counsel-- Does the Department of Corrections have oversight on the operations of county correctional facilities?

UNIDENTIFIED SPEAKER: No.

MR. AMATO: Again, just judging by experience.

ASSEMBLYMAN CLIFTON: No, I'm asking if the DOC has, because they're asking for a policy change on how this is done. The Department of Corrections doesn't have that authority over the correctional facilities, correct?

MR. AMATO: They have operational authority under what they call Title 10A -- is the administrative code for corrections. They're responsible for implementation.

ASSEMBLYMAN CLIFTON: So DOC can tell the jail they can't move these folks into the halfway houses?

MR. AMATO: That's what's interesting about it. See, they have administrative oversight under 10A. But in 10A, Chapter 31 -- which is county correctional facilities -- it's not addressed. When I addressed it to former Commissioner Hayman, he basically wrote back to me that as long as the county has a policy, he's out of it -- is what it really came down to.

So the idea would have to be to get some kind of State criteria into the code -- into the administrative code for corrections for county facilities. Right now it's up to the director's discretion whoever he wants to send.

ASSEMBLYMAN CLIFTON: Thanks for the clarification.

ASSEMBLYMAN MAINOR: Do we have any other questions?
Assemblyman.

ASSEMBLYMAN DANCER: Thank you, Mr. Chairman.

Through the Chair, Mr. Amato, with respect to the Megan's Law -- and I think that's a good point about community notification if they're going to be in the community. But are all Megan's Law, by definition, sexual predators in a sense that-- My understanding was that Megan's Law classification was a professionally diagnosed illness with respect to addictions. So a Megan's Law may, in fact, be a sexual classification -- sexual assault classification. But there could be other forms of addiction that do not relate to the sexual addiction. Is that--

MR. AMATO: I couldn't really verify the exact definition for it. Again, I'm only speaking on the county level. And the reason I even mentioned it was because when you deal with preadjudicated inmates-- I'm sorry to reiterate, but they're a shoplifter on a Monday and then they're a murderer on a Wednesday. We just simply don't know. So we do have several-- For example, we're not putting murderers in Delaney Hall, but we know now, judging by two unfortunate incidents, that the people we're putting there are capable of murder. And that's the risk you run by using these facilities.

You talked a lot today about assessment. There is no assessment on the county level. It's a simple needle stick for TB, and it's a

quick, "Open your eyes. Let me see your ears." And that's their medical assessment. The psychological assessment is almost nonexistent because we're not intended to be that. Those assessments are supposed to happen on a State level. We're simply supposed to be a holding pen until they get through the court system. And like I said, the charges that come through the system are unbelievable -- the way they're wanted on out-of-state issues. And that's basically what's going on.

ASSEMBLYMAN DANCER: Thank you.

Thank you, Mr. Chair.

ASSEMBLYMAN MAINOR: Assemblyman, just to clarify that, I believe -- if I'm not mistaken; someone can correct me -- when you asked about Megan's-- Yes, when it's a Megan's Law, there is something sexual that took place. That's the reason they tier it. Those tiers will let you know the extent of the actual crime that was committed. If I'm not mistaken, Tier 3 may be the highest. Does anyone know? That might be the highest. Tier 1 can be a letter to a child sexually, so on, and so forth. But they tier it, and that will give you the extent.

Do we have anyone?

Assemblyman.

ASSEMBLYMAN PETERSON: The issue in Essex County-- This is an unwillingness of the Freeholder Board to build an adequate facility to house these people -- isn't that what it comes down to?

MR. AMATO: It's interesting you should ask that, sir, because this problem started in 2004 when our new jail opened on Doremus Avenue. We were under a consent order for, like, 25 years or better. We had a jail annex up in North Caldwell, and we had the main jail down in

Newark by the courthouse. And they were ordered to build a new jail and make sure it was big enough to hold their inmate population.

I just remember from old news reports that the projected capacity was supposed to be, like, 3,400 to 3,600 inmates -- beds. While the project was going on, our administration changed. Joe DiVincenzo came in and took over the project. To his credit it was very impressive. "Get it done." On the site every day -- that kind of thing. But by the end of the project he cut an entire unit off the building and said, "We don't need that." And he opened it about 1,000 beds short. So basically -- I hate to say it this way -- but it comes down to the fact that Delaney Hall became our new jail annex. We had the jail annex in Caldwell; the jail was supposed to replace it. And Delaney Hall became the new jail annex. Because when they realized there weren't enough beds for their inmate population that they brought down there, they had to keep upping the criteria, and upping the classification, upping the bails until now we're at the point where, like I said -- \$100,000 bails. And it's supposed to be for sentenced only. Now, at the county level, *sentenced only* means 364 days or less. That's it. But yet they roll the dice and say, "No, this one doesn't look that bad." And it went from \$5,000, \$10,000, all the way up to where we are now \$100,000.

ASSEMBLYMAN PETERSON: And didn't you state part of the problem is that they contracted out beds?

MR. AMATO: Right.

ASSEMBLYMAN PETERSON: So it's-- This is really a -- the problem you're talking about -- really sits with Essex County. I'm from

Hunterdon County. We don't do things like that. (laughter) And actually we own up to our responsibilities.

And as a matter of fact-- I mean, I don't know if you guys -- the Commissioner was here -- our jail tends to get the highest rankings in the state when it gets reviewed. And we're proud of that. We do a good job. We treat people humanely when they're in jail, and we have enough beds for the population. And we wouldn't take population and then not have enough beds, because that's not the purpose of the jail. It's not-- We're not a Holiday Inn.

But in a sense though, Delaney Hall-- Right? That's the name of the facility.

MR. AMATO: Yes.

ASSEMBLYMAN PETERSON: They're operating what they're supposed to be doing. It's just that the Freeholder Board in Essex County has created a situation where they're using this system through their policy and procedures -- they're using -- they're inappropriately placing people there through the way that they run their policies.

MR. AMATO: Right.

ASSEMBLYMAN PETERSON: And you're a corrections officer from Essex County, right?

MR. AMATO: Yes.

ASSEMBLYMAN PETERSON: Are the rest of you gentlemen with Essex County, or are you--

MR. RYLAND: No, sir.

ASSEMBLYMAN PETERSON: Does Mercer County have the same problem?

MR. RYLAND: In Mercer County, they use Bo Robinson as their--

ASSEMBLYMAN MAINOR: I'm going to need you to state your name for the record.

MR. RYLAND: Oh, Donald Ryland.

In Mercer County they utilize the Bo Robinson Center -- the assessment center -- to house preadjudicated inmates.

ASSEMBLYWOMAN WATSON COLEMAN: Are their other counties?

ASSEMBLYMAN PETERSON: I heard testimony -- Union County does this as well.

MR. BURKERT: Union County also, correct.

ASSEMBLYMAN PETERSON: And are they-- Is it a lack of space because they just have too many people, or is it--

MR. BURKERT: In Union County, we don't have that major of an issue as far as with the criteria. We have a liaison who actually interviews the inmate to make sure he really has an issue to go out to Logan Hall. So we don't have the magnitude of issues that Essex and Mercer have at this point.

ASSEMBLYMAN PETERSON: How about Mercer County?

ASSEMBLYMAN MAINOR: Before you continue, I'm just going to need you to state your name for the record.

MR. BURKERT: Ken Burkert. I'm sorry, sir.

ASSEMBLYMAN MAINOR: I'm going to also ask if we can have everything go through the Chair, please.

ASSEMBLYMAN PETERSON: Chair, may I ask about Mercer County? (affirmative response)

In the use of these facilities for the preadjudicated, is it a result of not enough beds in the jail, or they're contracting out the beds like Essex County?

MR. RYLAND: No, right now there is available bed space within the Mercer County correctional facility. And we've inquired about the use of using CEC -- the Bo Robinson Center -- when there are available beds within the facility.

ASSEMBLYMAN PETERSON: So let me see, through the Chair, if I understand this. Mercer County is sending people to a private contract facility where they're paying a fee, when they have vacant beds they could fill with those people and save money.

MR. RYLAND: Currently, yes.

ASSEMBLYMAN PETERSON: All right. Thank you.

ASSEMBLYMAN MAINOR: Assemblyman, I thank you for that.

Now that we know that, we'll make a recommendation for a halfway house to go into Hunterdon County, where it can do-- (laughter)

ASSEMBLYMAN PETERSON: In defense of Hunterdon County, we have the women's prison and we have the youth correctional facility where there was just-- We've had escapes from both. More recently we had a major escape from the youth correctional facility. Some very dangerous individuals got out. And it's a problem. We have both of those facilities within our community. And I think Hunterdon County pulls more than its own weight on State facilities. We also have a developmental

center right in that area as well. And we carry two prisons. And they're not-- Although it doesn't sound -- youth -- these youths that escaped were no youth. They were in their mid-20s. They were violent men. As well as the women's prison -- women can be as violent as men.

ASSEMBLYMAN MAINOR: I agree.

ASSEMBLYMAN PETERSON: And so we have those facilities there. We're not-- Although we're bucolic, we're not free from these types of facilities.

ASSEMBLYMAN MAINOR: Okay. Now we have to pull back that recommendation. (laughter)

Assemblyman Connors.

ASSEMBLYMAN CONNORS: First, I'd like to thank you for waiting all this time to speak to us.

Just from one of you -- if you want to run with this for a second -- what would you recommend, moving forward, with halfway houses to make them safer for the residents who want to be rehabilitated and safer for the communities that are around the halfway houses?

MR. AMATO: It all comes down to classification and criteria. I mean, I know the State just passed this law now where they want to make drug rehab mandatory. That's a great thing. We support that. We've seen, from our behind-the-wall, fly-on-the-wall perspective, you don't want to mix the high-risk and the low-risk inmates. The people become victim of their own demons and need to be rehabilitated -- there has to be a place for them to go. Where are they going to go when we're using these rehab facilities like makeshift jails? That's really what it comes down to. They spoke a lot today about how important it was to get the numbers down, to get the

population down. What was the cost on the other end? By bringing these numbers down -- and everybody is so proud of themselves, "Hey we got the numbers down." Last week they testified that basically their agenda was responsible for the closing of Riverside (*sic*) State Prison -- Riverfront State Prison. And Mr. Clancy testified that he plans to close another one. But at what cost? Yes, halfway houses are cheaper. But like everything else in life, you get what you pay for. And what we pay for is murder, rape, gang activity, drug use, drug distribution. I mean, I understand the need to try to lower numbers, but I think we're setting the bar too low. We're kicking them out of the system too quick. We lost focus, we lost what our priorities should be. The inmates are gaming the system. They play the system like you would not believe. Like the person who murdered -- the unfortunate situation up there in Bergen County. That's the oldest trick in the book -- to fake illness to get the hospital. But when they do that with us-- We've been to the hospital a million times. He was brought to the hospital by counselors. Why was he even there, first of all? Why would you bring an inmate out -- why would a counselor bring an inmate out into the street? So it set this very low bar criteria, which we really have to study and hopefully get it to a point where the truly deserving people are being rehabilitated in these facilities. And unfortunately -- you hate to say it, because a lot of people don't want to hear it -- the bad guy has to stay in jail, is what it comes down to.

ASSEMBLYMAN MAINOR: Assemblywoman Bonnie Watson Coleman, do you have a question?

ASSEMBLYWOMAN WATSON COLEMAN: Well, my question was to actually kind of -- Mr. Peterson's question about: Is this a

practice in other counties? And you answered, so obviously it is. I guess I have this question -- clarify it for me. If an individual is picked up in Trenton, or Mercer County, or Newark for -- like what the gentleman who was picked up for the tickets. To me it would have been okay to send him to -- if this is a nonviolent crime, no history, no anything -- send him to a halfway house. Who shouldn't have been in a halfway house were the violent folks who were there -- either preadjudicated or whatever. They should be in the more restricted environment. They should be in the place that has the cops and the other stuff.

MR. AMATO: Absolutely.

ASSEMBLYWOMAN WATSON COLEMAN: But to me, just to say, "Under no circumstances allow a preadjudicated person to go into one of these less restrictive environments--" It seems to me that we ought to be using our brain and that we ought to be evaluating the appropriateness of a placement.

Because I've heard the other stories in Mercer County where you take some of these younger people who've committed some nonviolent crimes -- get caught up in something -- they get up there in the workhouse and get exposed to gangs and other kinds of more dangerous elements, and then they get sort of drafted and co-opted, and they become a different person. So we need to figure out what makes sense. In certain circumstances it might be all right to do that. But in instances where you have violence or the possibility of violence by nature of the so-called crime that the person was picked up for -- then you don't.

MR. AMATO: Right. I agree with you on the surface, ma'am. But also I mentioned before about the inmate who came in for shoplifting. I have to correct myself. It was receiving stolen property.

ASSEMBLYWOMAN WATSON COLEMAN: Who is this?

MR. AMATO: That was a low-risk that ended up being a triple homicide -- a warrant situation.

That's the risk you run. But I agree with you. It's true. You have to try to say, "Listen. He's really not a bad guy. He's not sentenced yet, but he's not a bad guy. Let's put him next door."

ASSEMBLYWOMAN WATSON COLEMAN: I know of instances where individuals are or have been in the county workhouse for failure to pay child support and violation of those kinds of orders. Well, we ought to be doing something else with them.

MR. BURKERT: Excuse me. I just want to hit on this because it hasn't been touched on. With active disciplinary records, Chairman-- Everyone is talking about classification, and it's a great thing. But you have to utilize it correctly. And if you have an inmate who is assaultive toward staff -- meaning he's kicked the officers' butts -- but he's only in for a domestic violence offense, he shouldn't go to Delaney Hall or Logan Hall, because he's going to kick someone else's butt when he is there, and he's going to be disruptive. And we listened to all the testimony on how-- We want to make sure these people get help. So it has to come from the DOC. They have State inspections. The Department of Corrections sends an individual to do a State inspection at the county facilities. These inspectors should be looking into the criteria. If they looked at the criteria, they would have recognized that Union County -- it went from \$50,000 to

\$75,000; Mercer County, \$75,000; Essex County is over \$100,000. If there was consistency from the DOC who should be overseeing all of this, we may not have had this issue.

So moving forward, they have to be involved -- actively involved to make sure this doesn't happen with objective classification. It's like if someone's family member goes to jail, and they go to reception -- meaning someone gets locked up. They go through the booking process where you go to reception. Well, once you're in reception and they do an objective classification, you wouldn't want your child or loved one to go into a tier where there are murderers. You wouldn't want your son or daughter to be with a murderer if he's in for something silly, because they could get killed in prison that way. It's common sense, and it needs to be worked on through the body.

Thank you.

ASSEMBLYMAN MAINOR: Thank you.

I want to say that your testimony today has shed light on issues that we never even thought of. I can assure you that some type of legislation will be brought out. Some type of consistency will be mandated. And unfortunately money plays a big role. Let's be honest. But we have to understand that by doing all of this here we're losing lives. And it's up to us as a Committee to step up and make sure that we put things in place so that stuff like this will never happen again.

I don't know if any other Committee members have any other questions. (no response)

And with that I'm going to--

I thank you so much for all coming forward.

MR. AMATO: Thank you very much.

ASSEMBLYMAN MAINOR: I'd like to thank everyone for coming out today. This was obviously a long and involved hearing. But I thank you.

Good night.

(MEETING CONCLUDED)