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Migrant teens line up for a class at a "tender-age" facility for babies, children and teens, in Texas' Rio Grande Valley, Thursday, Aug. 29, 2019, in San Benito, Texas. The facility offers services that include education, nutrition, hygiene, recreation, entertainment, medical, mental health and counseling, according to a U.S. Health and Human Services official. (AP/Eric Gay)

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On a recent day in a remodeled brick church in the Rio Grande Valley, a caregiver tried to soothe a toddler, offering him a sippy cup. The adult knew next to nothing about the little 3-year-old whose few baby words appeared to be Portuguese. Shelter staff had tried desperately to find his family, calling the Brazilian consulate and searching Facebook.

Nearby, infants in strollers were rolled through the building, pushed by workers in bright blue shirts lettered "CHS, short for Comprehensive Health Services Inc., the private, for-profit company paid by the U.S. government to hold some of the smallest migrant children.

Sheltering [migrant children](#) has become a growing business for the Florida-based government contractor, as the number of minors in government custody has swollen to record levels over the past two years. More than 50 babies, toddlers and teens were closely watched on this day inside the clean, well-lit shelter surrounded by chain link fences.

The children, many in matching black pants and gray sweatshirts, are officially under the custody of the federal government. But a joint investigation by The Associated Press and FRONTLINE has found that the Trump administration has started shifting some of the caretaking of migrant children toward the private sector and contractors instead of the largely religious-based nonprofit grantees that have long cared for the kids.

So far, the only private company caring for migrant children is CHS, owned by Washington, D.C.-area contractor Caliburn International Corp. In June, CHS held more than 20% of all migrant children in government custody. And even as the number of children has declined, the company's government funding for their care has continued to flow. That's partly because CHS is still staffing a large Florida facility with 2,000 workers even though the last children left in August.

Trump administration officials say CHS is keeping the Florida shelter on standby in case they need to quickly provide beds for more migrant teens, and that they're focused on the quality of care contractors can provide, not about who profits from the work.

"It's not something that sits with me morally as a problem," said Jonathan Hayes, director of the Department of Health and Human Service's Office of Refugee Resettlement. "They're not getting any additional money other than the normal grant or contract that would be received. We're not paying them more just because they're for profit."

Asked during a White House visit Thursday about the AP and FRONTLINE investigation, President Donald Trump's health secretary, Alex Azar, pushed back and said the findings were "misleading." But he did not address the government's ongoing privatization of the care for migrant children.

Former White House chief of staff John Kelly joined Caliburn's board this spring after stepping down from decades of government service. He earlier had served as homeland secretary, where he backed the idea of taking children from their parents at the border, saying it would discourage people from trying to immigrate or seek asylum.

Critics say this means Kelly now stands to financially benefit from a policy he helped create.

Houston's police chief, Art Acevedo, who served on a federal advisory panel with Kelly, said the retired general told him firsthand that he believed enforcing a "zero tolerance" policy would serve as a deterrent.



A Comprehensive Health Services caregiver watches TV with a young migrant at a "tender-age" facility for babies, children and teens, in Texas' Rio Grande Valley, Thursday, Aug. 29, 2019, in San Benito, Texas. Sheltering migrant children has become a booming business for Comprehensive Health Services, a Florida-based government contractor, as the number of children in government custody has swollen to record levels over the past two years. (AP/Eric Gay)

"What's really the motivator, the deterrence or the dollar?" said Acevedo, who signed an Aug. 14 letter with dozens of law enforcement leaders asking Trump to minimize the detention of children. "I would question that if he's getting one dollar for that association."

Kelly did not respond to requests for comment. But in a statement, Caliburn's president, Jim Van Dusen, said: "With four decades of military and humanitarian leadership, in-depth understanding of international affairs and knowledge of current economic drivers around the world, General Kelly is a strong strategic addition to our team."

Earlier this year after leaving government, Kelly was widely criticized by activists who spotted him in a golf cart at the facility in Homestead, Florida.

One teenage girl who spoke with AP and FRONTLINE said she and other children were constantly watched while detained inside Homestead, not allowed to touch each other, and there were alarms on the windows.

"It looks like a camp, but sometimes it seems like a jail because you feel very trapped," said the girl, who spoke on condition of anonymity out of concern for her safety.

All teens were transferred out of Homestead in August after critics _ ranging from members of Congress to onsite protesters _ said holding that many migrant children in a single facility was abusive. Meanwhile CHS was getting more business housing migrant children. Today it's operating six facilities including three "tender age" shelters in the Rio Grande Valley that can house the youngest, infants and toddlers. And CHS has plans underway to run a 500-bed shelter in El Paso, Texas, the company said.

"The United States is the country in the world that detains the most children for immigration reasons, and probably for the longest period of time. No other country comes close," said Michael Bochenek, a Human Rights Watch attorney who serves on a U.N. research team examining the global detention of children. "To have private companies move into the area of the care and custody of children in detention-like settings is especially troubling."

HHS' Office of Refugee Resettlement runs migrant children programs by funding 46 organizations that operate more than 165 shelters and foster programs for over 67,000 migrant children who came to the U.S. on their own or were separated from parents or caregivers at the border this budget year.

Overall, the federal government spent a record \$3.5 billion caring for migrant children over the past two years to run its shelters through both contracts and grants.

During that time, CHS swiftly moved into the business of caring for migrant children, an AP analysis of federal data found. In 2015, the company was paid \$1.3 million in contracts to shelter migrant children, and so far this year the company has received almost \$300 million in contracts to care for migrant kids, according to publicly

available data. The company also operates some shelters under government grants.

The Obama administration also grappled with how to handle large numbers of children crossing the border. In the 2014 budget year, some 68,000 migrant kids were apprehended at the border, as compared with 72,000 this year. President Barack Obama's head of U.S. Customs and Border Protection, Gil Kerlikowske, said the difference between now and five years ago was how quickly the government reunited kids with their families or other sponsors.

Under Trump, the numbers of detained children grew in part due to new, strict requirements to screen every adult in a potential home, which significantly slowed reunifications until the policy ended late last year.

The government doesn't disclose the names of individual shelters, nor how many children are in each one. But confidential government data obtained by the AP shows that in June nearly one in four migrant children in government care was housed by CHS. That included more than 2,300 teens at Homestead and more than 500 kids in shelters in Brownsville, Los Fresnos and San Benito, Texas. For each teen held at Homestead at that time, it cost taxpayers an average \$775 per day.

At the time, a total of 13,066 migrant children were being held in federally funded shelters. Those numbers have dropped sharply over the summer. By early October, HHS said there were 5,100 children in their care.

Andrew Lorenzen-Strait, who until recently helped run adult custody programs at U.S. Immigration and Customs Enforcement, said some former ICE staff now work at HHS, and have brought the concept of privatization as another model for detaining migrant children. He said it mirrors a similar shift that occurred with ICE's adult immigration detention centers, where populations soared after immigrants were moved from county jails and into for-profit, private facilities.

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"The Office of Refugee Resettlement has acted like they have a kind of a shield and they don't work with DHS. They say we are the children people, you are the enforcement people, but that is blurred now," Lorenzen-Strait said.

After 18 years in federal service, he recently quit in frustration over concerns about government actions including the treatment of migrant children. He went to work for nonprofit Lutheran Immigration and Refugee Service which places migrant children in foster homes.

"These aren't commodities. They're kids, and they don't need to have big box stores serving them," he said. "This isn't Amazon.com. You can't just order up migrant care."

At the CHS shelter in San Benito the doors are locked and the routines rarely vary. There is one case manager for every eight children, who sleep four to a room. Spanish language signs in the hallways explain how to report abuse.

In a windowless science classroom girls are handed worksheets about natural disasters _ hurricanes, tsunamis, earthquakes, mudslides, volcanos. For an English lesson, they can complete sentences: "Today is _____," read one. "Tomorrow will be _____." No one had filled them in.

"We do a little bit of verbal, ABCs, colors and months," a veteran teacher explained. "They'll come in here, some of them with no English."

In their downtime some of the girls watch telenovelas, paint their nails, braid their hair. At lunchtime, there's a clatter as some teens joke to one another across the cafeteria. Other girls stay silent.

This fall, about 50 migrant children were at San Benito, but at its peak in December, 2018, there were almost twice as many.

Melissa Aguilar, the executive director of CHS's shelter care programs, said her trained, professional staff doesn't separate children, they care for them.

"We're doing the best that we possibly can," she said, dodging a passing stroller as she led a reporter down a hallway. "The children are borrowed. They're borrowed for our purpose, right? So a lot of times when something is borrowed, you take care of them better than you would something that is your own."

Washburn University law professor David Rubenstein, whose research focuses on the privatization of immigration detention, sees red flags in a private business model for migrant child care. While privatization can reduce bureaucracy and make care more efficient, there are fewer ways to hold for-profit providers accountable, he said.

"The profiteering incentive comes at the cost of cutting programs or rights or treatment or conditions in these facilities," he added. Also, having Kelly on the board "makes people mistrust government."

"They might have gotten those contracts anyway, it's hard to prove, but for appearances, that's not a good look," he said.

After Kelly stepped down as leader of the U.S. military's Southern Command in January 2016, he joined [an Obama administration advisory council](#) that studied ICE's continued use of privately operated immigration detention facilities for adults. Later that year, the federal government announced plans to phase out privately run prisons and further study immigration detention.

While on the committee, Kelly joined the board of DC Capital Partners, a financial firm that would go on to found Caliburn in February 2016. He stepped down from that board _ comprised of former senior diplomatic, intelligence, and military officials _ in January 2017, divesting because Trump picked him for the Cabinet.

Just over a year later, DC Capital Partners bought CHS, a company with a troubled past. The firm agreed in 2017 to pay out \$3.8 million to settle an investigation involving allegations that it double billed and overcharged the federal government for medical services.

Despite the fraud settlement, CHS went on to win a no-bid contract to operate Homestead. At the time, federal officials said they didn't have to open the bidding to competitors, typically the way taxpayer dollars are spent, because there was "unusual and compelling urgency."

The government's justification for the no-bid contract said there could be increased "industry participation" in bidding for migrant child care contracts going forward.



A young migrant boy walks with a Comprehensive Health Services caregiver at a "tender-age" facility for babies, children and teens, in Texas' Rio Grande Valley, Thursday, Aug. 29, 2019, in San Benito, Texas. Sheltering migrant children has become a booming business for Comprehensive Health Services, a Florida-based government contractor, as the number of children in government custody has swollen to record levels over the past two years. (AP/Eric Gay)

No-bid contracts can lead to higher costs. CHS, a contractor, typically hires locally, staffing up as quickly as it can, hiring hundreds of people through online ads and at community job fairs. In contrast, nonprofits typically are paid through grants. They have screened staffers on call, who can be flown in if a shelter needs to care for a sudden increase of children for a short period.

As a result, although Homestead temporarily closed in August, there are still about 2,000 people working there, said Hayes. In contrast, a nonprofit that operates a now-empty 500-bed shelter in Carrizo Springs, Texas, has just two security guards onsite but is ready to ramp up as needed.

CHS's business plan going forward depends on having more kids in their shelters, according to a [prospectus](#) its parent company Caliburn filed last year to go public with a \$100 million stock offering.

"In a recent shift, the U.S. federal government has started to transition to utilizing private contractors for medical and shelter maintenance," said the prospectus. "We believe that as a result of our past performance and longstanding relationship with HHS, we are positioned to be a leading provider of these services."

Kelly and other corporate directors including retired Gen. Anthony C. Zinni, retired Adm. James G. Stavridis and retired Rear Adm. Kathleen Martin could have received at least \$100,000 a year for their service and advice, and a \$200,000 bonus if the company went public.

The prospectus warned of "negative publicity" surrounding care of migrant children, past and future. Nonetheless, it said the work presents a financial opportunity.

Caliburn withdrew its proposal to go public earlier this year citing "variability in the equity markets."

The Obama administration gave CHS its first contract at Homestead after a competitive bidding process. But when the government needed to house a new surge of children in 2016, a traditional religious-based organization was soon deemed better equipped to quickly take in children, former HHS officials said.

Maria Cancian, a former HHS deputy assistant secretary in the Obama administration, said that during their first try at Homestead, CHS could not ramp up as quickly as the government expected.

"They had promised they will have this many (beds and staff) by this date, and we don't have very flexible standards," said Cancian. "We had expectations around how quickly we were going to be able to ramp up and we were unable to do that."

Nonprofit providers, however, have faced criticism of their own. Earlier this year, a review of 38 legal claims obtained by the AP _ some of which have never been made public _ showed taxpayers could be on the hook for more than \$200 million in damages from parents who said their children were harmed while under care from nonprofit foster providers and other shelters.

Former financial executive Thomas Cartwright says separating and holding children in shelters is bad, but profiting from it is worse.

In a citizen whistleblower complaint to the SEC, Cartwright, who wanted to use his financial acumen to advocate for social causes, said Caliburn's revenues could increase from \$65 million in 2017 to about \$275 million to \$325 million per year just from the child detention business. Caliburn failed to warn potential investors about the risks of "operating the only for-profit prison for children in the United States on Federal land," he wrote.



Young migrants are overseen strolled by Comprehensive Health Services caregivers at a "tender-age" facility for babies, children and teens, in Texas' Rio Grande Valley, Thursday, Aug. 29, 2019, in San Benito, Texas. Sheltering migrant children has become a booming business for Comprehensive Health Services, a Florida-based government contractor, as the number of children in government custody has swollen to record levels over the past two years. (AP/Eric Gay)

Those undisclosed risks include a proposed law in Congress that calls for stricter background checks for childcare workers and increased federal oversight of shelters.

CHS said their profit seeking had no impact on the care the children received.

"There is a profit. There is a price incentive, but it's not a detention incentive. The question about, 'Is there incentive to detain children?' Absolutely not, because that will close down the moment that there's no children," Aguilar said.

While CHS is the first private company providing shelter to migrant children, other private companies have been involved for more than five years in providing other

services relating to the care of migrant children. The GEO Group, for example, runs several migrant family shelters. Defense contractor General Dynamics Information Technology, whose board includes Trump's former Defense Secretary James Mattis, has contracts to review children's case files and make sure they are reunited with their parents or in safe homes, often with other relatives. Intelligence contractor MVM, Inc. holds contracts to transport migrant children by bus, van or even airplane.

Going forward, the government plans to stand up its own facilities for migrant children and bring in providers, undefined at this point, who would get paid to run them. Site searches are underway to open shelters with about 500 beds each in Phoenix, Dallas-Fort Worth, Houston and San Antonio, according to HHS spokesman Mark Weber.

The idea is, in part, a response to widespread criticism about very large shelters.

But child trauma expert Ryan Matlow at Stanford University, who has met with children inside the largest facilities, said 500 is still too large for the children's welfare.

"I don't think, in that sort of setting, that kids can receive the individual attention and care that they need, that's typical of child development," he said.

Matlow said migrants can face cumulative physical and emotional damage _from depression to heart disease _ due to the trauma of separation and detention.

Weber said the agency hopes to better manage large surges in the number of children and teens arriving at the border, which have in the past led the Obama and Trump administrations to open emergency influx shelters that lacked state licensing and full background checks.

"We're in the process right now of looking for standard, state licensed shelters that we'd have vacant and ready to go in times of a surge," said Weber. "When you look at the economics of standing up, closing down, all the confusion that it creates, it just is a better long-term investment for the country, and actually for the kids."

[FRONTLINE reporters Daffodil Altan and Andrés Cediél, and AP Data Journalist Larry Fenn contributed to this report. Mendoza reported from Washington.]