

Financing for RFID Prison System

GE Public Finance will offer special rates to states deploying cutting-edge prisoner tracking technology.

Dec. 31, 2002 - Alanco Technologies (NASDAQ: ALAN) said yesterday that it has agreed to work with GE Public Finance to provide special lease financing deals for the TSI PRISM RFID tracking systems for prison security management. PRISM was developed by Alanco subsidiary Technology Systems International of Scottsdale, Ariz.

With the PRISM system, inmates wear miniature RFID transmitters in a tamper-proof wristband. Guards also wear a transmitter with a "man down" button. Each transmitter broadcasts a signal every two seconds to readers throughout a prison. The signals identify and track everyone in a facility through a computer network displaying real-time location of the entire prison population and recording this information in a permanent database (subscribers, see RFID Reforms Prison Management).

Calipatria State Prison in California and others have found that the system not only protects correctional officers, it reduces prison costs. Since inmates know they can be placed at the scene of an incident, the system reduces property damage, inmate violence and escape attempts. It can even reduce the cost of food, since inmates can be prevented from getting into the cafeteria twice.

TSI President Greg Oester says most states are doing single pilot installations to test the benefits of the RFID technology. But the attractive rates -- in some cases under 4 percent -- could come in handy in the second half of the year when states have to make a decision about wider deployments.

Many states are struggling with large budget deficits, so the attractive financing rates could help lower the total cost of implementing the technology.

"We provide a product that has the capacity to provide some efficiencies that weren't possible before," says Oester. "Now, we have can pair that with attractive lease financing that allows states to stretch dollars out of their existing operating budgets."

GE Public Finance provides financing to state and local governments, including tax-exempt lease financing. Since companies authorized to provide public financing don't have to pay taxes on the income from certain deals with government entities, they can offer lower rates.

Larry Cothran, a technical consultant for the Justice Department's National Law Enforcement and Corrections Technology Center, says RFID is "the most important technology to come along in a long time" and that it will "totally revolutionize the way prisons are run in this country."

So far, only a few states have initiated pilot deployments (see TSI Wins Prisoner Tracking Contract). That's because the slow economy has reduced tax revenues. Faced with budget cuts for key public services, states have been reluctant to invest in the new technology, even if it reduces costs of operating the prisons. The new financing from GE Public Finance won't radically alter the equation, but it will help those that want to deploy

the PRISM system.

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