Corrections firm offers states cash for prisons

By GREG BLUESTEIN
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ATLANTA (AP) -- The nation's largest private prison company made an enticing offer to 48 states that went something like this: We will buy your prison now if you agree to keep it mostly full and promise to pay us for running it over the next two decades. Despite a need for cash, several states immediately slammed the door on the offer, a sign that privatizing prisons might not be as popular as it once was.

Corrections Corporation of America sent letters to the prison leaders in January, saying it had a pot of $250 million to buy facilities as part of an investment. The company is trying to capitalize on the landmark deal it made with Ohio in the fall by purchasing a facility, the first state prison in the nation to be sold to a private firm.

Prison departments in California, Texas and Georgia all dismissed the idea. Florida's prison system said it doesn't have the authority to make that kind of decision and officials in CCA's home state of Tennessee said they aren't reviewing the proposal. The states refused to say exactly why they were rejecting the offer.

"Knowing the state government, it has to have something to do with the potential political backlash," said Jeanne Stinchcomb, a criminal justice professor at Florida Atlantic University who has written two books on the corrections industry. "Privatization has reaped some negative publicity, so I can only assume that despite the possible benefits, there would be a price to pay for supporting it."

Bruce Bayley, associate professor of criminal justice at Weber State University, said he hoped something other than politics drove the states' decisions.

"It's always hard for politicians to turn down the money," said Bayley. "On the flipside, though, it speaks well to the professionalism of corrections departments of these states who don't want to sell out to companies just to add some money to their bank accounts."

Critics of private prisons called the offer a backdoor way to delay the sentencing reform movements that have sprung up in many states looking to cut prison budgets. Lawmakers in many conservative states that once eagerly passed tough-on-crime laws are now embracing alternative sentences for low-level offenders who would otherwise be locked up.

CCA said selling a prison to a private firm doesn't block states from pursuing sentencing reform. The company also said it was still too early to say whether any state would take them up on the bid.

"It was an outreach letter making them aware of these offers, it's yet another tool in the toolbox," said company spokesman Steve Owen. "We can design and build and own facilities from scratch or manage government facilities, but this is a third business model."

CCA said the offer was inspired by the $72.7 million sale of Lake Erie Correctional Institution in Ohio. CCA and its main competitors, which have said they don't plan to make a similar offer, typically build their
"We want to build on that success and provide our existing or prospective government partners with access to the same opportunity as they manage challenging corrections budgets," Harley Lappin, the company's chief corrections officer, said in the letter to prison leaders in every state except Ohio and New Hampshire. CCA said it is working on deals with New Hampshire, but would not talk about them for competitive reasons.

Eligible facilities must have at least 1,000 beds, must be less than 25 years old and in good condition, and have to maintain at least a 90 percent occupancy rate.

The private prison industry boomed in the late 1980s and 1990s as states sought cheaper ways to jail people and voters began resisting building more prisons. Now companies like CCA and its main rival, Florida-based Geo Group Inc., operate dozens of private prisons throughout the nation.

But efforts to privatize prisons have become highly-charged political debates in many states, partly because a sale often requires legislative approval or an OK by the governor.

In Louisiana, lawmakers last year defeated Gov. Bobby Jindal's proposal to privatize and sell several state prisons to generate $90 million. Relatives of prison employees aggressively fought the move, fearing that they would get lower pay and less benefits working for a private firm.

An effort to privatize a chunk of Florida's prisons also met stiff opposition from lawmakers in February. They blocked what would have been the largest prison privatization in the U.S.

Some critics of CCA's bid said their concerns extend beyond the financial costs of a deal. About two dozen religious groups signed a letter saying that accepting the proposal would be "costly to the moral strength of your state."

"Mr. Lappin's proposal is an invitation to deepening state debt, increased costs to people of color who are disproportionately impacted by mass incarceration as well as their families and communities, and decreased public safety," said the letter, sent by groups including The Episcopal Church and the Unitarian Universalist Association of Congregations.

Associated Press writer Travis Loller contributed to this report from Nashville, Tenn.