Private Prisons, Politics & Profits

By Edwin Bender
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Early the morning of Aug. 12, 1999, Tennessee Gov. Don Sundquist took the podium at the 26th annual meeting of the American Legislative Exchange Council to welcome attendees to Nashville. It was an intimate affair of some 2,700 in total, including a large number of lawmakers, state and national, gathered to discuss governing and public policy.

Following Sundquist in an afternoon session the next day, J. Michael Quinlan told his audience how private prisons can contain costs and still provide quality services to criminal justice systems across the country. Quinlan, a former director of the federal Bureau of Prisons under presidents Reagan and Bush, is chief operations officer of Corrections Corporation of America (CCA).

It is fitting that Sundquist, an ardent proponent of prison privatization, and Quinlan, whose company is the largest private-prison corporation in the United States, should be addressing lawmakers and staff about public policy at a conference funded in part by private-prison corporations and held in Nashville, home to CCA.

A standard-bearer for prison privatization, Sundquist's early efforts supporting CCA and its proposal to take over the Tennessee state prison system were met by stiff opposition. Promises of $100 million in savings to taxpayers were found to be fiction under legislative review. His later legislative proposals to limit importation of violent offenders were pre-emptive, as support grew for a complete ban on out-of-state prisoners, which account for a significant portion of CCA's bottom line in Tennessee.

Opponents tried in the 2000 Legislature to prohibit any increase in out-of-state prisoners and to require all correctional facilities to post inmate names, offenses, sentences and parole dates to the Internet, but their efforts were unsuccessful.

The industry-friendly status quo was protected in Tennessee under Sundquist, as were CCA profits.

Doctor Crants and Thomas Beasley -- CCA founders who along with their spouses contributed $10,000 to Sundquist's 1998 campaign and another $30,000 to the campaigns of Tennessee legislative candidates -- worked the system masterfully, as they have been doing for years.

While perhaps an extreme case given CCA's long history in the state, Tennessee nonetheless provides a clear example of how the private-prison industry has managed to protect its bottom line by nurturing its relationships with politicians through campaign contributions. It also illustrates the role the American Legislative Exchange Council, or ALEC, is playing across the country in legitimizing corporate-sponsored legislation that both furthers privatization efforts and ensures a flow of inmates.

The National Institute on Money in State Politics' study of the private-prisons industry looks at the industry's contributing patterns and at the role ALEC is playing as a promoter of industry-backed legislation.

Methodology

Contributions from private-prisons corporations showed up in Institute databases in a substantial way in the 1998 election cycle. The Institute surveyed data from 43 states for the 1998 election cycle through May 2000 (including some partial databases), and data from previous cycles in a few states. It found 1,187 contributions by corporations or individuals associated with private-prison companies going to 636 candidates. (See Table 2 for details)

The total? More than $862,822. While a relatively small amount by national standards, the amount represents a significant effort by a handful of corporations to ensure access to policymakers at crucial times. Consider that the average amount needed to elect a representative in many states is about $5,000. And Senate seats go to candidates who raise less than $20,000 in some states. So $250, $500 and $1,000 contributions are meaningful.

The industry's total is higher than that of groups like the National Rifle Association, which Institute databases show gave $588,195 in 1998 to state candidates, but much less than larger industries nationally, such as oil and gas producers, which gave $13.9 million, or gambling interests, which gave $7.9 million.

As part of its survey, the Institute looked at data from election cycles before 1998. In a handful of states, the Institute surveyed files dating back to the 1990 election cycle and found 542 contributions for a total of $315,998 in 12 states. Pre-1998 contribution information from more than 20 states was examined.

While comprehensive state campaign-contribution data doesn't exist for prior election cycles, the available data indicates that these corporations are enlarging their pattern of contributing.

In 1996 and 1998, private-prison corporations also contributed more than $284,000 to political party committees in Florida alone, four-fifths to the Republican Party.

What private-prison corporations have spent on lobbyists very likely dwarfs their contributions total. The Institute found several examples of major private-corrections corporations hiring top-of-the-line firms to push their agendas.

CCA and Wackenhut lobbyists that the Institute could find include:

In Alabama, Hal W. Bloom Jr. of The Bloom Group;

In the District of Columbia, John S. Wagster; Wise & Associates; J. Mark Tipps, campaign manager for Lamar Alexander's presidential bid and deputy chief counsel for the Senate Governmental Affairs Committee's special investigation of campaign finance in 1997;

Michelle Bernard of Patton Boggs, the second-largest firm in DC; Eckert Seamans Cherin & Mellott;

In Florida, L. Garry Smith & Associates of Tampa Bay;

In New Mexico, McBride-Mahr of Albuquerque; Michael Olguin, former House majority leader, state Democrat Party chairman and former critic of privatization; Senate President Manny Aragon;

In Tennessee, Betty Anderson, wife of House Speaker Jimmy Naifeh; Lewis Donelson of Baker Donelson Bearman & Caldwell and also finance commissioner under former Gov. Lamar Alexander;

In Idaho, Roy Eiguren;

And in Texas, Jerry Donaldson and Patricia Shipton; Billy McMillian; Mike Toomey and Ellen Williams; Ronald Jackson; and James W. Jonas III of Arter & Hadden, whose fees ranged from $100,000 to $150,000 in 1997. Jonas listed his "prospective compensation" from another client at $200,000 to $1 million.

States surveyed, with the total contributions found, are in Appendix 1.

For its study, the Institute also surveyed press archives for articles relevant to the growth of private prisons; public-policy Web sites for evidence linking private-prison corporations to specific legislation or a legislative agenda; and corporate filings with the Securities and Exchange Commission for background on the corporations, their executives and staff, and future plans.

Private Prisons & Public Policy

The use of private prisons in the United States has undergone a revival in the past decade or so. Widely used by states in the late 1800s, private prisons fell out of favor as businesses and labor organizations saw prison labor as a competitor they couldn't beat and as atrocities to inmates became widely known. Around the turn of the century, states regained control of their prisons and continued to provide that basic public service for more than 80 years.

In the late 1900s, a new breed of private-prison operators surfaced. In just over a decade, they managed to carve themselves a multi-million dollar niche in the government-services market and codify their place in the public-policy arena.

By 1998, inmate populations in private facilities had ballooned to 132,000, up from just 11,000 in 1989. And by January 2000, 28 states had authorized use of private prisons to help deal with increasing inmate numbers. Only two had prohibited their use, Illinois and New York.

But prisons are nothing without inmates, and to protect the millions invested in bricks and mortar, prison corporations worked to minimize their business risks. In their annual reports to stockholders, both Corrections Corporation of America and Cornell Corrections, which together account for more than 60 percent of the market share, recognized their reliance on the states and the threat that a reduced crime rate or cut corrections budget would mean to their bottom line. CCA puts it succinctly in its March 31, 1997, SEC filings under "Risk Factors": "Short-Term Nature of Government Contracts," "Dependence on Government Appropriations," and "Dependence on Government Agencies for Inmates."

In short, state governments are clients to the corrections corporations, but the bosses are the legislators and governors -- the policy setters who pass corrections department appropriations and criminal-sentencing legislation, as noted in a congressional study:

"(Most) contracting for imprisonment services was not taken at the initiative of the correctional agency, but was instead mandated by either the legislature or the chief executive of the jurisdiction, typically the governor."

Much of the correction corporations' early profits can be linked to the federal Sentencing Reform Act of 1984, which took effect in 1987. This law, as well as efforts to privatize major elements of the federal government, were policy hallmarks of the Reagan presidency. The act mandated prison terms for many offenses that previously had received probation; no parole and/or longer sentences for certain offenses; and a reduction in the amount of good-conduct time federal offenders could earn.

The law was as good as money in the bank for Corrections Corporation of America, which was founded just a year earlier. Its first contract was with the federal Immigration and Naturalization Service. For the next decade, crime rates soared. The number of drug-related offenses alone accounted for 72 percent of the increase in inmate populations from 1986 to 1997.

Department of Justice statistics show the number of state and federal prisoners increasing from 140,000 in 1980 to more than 410,000 in 1996. By 1997, 64,000 state and federal prisoners were housed in private correctional facilities. Revenues approached $1 billion for the industry as a whole. Both numbers are markedly higher now.

Playing no small role in the development and dissemination of tough criminal-justice and prisons legislation has been the conservative public-policy organization ALEC, which since 1973 has provided legislators around the country with model legislation drafted under the watchful eye of corporate funders. (In 1992, 70 percent of ALEC's $3.7 million budget came from corporations. By 1998, the budget had grown to more than $6 million, with 68 percent coming from corporate donations, including money from Corrections Corporation of America, Wackenhut Corrections and Sodexho Marriott Services, a stockholder in CCA.)

For example, in 1994, ALEC made prison privatization and tough-on-crime legislation a major policy initiative. It issued its "Report Card on Crime and Punishment" in October 1994. As early as January 1994, ALEC was pressing its policies in Pennsylvania with the assistance of William Barr, former Attorney General in the Bush administration. An ALEC press release issued Jan. 28, 1994, was titled, "Every Ten Minutes, A Pennsylvanian Falls Victim to a Violent Crime; "Report Card on Crime" Provides Ten Legislative Actions to Fighting Crime in

Pennsylvania." Speakers at the press event included Barr, Sen. Steward Greenleaf, minority chairman of the Pennsylvania Senate Judiciary Committee, and Rep. Jeff Piccola, Republican chairman of the Pennsylvania House Judiciary Committee. ALEC's 10 proposals were:

> Keep dangerous defendants off the streets by allowing judges to deny bail to dangerous offenders, end pre-trial release and require secured bail for violent and repeat offenders;
>
> Require minimum sentences for repeat felons and other serious offenders;
>
> Sentence for "actual conduct" in serious cases where plea bargains resulted in a person being convicted of a lesser crime;
>
> Require life in prison for those convicted a third time for violent or serious offenses, so-called "three-strikes" legislation;
>
> Require prisoners to serve at lease 85 percent of their sentences, or "truth-in-sentencing" legislation;
>
> Treat juveniles as adults for serious crimes;
>
> Allow juveniles' crime histories to be considered by the courts;
>
> Guarantee the rights of victims to seek and have full redress and restitution;
>
> Require government to inform the public about the criminal-justice system, its practices and performances;
>
> Use prison privatization, electronic home detention, boot camps and similar methods to see that the system works efficiently.

In February 1995, Pennsylvania Gov. Tom Ridge, an ALEC member, called a special session of the Legislature to address crime in the state. Piccola introduced eight pieces of legislation in that session, all based on ALEC's 10-point agenda, and Greenleaf introduced 12. Overall, the nine-month session saw 30 crime bills approved, many based on ALEC's agenda, and Gov. Ridge released more than $87 million in state funding for construction of new public-prison facilities. In 15 years, Pennsylvania's corrections budget grew from $90 million to more than $600 million in 1995. The 2000 Legislature faced a Corrections Department budget request of $1.2 billion.

Gov. Ridge was a featured speaker at ALEC's 26th Annual Meeting in Nashville.

ALEC's current Criminal Justice Task Force, which oversees the drafting of criminal-justice legislation, is co-chaired by Brad Wiggins, director of business development for CCA, and Brian Nairin of the National Association of Bail Insurance Companies. The task force lists "prison privatization" as one of its major issues. Until April 2000, the task force had been co-chaired by John Rees, a vice president at Corrections Corporation of America.

ALEC boasts that it provides model bills for 2,500 to 3,000 members. Many are sitting legislators and statewide officials. In 1995, ALEC promoted its successes in its "ALEC 1995 Model Legislation Scorecard:"

"The busiest Task Force was Criminal Justice, which had 199 bills introduced. The anti-crime legislation with the most enactments was the Truth in Sentencing Act (inmates serve at least 85 percent of their sentence), which became law in 25 states." Those states were Arkansas, California, Connecticut, Florida, Georgia, Illinois, Indiana, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia and Wyoming.

ALEC's "Habitual Offender/Three Strikes" bills (life imprisonment for a third violent felony) passed in 11 states: Arkansas, Florida, Indiana, Montana, New Jersey, North Carolina, South Carolina, Tennessee, Vermont, Virginia and Wyoming. ALEC's "Prison Industries" bill, which requires prisoners to work for private companies, passed in Mississippi, and its "Private Correction Facilities" bills passed in Arkansas, Connecticut, Mississippi and Virginia.

In its introduction, the Criminal Justice Task Force boasts: "The Criminal Justice Task Force is dedicated to developing model policies that reduce both violent and property crimes in our cities and neighborhoods in an efficient, fiscally conservative manner. ALEC's Truth in Sentencing Act and Three Strikes You're Out Act have been the most effective bills supported by the Task Force. At least one of these model bills has been enacted in half of the states in the country. The Task Force continues to explore cost-effective methods for states to manage their criminal justice systems."

Also not surprising is the fact that Corrections Corporation of America is a major sponsor of ALEC, making the vice chairman's sponsor list for contributions to ALEC's 1999 States & Nation Policy Summit. Other private corrections companies that also sponsored portions of the conference were Sodexho Marriott Services and Wackenhut Corrections Corporation.

In 1999, ALEC says its members introduced more than 2,208 bills modeled after its legislation, and 15 percent, or 322, were enacted into law.

A prominent example of ALEC's ability to promote corporate-backed legislation came in the 1999 Arizona Legislature. Senate President Brenda Burns, who was ALEC's 1999 national chairwoman and a fixture at its 26th annual meeting in Nashville, sponsored two bills aimed at privatizing the state's prisons system. House Bill 2017 would have required the Department of Corrections to develop, by Nov. 1, 1999, a plan to contract for up to 4,200 privately operated prison beds and to begin phasing in use of those beds by June 2002. And House Bill 2191 would have set a deadline for the Department of Juvenile Corrections to establish a privatization plan, detailed the process DJC was to use to identify needs and options, and required "Joint Legislative input into the request for proposals process for privatization of specific beds."

Both measures passed the House, but failed to make it through the Senate before adjournment.

Sen. Burns' proposal for 4,200 new beds came despite Arizona Department of Corrections plans to contract for only 1,000 new beds in private facilities, an 18 percent expansion, by the year 2002.

Examples of ALEC members other than Tennessee Gov. Don Sundquist supporting private-prisons or tough-on-crime legislation can be found around the country:

Wisconsin Gov. Tommy Thompson, who received the Thomas Jefferson Freedom Award from ALEC in 1991, has said he is against more prisons, yet in March 2000 negotiated a $17.5 million deal for the state to lease and operate a private facility from an Oklahoma firm through mid-2001. Wisconsin, with nearly 4,500 prisoners in out-of-state private facilities at a cost of $100 million in 1999, is the largest exporter of inmates in the country.

Utah Gov. Michael Leavitt, the 1997 recipient of ALEC's Thomas Jefferson Freedom Award, signed House Bill 131 in March 1999, authorizing the state Department of Corrections to contract with private corporations for prison services.

Idaho Sen. Sheila Sorensen, the state's 1999 ALEC chairwoman, was one of three Idaho lawmakers who attended the grand opening of CCA's new Idaho facility in June 2000.

California Assemblyman Howard Kaloogian, the state's 1999 ALEC chairman, sponsored Assembly Bill 4 in 1999, which called for the death penalty or life without parole for those found guilty of first-degree murder.

California Sen. Ray Haynes, the first vice chairman of the executive committee to the 1999 ALEC Board of Directors, sponsored Senate Bill 118 in 1995, authorizing the Department of Corrections to contract for 2,000 new beds in community correctional facilities and to contract for the design, construction and operation of a new facility for an additional 2,000 medium- and minimum-security inmates.

All received campaign contributions from private-prisons corporations.

The overlap between prison business and the public-policy process has been evident in CCA's case from its early days. One of its co-founders, Tom Beasley, is a former chairman of the Tennessee Republican Party, which partly explains why CCA attempted in 1996 to make Tennessee the first state in the country with a prison system run entirely by a private company. CCA put $22,000 into the campaigns of Tennessee lawmakers that cycle, but saw its effort fail. Also in 1996, CCA put $31,000 into the unsuccessful campaign of Indiana gubernatorial candidate Stephen Goldsmith, a private-prisons advocate and mayor of Indianapolis.

The overlap between politics and business goes well beyond local and state-level contacts. The New York investment house of Gilder, Gagnon, Howe and Co. has a 6.4 percent stake in CCA. FMR Corp. (Fidelity Mutual Funds) has a 5.4 percent interest.

Richard Gilder is not only the founder of Gilder, Gagnon, Howe and Co., but also a major funder of conservative candidates. He backed Newt Gingrich's Republican Revolution with more than $360,000 and rubbed elbows with J. Patrick Rooney of Golden Rule Financial, a major funder of ALEC who gave Gingrich $231,110.

Gilder also is a founder of The Club for Growth, which raises funds for conservative GOP candidates. A co-executive with Gilder is Stephen Moore, who was the research director for President Reagan's Commission on Privatization.

Questions about Privatization Abound

In the National Capital Revitalization and Self-Government Improvement Act of 1997, Congress told the Attorney General to study the privatization of prisons and its feasibility. The resulting 200-page report by Abt Associates is an exhaustive look at the history of privatization, legal issues, cost-benefit analyses, and conclusions.

Prominent in the foreword is a thanks to Richard Crane, former chief legal counsel for the Louisiana Department of Corrections. In addition, the report frequently cites prisons and privatization expert University of Florida Professor Charles Thomas.

Crane also was general counsel for Corrections Corporation of America from 1984 to 1987 and since 1989 has worked for $200 an hour as a private consultant for states negotiating private-prisons contracts. The citation in the report says, "Mr. Crane provided his reactions and suggestions at several stages in the work, including reviewing drafts of this document."

Professor Thomas resigned his tenured position with the university after he faced conflict-of-interest charges and was fined $20,000 in October 1999. The Florida Correctional Privatization Commission, for whom Thomas also worked, had found that the professor had a "financial interest" in private-corrections corporations at a time he also worked for the commission. That interest included $3 million in consulting fees, $660,000 in stock and a seat on the board of directors of the CCA real estate investment trust, which holds title to CCA's prisons. So Thomas was on the CCA trust's board at the same time Abt Associates was conducting its research.

Just as they had with campaign contributions to politicians and sponsorship checks to ALEC and other public-policy organizations, private-prison corporations had managed to insinuate themselves into an official governmental study that would be used to direct corrections policy for years to come.

Despite the appearances of prejudice, the report paints a less-than-favorable picture of the private-prisons industry. Among its conclusions, the study found:

Few of the 84 private corrections facilities studied keep the kinds of records necessary to properly evaluate whether the facility is actually saving taxpayers money, long the promise of privatization. Assurances of 50 percent savings are fiction. Even state-mandated savings of 7 percent in Florida and 10 percent in Texas have been attained only through questionable accounting practices. An earlier General Accounting Office study came to similar conclusions.

Private facilities appear to be no better than public ones at performing basic functions, such as housing prisoners and keeping them safe and healthy. But again, parallel information with which to judge performance is limited because few government contracts set performance standards. "Only a few of the more than a hundred privately operated facilities in existence have been studied, and these studies do not offer compelling evidence of superiority," the report says.

Absent from the study is significant discussion or analysis of recidivism rates despite numerous studies that show alcohol and drug treatment, educational and job-training opportunities, and re-introduction programs are effective ways of reducing inmate populations and ultimately saving large amounts of tax dollars. Many private prisons don't offer such programs or offer only abbreviated ones to keep the costs down and profits up.

Perhaps the most telling feature of the study is its discussion of states' five-year expansion plans through 2002. Of the 240,967 beds state corrections officials said they plan to add by 2002, 85 percent will be in public facilities and just 15 percent in private. The three largest contractors of private-prison services -- Texas, Arizona and Florida -- all said they plan either no additional or only limited use of private services. Texas, by far the largest user of private-prison contractors, plans to use public facilities for all its future needs.

In the Northwest, where the privatization of prisons is relatively new, the study found that some states are planning to use private contractors heavily:

Idaho will contract for 96 percent of its new beds, or 1,250, by 2000;

Montana expects 35 percent of the new beds to come from private contractors;

Utah plans to contract out 43 percent of the 1,856 new beds it will need;

and, Wyoming plans to contract out 20 percent of its projected 500 new beds.

Three other states -- Nevada, with 3,350 new beds projected, Oregon with 1,739, and Washington with 5,460 -- either have no plans for private contracts at present or will use public facilities exclusively.

Private Prisons Line State Politicians' Pockets

Private-prisons corporations contributed more than $546,000 to state-level candidates in 25 states during the 1998 election cycle alone, according to data compiled by the National Institute on

Money in State Politics. The Institute surveyed campaign contributions reported by candidates in 42 states and found 645 contributions by corporations or individuals associated with private-prison companies going to 361 candidates.

The states in which private-prison corporations made contributions, with a total contributed by all companies, are:

Table 1 -- 1998 Contribution Totals

from Prisons to State Candidates

State	Contributions
California	$285,996
Alaska	$50,275
Florida	$42,710
Tennessee	$41,300
Texas	$18,600
New Mexico	$14,000
Ohio	$12,900
Iowa	$12,850
Idaho	$10,850
Georgia	$8,000
North Carolina	$8,000
Colorado	$6,800
Hawaii	$6,000
Indiana	$6,000
Wyoming	$4,315
Wisconsin	$4,200
Kentucky	$3,800
Arizona	$3,705
Nevada	$3,000
South Carolina	$1,000
Illinois	$800
Michigan	$725
Kansas	$500
Oklahoma	$300
Missouri	$198

**Source: National Institute on Money in*

State Politics databases

The industry contributed in a manner (late contributing and to incumbents) that ensured that a large percentage of its dollars in the 1998 election cycle went to candidates who would be making decisions about prisons policy in the next legislative session:

> Nearly 37 percent of the prison-industry contributions were made in late October, November or December, a time when races were either fairly clearly defined or

winners already picked. Of the dollars not contributed in this time period, another 37 percent went to incumbents. Thus, nearly 75 percent of the money was contributed in a low-risk, high-return manner. The remaining 25 percent of the total went to surprisingly few candidates, an average of about six per state. In three states, prisons gave to only one other candidate. In five states, they gave to just two candidates, while they supported more than 10 candidates in only six states.

Incumbents and winners together received 87.4 percent of the industry's contributions, or $479,199.

Democrats received slightly more prison-industry money than Republicans, 52.7 percent to 47.2 percent, respectively, or $288,334 to $258,290. While Democrats received more total dollars in contributions, Republicans received significantly more contributions, 256 to 388, respectively. This contributing pattern indicates an interest in access rather than a strong political philosophy.

Incumbents, both those who were running and those who weren't but still raised money, received 53.3 percent, or $297,000.

Candidates who lost in the general election received 10.7 percent, or $59,825.

About 6 percent of the contributions went to candidates who lost in primary elections.

Gubernatorial candidates received a larger percentage of contributions per candidate than did other types of candidates, as would be expected: 24 gubernatorial candidates received a total of $111,985 during the 1998 cycle, for an average of $4,666. Winners received 68.7 percent of the total and general-election losers received 17.1 percent.

The top recipients were Democrat Gray Davis of California, $25,000 total (all from Corrections Corp. of America); Republican Gary E. Johnson of New Mexico, $13,000 ($4,000 from CCA and $9,000 from Wackenhut Corrections); Republican Don Sundquist of Tennessee, $10,500 (all from CCA); Republican Dan Lungren of California, $10,000 ($5,000 from CCA and $5,000 from Cornell Corrections); Republican James Lightfoot, $8,000 ($5,000 from CCA and $3,000 from Cornell).

Senate candidates (96) received 178 contributions for a total of $185,000, with winners receiving 55.8 percent and general-election losers, 11.5 percent. The total for candidates who received contributions but didn't run in an election, primarily sitting incumbents, was 27.5 percent of the total. So more than 83 percent of these contributions went to lawmakers who would be considering corrections policy in the next legislative session.

Top recipients were:

Democrat Liz Figueroa, California Senate District 10, $21,000 ($20,000 from CCA and $1,000 from Cornell);

Democrat Betty Karnette, California SD 27, $20,500 ($14,500 from CCA and $6,000 from Cornell);

Democrat Richard Polanco, California SD 35, $17,000 ($15,000 from CCA and $2,000 from Cornell);

Republican Ross Johnson, California SD 35, $16,250 ($13,250 from CCA and $3,000 from Cornell);

and Republican Rob Hurtt, California SD 34, $12,000 ($10,000 from CCA and $2,000 from Cornell).

House and Assembly candidates (216) received 337 contributions for a total of $176,733, with 89.6 percent going to winners and 6.4 percent going to general-election losers.

Top recipients were:

Democrat Bob Hertzberg, California Assembly District 40, $14,000 ($12,000 from CCA and $2,000 from Cornell);

Republican Bill Leonard, California AD 63, $9,000 ($6,000 from CCA and $3,000 from Cornell);

Democrat Antonio Villaraigosa, California AD 45, $9,000 ($6,000 from CCA and $3,000 from Cornell);

Republican Marilyn Brewer, California AD 70, $5,500 (all from CCA);

and Democrat Tony Cardenas, California AD 39, $5,500 ($4,500 from CCA and $1,000 from Cornell).

Top-Contributing Private-Prison Companies in 1998

Corporation	Total	US Market Share
Corrections Corp. of America	$353,106	55.55 percent
Cornell Corrections Inc.	$110,575	5.81 percent
Correctional Services Corp.	$34,378	5.30 percent
Wackenhut Corrections Corp.	$33,325	21.73 percent

**Source: National Institute on Money in State Politics databases*

and the University of Florida's Private Corrections Project.

Of the major corporations contributing, Corrections Corporation of American spread its largesse among the most candidates in the largest number of states. In all, 195 candidates in 16 states received CCA contributions.

CCA focused its efforts in California, Tennessee (its home state), Iowa, Idaho, Colorado and Texas. Candidates in California received 64.5 percent of the contributions, or $234,496.

The top 25 recipients of CCA money, with the number of contributions and a total, were:

Top Recipients of CCA Contributions in 1998

State	Recipient	Party	Office	District	Status	Total
CA98	Bustamante, Cruz	D	LTG	SW	Winner	$31,996
CA98	Davis, Gray	D	G	SW	Winner	$25,000
CA98	Figueroa, Liz	D	S	10	Winner	$20,000
CA98	Polanco, Richard G	D	S	22	Winner	$15,000
CA98	Karnette, Betty	D	S	27	Did Not Run	$14,500
CA98	Johnson, Ross	R	S	35	Did Not Run	$13,250
CA98	Hertzberg, Bob	D	A	40	Winner	$12,000
TN98	Sundquist, Don	R	G	SW	Winner	$10,500
CA98	Hurtt, Rob	R	S	34	General Loser	$10,000
NC98	Basnight, Marc	D	S	DARE	Winner	$8,000
CA98	Leonard, Bill	R	A	63	Winner	$6,000
CA98	Villaraigosa, Antonio	D	A	45	Winner	$6,000
CA98	Baca, Joe	D	S	32	Winner	$5,500
CA98	Brewer, Marilyn C	R	A	70	Winner	$5,500
CA98	Ortiz, Deborah V	D	S	6	Winner	$5,500
CA98	Burton, John	D	S	3	Did Not Run	$5,000
TN98	Lay, Blake	R	S	25	General Loser	$5,000
IA98	Lightfoot, James	R	G	SW	General Loser	$5,000
CA98	Lungren, Dan	R	G	SW	Primary Loser	$5,000
IN98	Obannon, Frank L	D	G	SW	Did Not Run	$5,000
CO98	Owens, Bill	R	G	SW	Winner	$5,000
CA98	Stirling, Dave	R	AG	SW	General Loser	$5,000
OH98	Taft, Bob	R	G	SW	Winner	$5,000
GA98	Taylor, Mark	D	LTG	SW	Winner	$5,000
OH98	Ungaro, Patrick	D	S	33	Primary Loser	$5,000

CCA made its contributions to candidates on both sides of the aisle in a pattern similar to that of professional lobbyists, whose main interest is access, not political philosophy. Democrats received a larger amount of CCA contributions than did Republicans, $212,096 to $140,810. But CCA favored Republicans with a larger number of contributions than it did Democrats, 156 to 110.

Winning candidates and incumbents from both parties were the primary targets of CCA contributions, with a huge 89.2 percent or $315,106 going to elected lawmakers who likely would face criminal-justice and prisons legislation in their next legislative session.

Cornell Corrections, the next largest-contributing prisons contractor at $110,575, gave contributions to 84 candidates in four states -- California, Alaska, Florida and Iowa -- with the majority of the funds being split between California, $51,500, and Alaska, $50,275.

The top recipients of Cornell contributions, with a number of contributions and a total, were:

Top Recipients of Cornell Contributions in 1998

State	Recipient	Party	Office	District	Status	Total
AK98	Knowles, Tony	D	G	SW	Winner	$6,375
CA98	Karnette, Betty	D	S	27	Did Not Run	$6,000
AK98	Ulmer, Fran	D	LTG	SW	Winner	$5,500
AK98	Barnes, Ramona	R	H	22	Winner	$5,000
CA98	Lungren, Dan	R	G	SW	General Loser	$5,000
AK98	Hodgins, Mark	R	H	9	General Loser	$3,200
CA98	Burton, John	D	S	3	Did Not Run	$3,000
AK98	Foster, Richard	D	H	38	Winner	$3,000
CA98	Johnson, Ross	R	S	35	Did Not Run	$3,000
CA98	Leonard, Bill	R	A	63	Winner	$3,000
IA98	Lightfoot, James	R	G	SW	General Loser	$3,000
CA98	Villaraigosa, Antonio R	D	A	45	Winner	$3,000
AK98	Cissna, Sharon	D	H	21	Winner	$2,500
AK98	Mulder, Eldon	R	H	23	Winner	$2,500
CA98	Ackerman, Dick	R	A	72	Winner	$2,000
CA98	Baugh, Scott R	R	A	67	Winner	$2,000
AK98	Donley, Dave	R	S	J	Winner	$2,000

AK98	Harris, John	R	H	35	Winner	$2,000
CA98	Hertzberg, Bob	D	A	40	Winner	$2,000
CA98	Hurtt, Rob	R	S	34	General Loser	$2,000
CA98	Polanco, Richard G	D	S	22	Winner	$2,000
AK98	Rokeberg, Norman	R	H	11	Winner	$2,000
CA98	Runner, George	R	A	06	Winner	$2,000
AK98	Taylor, Robin	R	G	SW	Primary Loser	$2,000
CA98	Aanestad, Sam	R	A	3	Winner	$1,500

Cornell's contributing was somewhat more partisan than that of CCA, with Republicans receiving 97 contributions for a total of $62,850 or 56.8 percent, and Democrats receiving 78 contributions for $47,725 or 43.1 percent.

Winning candidates and incumbents on both sides of the aisle received $96,575 from Cornell, or 87.3 percent of its total.

All other private-prisons contractors gave a total of $83,143 to candidates in 17 states, with candidates in Florida receiving the bulk, 86 contributions for $36,910. Twelve candidates in Texas received a total of $11,850, while five in New Mexico received $10,000. In Wyoming, where the average House race is won on about $5,000, corrections contractors gave 57 contributions totaling $4,315.

This group of industry contributors "which includes Correctional Services Corp., $34,378, Wackenhut Corrections, $33,325, and US Corrections, $4,300 "gave its money in a decidedly partisan manner. Republican candidates received 135 contributions for a total of $54,630 or 65.7 percent, while Democrats received 68 contributions for $28,513 or 34.2 percent of their total.

Prisons Rush for California Gold

Corporate fortune seekers have their eyes on a piece of California's $4.7 billion corrections budget. They have had for years. But now, the rush is becoming more intense.

Speculation prisons, those built by a private company on the hope that the state will need beds for inmates soon, are popping up in the state. And while the current governor, the Legislature and state corrections officials have made it clear they will house future inmates in public facilities -- Gov. Gray Davis recently allocated $355 million for construction of a new prison and plans for another -- the push continues.

California's burgeoning prisons are to some degree a legacy of the 1980s, a decade during which strict enforcement of drug laws and harsh sentences resulted in an inmate-growth rate of 263 percent, the highest rate among all states and more than twice the national rate.

The speculation explains why private-prisons companies contributed more to California candidates in 1998 than they did to candidates in all other states -- more than a quarter-million dollars, with more than 82 percent of that coming from Corrections Corporation of America.

The stakes don't get much higher.

CCA invested $100 million in a new 2,300-bed maximum-security prison on the edge of the Mojave Desert that in December 1999 held just 16 prisoners. CCA also has been planning a second speculation facility in the San Joaquin Valley, but those plans are on hold as the corporation deals with low stock prices and restructuring problems. Its largest competitors, Wackenhut Corrections and Cornell, also are planning new facilities for low-risk inmates.

The corporations have had reason to move ahead. Former Republican Gov. Pete Wilson said in 1997 that the state would need an additional 2,000 beds for inmates, and that private prisons were the cost-effective way to fill that need. But Wilson couldn't persuade Democratic and Republican legislators to close a deal on privatization. And when inmate-population estimates came in lower than expected in 1999, state corrections officials immediately called off a competitive-bidding process for future bed space in private facilities.

The announcement was the culmination of a long battle that pitted private-prisons corporations against the state union of prison guards, the California Correctional Peace Officers Association, and cost both hundreds of thousands in campaign contributions and still more in lobbying fees during the legislative session.

The 27,000-member guard's union contributed more than $2.17 million to 86 candidates in 1998 campaigns, including $116,888 to Gov. Gray Davis, with 68.9 percent going to winners and incumbents. While the union largely favored Democratic candidates for Assembly and Senate with its contributions -- 98 for a total of $1,295,085 -- it also contributed heavily to Republican candidates, with 89 contributions for $662,921.

The prisons corporations, CCA and Cornell Corrections, contributed a total of $285,996 to 67 candidates, including $25,000 to Gov. Davis, with 91.3 percent going to winners and incumbents. Like the union, the corrections corporations spread their contributions to candidates on both sides of the aisle, favoring Democrats with 63 contributions for a total of $129,250 over Republicans, who received 55 contributions for $78,500. CCA also reportedly paid $250,000 to two lobbying firms for the session and contracted with the major public-relations firm of Burson-Marsteller.

Both sides of the privatization issue pursued broad legislation during the session, and both came up empty.

Pressing the case for privatization in the 1999 legislative session was Sen. Richard Polanco, D-Los Angeles, who backed a bill that would have required the state to develop a master plan for managing prisons in the most cost-effective way possible. His proposal, Senate Bill 297, was approved by the Senate and Assembly, but vetoed by Gov. Davis.

A bill that would have prohibited the state from contracting with private-prison companies, Senate Bill 1313, and one that would have stopped local governments from contracting with private prisons also were unsuccessful.

Despite efforts to limit prison privatization in California, building a large facility on the edge of the Mojave Desert proved to be a good bet for CCA. In June 2000, CCA was awarded a $529 million contract by the federal Bureau of Prisons to house its low-security prisoners. The Bureau of Prisons will have use of all 2,300 beds for three years, with seven one-year options to extend the contract.

Corporations Team Up to Push Privatization in Alaska

In 1996, the Alaska Legislature was flooded by teams of private-prison representatives eager to convince lawmakers of the merits of privatization. Corrections Corporation of America teamed with Chugach Alaska Corp., an Alaska native corporation. Wackenhut, the number two corrections corporation, teamed with Veco, an major oil-industry maintenance company, and Allvest Inc., which ran halfway-houses in the state. Both hired prominent lobbying firms to further their causes. The groups also put nearly $200,000 into the campaigns of lawmakers during the 1996 elections. (Allvest alone put nearly $120,000 into the campaigns of candidates between 1990 and 1998, with more than $92,000 going to sitting legislators and incumbents.)

The companies all were vying for a portion of the state's $134 million corrections budget and a piece of a proposed 1,000-bed, $100-million expansion project proposed by Anchorage Rep. Eldon Mulder.

The prison-expansion debate that session was won by Gov. Tony Knowles, whose plan focused on reducing the number of inmates entering prisons, using half-way houses to ease prison crowding and the long-term expansion of existing state facilities.

While unsuccessful at first, the potential for huge profits kept the companies focused on Alaska, resulting in two major attempts to site private facilities in Alaska cities and numerous attempts at privatization legislation. Caught up in the battles were citizens of Anchorage and Delta Junction, who were forced to go toe-to-toe with the national corporations and their hired specialists, who attempted to manipulate the system to succeed. Citizens' groups prevailed in both cases, but only after divisive battles.

In the case of Anchorage, Corrections Group North -- the new corporation formed by Allvest, Veco and Wackenhut -- proposed using 40 acres in the city owned by Veco to build a 624-bed facility at a cost of $60 million to $80 million. Allvest President Bill Weimar, who was on the board of the Downtown Community Council, and lobbyist William Bobrick contributed more than $11,000 to candidates running in 1996 for the Anchorage Assembly, which had to approve zoning changes for the project before it could move ahead.

Despite its insider and financial advantages, Corrections Group North dropped its plan for an Anchorage facility in the face of stiff public opposition, threats of lawsuits and the possibility of a public vote. It vowed, instead, to bid on a new proposal by Anchorage Sen. Jerry

Ward. Ward's plan was to contract out for a 700-bed facility in the Mat-Su Valley north of Anchorage and a 500-bed one in Seward, where a maximum-security state facility already existed.

A restructuring at Allvest in 1997 set the stage for a second major push to site a new private prison, this time in rural Delta Junction, 100 miles southeast of Fairbanks. Founder and owner Bill Weimar appointed Frank Prewitt, a former deputy commissioner of the Alaska Department of Corrections, as the new president and CEO. Prewitt, who as a corrections official opposed the move to private prisons, suddenly became privatization's strongest proponent. And Weimar, who built Allvest into a company that administered $10 million in local, state and federal corrections contracts, faded into the background.

Allvest's move into Delta Junction in early 1998 followed an earlier announcement that the Army was going to abandon its Fort Greely in 2001 and give the facility and land to the city, providing it could find a good use for it. Allvest proposed turning a portion of the fort into an 800-bed medium-security facility. The plan called for a 20-year contract, with the state guaranteeing 800 inmates.

In a hurried city vote, residents approved the Allvest plan 640-396. Four days later, Allvest supporters and opponents testified before a legislative committee on the proposal. Although the committee took no action, Rep. Eldon Mulder said he'd draft legislation authorizing the state to contract for the 800 beds.

Allvest and its executives had prepared for the legislative debate, investing more than $50,000 in contributions to candidates in the 1998 elections. More than 90 percent of the money, or $45,000, had gone to winners or incumbents. Rep. Mulder received $2,500 in contributions in the 1998 cycle and another $2,600 in the 1996 elections.

State corrections officials, meanwhile, had testified that they ruled out the Fort Greely site for a new prison, favoring instead expansion of existing facilities.

Two weeks after the public vote and less than one week after the legislative hearings on the proposal, Allvest representatives began pressuring Delta Junction city officials to sign a contract. Officials balked, primarily over a clause that would have required the city to turn over all post buildings, "down to televisions, desks and wrenches -- along with more than 200 post homes, "to the Anchorage company.

The next day in the Legislature, a state finance expert testified that the Allvest contract was "seriously flawed" because it would leave the state vulnerable if the project didn't work out, wouldn't involve competitive bids, and would give the private firm the benefits of future refinancing.

In June, the Legislature approved Allvest's plan for Fort Greely, and Cornell Corrections, the third-largest private-corrections contractor in the country, agreed to purchase a portion of Allvest for $21 million and help it complete the project.

Another advisory vote of city residents in January 1999 still favored the prison project, but by a much narrower margin, 582-506.

Threats of lawsuits proliferated.

In March 1999, Delta Junction officials accepted a negotiated settlement with Allvest that ruled out competitive bidding, and Allvest agreed to drop a breach-of-contract suit against the city.

Because of state Attorney General concerns over the sole-source contracting involved in the Allvest contract, Rep. Norman Rokeberg introduced Senate Bill 141, which exempted municipal governments from seeking competitive bids on projects designed and built by a single contractor. The bill also countered a lawsuit filed against Allvest by a group of Delta Junction residents opposed to the prison. The measure passed the Legislature.

A public referendum planned for Sept. 14, 1999, on the contract's sole-source provisions was challenged by Allvest in court. As a result of the lawsuit, Delta Junction officials voted to cancel the contract and put the project out for competitive bids.

While Delta Junction residents had managed to stop a private-prison company from coming into the community, it remained deeply divided over the issue. Several city officials faced recall elections.

Anchorage Sen. Jerry Ward, one of the first lawmakers to propose privatization of the state's prisons, vented his anger in thinly veiled threats.

One of Ward's letters to city officials said: "Proposals concerning roads to Pogo Mine or the maintenance of existing highways come before my Senate Transportation Committee. As for the reuse of Fort Greely, the management of this resource has been placed in the city's hands, along with federal and state assistance to make it happen. "I am deeply concerned over many of the actions this council has taken under your leadership, actions that I believe jeopardize the prison project."

And Allvest's merger with Cornell Corrections ensures that prison privatization will be an issue in Alaska's future. Cornell bought Allvest's five pre-release facilities -- with a capacity of 540 beds in Anchorage, Fairbanks and Bethel -- and the contracts that go with those facilities. It also purchased the Parkview Center and an additional building in Anchorage, "for future development."

Florida

Faced with a court order to relieve overcrowding and inmate-population increases of a projected 367 percent in five years, Florida in 1989 joined 30 other states looking at alternatives to budget-draining prison-construction projects.

As a result, Gov. Bob Martinez and the Legislature appropriated funds to add 9,000 beds to the state system. In a move aimed at assessing the effectiveness of private prisons, lawmakers decided to allow private corporations to build and run facilities with 900 of those beds, making Florida the first state in the country with a privately run maximum-security facility.

More than a decade later, Florida would rank third in the country for the number of privately run prisons with nine, well behind front-runner Texas' 42 and California's 24.

But the state's ranking belies the pressure Florida lawmakers faced during the years to expand private corporations' role in its corrections system. Since 1990, 48 pieces of legislation dealing with private prisons have been introduced, including seven that asked lawmakers to allow private industries contract for in-prison inmate work programs. One bill would have deleted the requirement that a contract for the operation of a private correctional facility be negotiated with the most qualified firm.

In 1997, the Florida Corrections Commission, which was created in 1993 to oversee the state correctional system and advise the governor and legislators, recommended that all future prisons be built and operated by private corporations. The recommendation came at the same time the Florida Correctional Privatization Commission was embroiled in a scandal involving one of its key advisors, University of Florida Professor Charles Thomas. A nationally recognized prison-privatization expert, Thomas later would resign his tenure with the university and pay a $20,000 fine for conflict-of-interest charges after admitting that he had had a "financial interest" in private-corrections corporations at the same time he was advising the commission. That interest included $3 million in consulting fees, $660,000 in stock and a board seat on the Real Estate Investment Trust created by Corrections Corporation of America.

The commission's recommendation also came at a time when prison populations in Florida began leveling off. Between 1996 and 1997, the Corrections Department reported an inmate-population increase of 380, or a fraction of 1 percent, and 3 percent and 2 percent increases the years before and after. By April 2000, the Florida Department of Corrections was housing 70,000 inmates, more than 5,000 under its capacity.

Faced with the prospect of a dramatic decrease in business, corrections corporations and executives focused on new sources to fill prison beds: other states. And because no state statute expressly prohibited bringing inmates to Florida for incarceration, some argued that the practice was legal already. That vagueness was fine with the corrections corporations. But state corrections officials and lobbyists for the Police Benevolent Association, which represents prison guards, wanted the lines of authority to be more clearly drawn.

The first measures dealing specifically with importing out-of-state inmates were offered in the 1997 session. Previously, the state corrections system housed out-of-state inmates under special circumstances only, such as for the safety of a threatened inmate.

As it turned out, the private companies had planned well in advance for any threats to their bottom lines and established strong ties to lawmakers. In the 1996 Florida elections, privatization forces put $106,895 into the campaigns of lawmakers. They also put more than

$300,000 into the coffers of the political parties: $68,000 to the Democratic Party and $237,850 to the Republican Party.

In 1997, lawmakers faced competing bills: Senate Bill 1968 would have allowed private corrections facilities to import prisoners from out of state, except for prisoners convicted of specific serious offenses; House Bill 4411 would have prohibited contracts to house out-of-state prisoners without legislative authorization.

The Legislature failed to act on either.

Then in the 1999 session -- after privatization advocates put more than $42,710 into the campaigns of lawmakers, with 87 percent or $37,185 going to winning or incumbent candidates -- two bills similar to those from 1997 appeared. House Bill 617 prohibited housing out-of-state prisoners, but Senate Bill 860 only prohibited importing inmates "convicted of certain felonies involving use or threat of violence." The corporations and executives also gave more than $377,000 to the parties: $66,000 to the Democratic Party and $311,750 to the Republican Party.

Again, the bills failed to make it to a full vote.

The bill battle continued into 2000, with two measures that both would have prohibited the importation of inmates without prior approval. House Bill 1657, sponsored by the Department of Corrections, favored an OK by the Legislature itself; the other, Senate Bill 1292, had the vaguer qualifier "unless authorized by law."

Sen. Ginny Brown-Waite, R-Spring Hill and sponsor of the Senate version, argued that allowing private prisons to import prisoners from out-of-state could bring much-needed jobs to rural Florida areas. Corrections Corporation of America lobbied for her early measure because it would have given regional planning councils authority over the decision to allow imports. CCA also opposed limits on the types of criminals that could be imported. Sen. Brown-Waite, who at first opposed the importation of violent criminals, dropped her objections after discussions with the CCA lobbyist.

The Police Benevolent Association argued that importing prisoners, especially violent ones, would endanger communities in Florida. It cited a 1996 Texas case in which the community found out the prison had 244 dangerous sex offenders from Oregon only after two had escaped. And the PBA lobbyist supported the measure that required "legislative approval" before prisoners could be imported because he said legislators wouldn't want to be held accountable politically for the importation of criminals into Florida.

House Bill 1657 passed out of the Governmental Operations Committee on a 5-0 vote, but died May 5, 2000, awaiting further action.

Senate Bill 1292 passed out of the Governmental Oversight and Productivity Committee on a 5-0 vote and passed the Senate on a 32-5 vote, but died on May 5, 2000, in the House when no action was taken.

So, after three attempts at clarifying whether inmates can be imported into Florida by private companies, a loophole in the law remains to be tested by a private corrections corporation, or not. If these companies decide not to press the issue, they can simply await the next legislature, with its new lawmakers, fresh off the campaign trail and mindful of the corrections corporations and executives who helped them win their seats.

Northwestern States Discovered by Private Prisons Corporations

The move by the private-prisons industry into the Northwest is a recent development.

Corrections Corporation of America has built two prisons in Northwest states in recent years, in Idaho and Montana. Efforts by Cornell to build a private prison in Utah were stalled by an intense campaign by community activists.

Washington has been exporting inmates to other states to ease overcrowding pending completion of a new facility, but no legislation has been introduced to allow private prisons to operate in the state. The state's March 1999 transfer of approximately 250 inmates to a private prison in Colorado was challenged in court. But the Washington Supreme Court upheld the transfer 9-0 in a Nov. 2, 2000, ruling. The court concluded that state budget language and subsequent clarifications in state law allowed for such transfers.

Oregon, which also has been exporting prisoners to other states for years, only recently has considered prison privatization. Senate Bill 1247 was introduced in the 1999 session and passed out of the Judiciary Committee with a "do pass" recommendation. The measure died when the Republican-dominated Legislature adjourned without further consideration. SB1247 would have created a Correctional Privatization Commission to oversee the move to prison privatization. The privatization effort received scant attention in the press, save for a lone editorial in conservative newspaper The (Bend) Bulletin, which said: "The latest goofiness put forward by our majority leadership is a bill to privatize state prisons. A privately operated prison is a recipe for disaster."

The entry of the private-prisons industry into Northwest states has proven, in several cases, to have serious effects on the communities involved.

Secret Meetings, High Bids in Idaho

Corrections Corp. of America weighed into Idaho election politics publicly for the first time in 1998, supporting candidates with more than $10,850 in campaigns contributions and select legislative leaders with more than $4,350 in political gifts. Several of the candidates had no opposition. CCA had not contributed directly to candidates prior to 1998.

CCA became a major player in Idaho after the 1997 Legislature passed Senate Bill 137, which allowed the state to contract with private corrections corporations. Subsequently, CCA landed a three-year, $50-million contract to build and run a facility beginning in October 1999.

The decision was fraught with controversy from the outset. With the 1998 Legislature facing a request to increase the state prison budget by $14.7 million, with more than half going to the private-prison project -- before the prison was even built -- CCA may have been anticipating a challenging session, and hence the relatively large amount in contributions. (The average House seat in Idaho goes for around $8,000.)

The prison giant's contributions to the 1998 campaigns of legislative leaders included:

$750 to Sen. Sheila Sorensen, $500 to Rep. Celia Gould and $250 to Rep. Jerry Twiggs, all of whom ran unopposed;

$750 to Senate Majority Leader James Risch;

$750 to Senate Assistant Majority Leader John Sandy;

$500 to Senate Judiciary Committee Chairman Denton Darrington;

$250 to Rep. Hod Pomeroy, who sits on the House Appropriations Committee;

$250 to Rep. Dan Mader of the House Appropriations Committee;

$100 to Senate Minority Leader Marguerite McLaughlin;

$250 to Sen. Cecil Ingram;

and, $250 to Rep. Dolores Crow.

CCA also contributed $500 to the campaign of Attorney General Al Lance.

The initial decision to give CCA the contract was so controversial that the Legislature's Budget Committee met in January 1998 to review the process. Chief among the concerns expressed by the committee and others:

CCA put in the fourth-highest bid of the eight submitted. This fact alone means CCA may be paid upward of $40 million more than the next lowest bidder over the life of the contract;

The bidding process appeared weighted toward CCA. Operating on a 900-point system, 300 points were related to costs, and while two teams scored the bidders, the results from only one team were used to make the selection. That team was made up of Idaho Corrections Director James Spalding and three of his staff;

A June report to lawmakers said they would get a chance to review the proposals. That was a misprint, Spalding told lawmakers. They did not get that chance.

The three-member prison board met secretly 10 times between January 1997 and January 1998, in apparent violation of the Idaho Open Meetings Law. The board gave Director Spalding a 20 percent raise after one closed-door meeting in January.

The Legislature funded the $51-million prison deal despite misgivings. Then Gov. Phil Batt said he wasn't convinced the private prison would save the taxpayers any money, although he did think the company could build a prison facility more quickly than the state. Over the life of the bonds issued for construction, taxpayers will pay a total of $105 million for the facility. Operating costs are estimated at $16 million per year.

One lawmaker, Sen. Stan Hawkins, sued over the handling of the prison contract. While he won a temporary restraining order that delayed the project, he ultimately lost his battle.

In the face of an $84 million budget shortfall in late 1998, Gov. Batt proposed delaying the opening of the new prison for a year to save upward of $8 million. The governor also suggested the next Legislature should consider sentencing reforms to reduce inmate populations, such as eliminating prison sentences for those convicted of writing bad checks for small amounts, driving without a license or stealing less than $1,000. A dip in the inmate population made the delay an easy sell to the Legislature.

Newly elected Gov. Dirk Kempthorne followed Batt's lead and postponed the planned opening of the new 1,250-bed facility until July 2000 as a way of saving $9.1 million during the 2000 fiscal year. The Idaho Corrections Department estimated that it would seek $95 million in funding in the 2000 budget, an 18 percent increase or $17 million over the previous year, and 61 percent or $36 million increase over five years ago.

As the 2000 Legislature was about to convene, lawmakers were told the state would have a budget surplus of approximately $60 million. They also knew that crime rates had jumped, primarily due to drug-related offenses, and that corrections officials would be asking for still more funding.

At a Joint Finance-Appropriations Committee meeting late in January 2000, legislators faced a full-court press. The law enforcement director documented a dramatic increase in crime and the need for a budget increase for more officers. Corrections Department Director Spalding followed with even more sobering news.

"Unless something drastically changes, we will be coming to you with our master plan to expand our system in the next budget year," Spalding said.

With a new 1,250-bed prison sitting empty on the outskirts of Boise and 700 inmates housed in facilities out-of-state, the top corrections official told lawmakers that the facility would be full in less than a year, and that a multimillion dollar expansion would be needed to keep up with demand.

True to their word, the facility contained 1,089 inmates by December 2000, and corrections officials said they would need another 250 beds by the end of 2001.

Concerned about the escalating costs, lawmakers began looking at their alternatives prior to the 2001 Legislature.

"It's time for somebody to make a decision," said Sen. Cecil Ingram, a Boise Republican. "I'm ready to make a decision. We need to start putting money in on the front end (in education, prevention and drug rehabilitation), and stop putting it in the back end."

Costs Catch Up to Utah Private Prison Proposal

On March 19, 1999, Utah Gov. Mike Leavitt signed House Bill 131 authorizing the state Department of Corrections to contract with private corporations for prison services.

In June 1999, Cornell Corrections was chosen for the state's first contract to build and operate a private prison.

In September 1999, Gov. Leavitt's special-projects committee received $7,000 in contributions from Cornell Corrections.

The decision to allow private prisons was one that had far-reaching consequences in the communities that were considered by the four corporations submitting bids. Enticed by promises of jobs, tax revenue and future development potential, city officials lobbied their residents hard to support the corporations.

Cornell Corrections proposed its $26.7 million facility for a site outside Grantsville in Tooele County. Corrections Corporation of America considered a site in Wendover, on the Utah-Nevada border. Management Training Corp.'s favored site was Fillmore in Millard County. And Wackenhut wanted to build in Duchesne.

Residents of Duchesne and Fillmore rallied against the prison proposals at public meetings, and some even threatened lawsuits. Opposition in Wendover was less vehement, but its remoteness and lack of hospital facilities caused problems. Grantsville residents offered the least opposition. A statewide group called the Utah Citizens Education Project coordinated legislative opposition and lobbying against the prison proposals.

In October 1999, as the legislative session neared, crime statistics showed a marked decline, the Utah Department of Corrections reported. The state still hadn't delivered a contract to Cornell Corrections and was saying it likely would delay the opening until April 2002. And some legislators began to wonder whether funding for the prison would be better spent on public education.

With inmate-numbers so low, the state had an incentive to send new prisoners to county-run facilities, which charged $43.07 a day per prisoner compared with the $62.84 Cornell had proposed. The Utah Sheriff's Association has reminded state corrections officials of prior commitments to the county corrections agencies, which receive upward of $12 million a year from the state. State officials had prior corrections contracts with Washington, Weber, Daggett, Beaver and Millard counties.

Washington County Sheriff Kirk Smith told lawmakers, "This is critical to us. We've got empty beds the state promised to fill."

Gov. Leavitt's support for privatization remained steadfast. Said a spokeswoman: "The governor's position on privatized prisons has not changed. Obviously, the need is not as great this year, but (Leavitt's) general philosophy of having privatized prisons has not changed."

The 2000 Legislature ended without appropriating funds for the new prison.

But the contract negotiations with Cornell remained ongoing. And Senate President Lane Beattie, R-West Bountiful, asked the Office of the Legislative Auditor General to re-examine the contract numbers to determine why the state would want to pay more than necessary to house inmates in a private facility.

Private Prison's Push into Montana

In 1995, Montana Rep. Ernest Bergsagel introduced House Bill 304, which would have authorized the Department of Corrections and Human Services and local governments to contract for the design, financing, construction and operation of regional correctional facilities. That same session, Bergsagel also introduced House Bill 585 to create a "prison-site policy development committee" that would have reviewed "prison-population projections, needs, and future alternatives for developing and siting correctional facilities..."

Neither bill became law.

During the ensuing years, Bergsagel held a series of ad hoc meetings with legislators, corrections officials and legislative staffers to discuss prison privatization. The meetings in 1995 and 1996 were "a bunch of bull sessions," according to one legislative staff member. No minutes of the meetings were taken or record kept. Just prior to the 1997 session, Bergsagel was named chairman of the newly formed House Select Committee on Corrections, which meant he could review all prison legislation.

As the 1997 session unfolded, Bergsagel introduced House Bill 83 allowing contracts with private corrections corporations, and House Bill 600, which would have required corrections officials to prepare requests-for-proposals to privatize management of the Montana State Prison in Deer Lodge. House Bill 600 died.

But House Bill 83, which Bergsagel said he wrote after reviewing model legislation written by the American Legislative Exchange Council and others, easily passed the Legislature. On April 29, 1997, Gov. Marc Racicot made it official.

The swift action on privatization was spurred by overcrowding within the existing Montana prison system, which in 1996 held upward of 1,400 inmates in facilities designed for 850. Much of the overcrowding was blamed on tougher-sentencing legislation, such as a thee-strikes law and making a fourth DUI a felony.

But the dramatic increases in budget requests were driven by corrections officials and their inmate-population projections, which privatization-proponent Bergsagel said had "glaring errors."

"We predicted we'd have an overbuilt prison system with what they approved, and now we do," he said in a May 2000 interview. The new 500-bed Corrections Corporation of America facility in Shelby had 326 inmates as of mid-April 2000. That number grew to 452 by September.

The pressures to expand the prison system increased dramatically in 1996, shortly after Montana first contracted with the Bobby Ross Group of Texas to house 251 Montana inmates in its Texas facility for $3.6 million a year. A videotape of guards attacking inmates with stun guns and dogs spurred Missouri to pull all its prisoners from the facility. Montana eventually did the same, transferring the inmates to a CCA facility.

Despite these problems, the Bobby Ross Group proposed building a new private facility near the existing Montana State Prison, but specified that it wanted to import prisoners from out-of-state to fill empty beds. Soon, the word was out, and Wackenhut, Cornell, CCA and some local groups -- 16 in all -- were making pitches to build or manage private corrections facilities. CCA even extended offers to fly officials to other sites, on its tab. City officials in Deer Lodge, Havre, Great Falls, Butte and other cities saw a new prison as a great economic-development opportunity. National Federation of Independent Businesses Director Riley Johnson was hired by Wackenhut Corrections to spearhead its effort to gain the state contract.

Corrections Director Rick Day asked the 1997 Legislature for $103 million -- $53 million in new funds for overcrowding and $50 million to build additional prison cells. Bergsagel said studies had shown that private facilities can charge $10 less per inmate per day than the state prisons. The Bobby Ross Group charged $43.10 per day per prisoner at its Spur facility, while it cost the state $40 at the Deer Lodge prison.

After passage of HB 83, Day appointed a committee to oversee selection of the private-prison contractor, which was to be done in secret. Speaker of the House John Mercer and Senate Majority Leader John Harp, both Republicans, objected. The 21-member committee appointed by Day was comprised primarily of corrections staff: 15 corrections officials, two administration officials, one justice official, a captain from the Yellowstone County Sheriffs Department, and a prison consultant who was a former Corrections Department official.

CCA won the bid for the $25 million, 500-bed facility, with a four-year renewable contract and extension options of up to 20 years. CCA will charge $49.39 per inmate per day, increasing to $52.74 per inmate per day by the fourth year of the contract. State officials said it cost $50 a day per inmate at Deer Lodge and $53 a day at regional jails in Great Falls, Missoula and Glendive.

The day after the governor signed the deal with CCA, Corrections Director Rick Day said prison growth had slowed and incarceration projections for 2000 were down significantly, half what was expected.

The Corrections Department had estimated it would need $227 million from the 1999 Legislature -- a 22 percent increase over the 1997-98 biennium's $154.4 million and a 50 percent increase over the 1995-97 biennium's $105.9 million.

Officials from the Corrections Department eventually asked for an increase of only $29.7 million. Prison population estimates, the basis for the higher figure, were questioned by Budget Director Dave Lewis in light of the 1997 estimate changes, and the budget request lowered.

"If I ain't buying it, these guys aren't going to buy it," Lewis told corrections staff.

The Corrections Department estimated that the Shelby prison would be at capacity by July 2000, but it wasn't.

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Table 2 --States Surveyed in May 2000 by the Institute

State/Year	Contributions	Office	Completeness	Status
AK98	$ 50,275	SW & Leg	Researching	$ In Report
AZ98	$3,705	SW & Leg	Complete	$ In Report
CA98	$285,996	SW & Leg	Complete	$ In Report
CO98	$6,800	SW & Leg	Researching	$ In Report
FL98	$42,710	SW & Leg	Complete	$ In Report
GA98	$8,000	Partial	Researching	$ In Report
HI98	$6,000	SW & Leg	Researching	$ In Report
IA98	$12,850	SW & Leg	Complete	$ In Report
ID98	$10,850	SW & Leg	Complete	$ In Report
IL98	$800	SW & Leg	Complete	$ In Report
IN98	$6,000	SW & Leg	Complete	$ In Report
KS98	$500	SW & Leg	Complete	$ In Report
KY98	$3,800	Leg	Researching	$ In Report
MI98	$725	SW & Leg	Complete	$ In Report
MO98	$198	SW & Leg	Complete	$ In Report
NC98	$8,000	Leg	Complete	$ In Report
NM98	$14,000	SW & Leg	Complete	$ In Report
NV98	$3,000	Leg	Complete	$ In Report
OH98	$12,900	SW & Leg	Researching	$ In Report
OK98	$300	Partial	Researching	$ In Report
SC98	$1,000	SW & Leg	Researching	$ In Report
TN98	$41,300	SW & Leg	Researching	$ In Report
TX98	$18,600	SW & Leg	Complete	$ In Report
WI98	$4,200	SW & Leg	Researching	$ In Report
WY98	$4,315	SW & Leg	Complete	$ In Report
StateYear	**Contributions**	**Office**	**Completeness**	**Status**
AL98		Partial	Researching	No $ Found
CT98		SW & Leg	Complete	No $ Found
MA98		SW & Leg	Complete	No $ Found

ME98		SW & Leg	Complete	No $ Found
MN98		SW & Leg	Complete	No $ Found
MT98		SW & Leg	Complete	No $ Found
ND98		Partial	Complete	No $ Found
NH98		Partial	Researching	No $ Found
NJ99		Leg	Complete	No $ Found
NY98		SW & Leg	Researching	No $ Found
OR98		SW & Leg	Complete	No $ Found
PA98		Partial	Researching	No $ Found
RI98		SW & Leg	Researching	No $ Found
UT98		Leg	Complete	No $ Found
VT98		SW & Leg	Complete	No $ Found
WA98		Leg	Researching	No $ Found
WV98		Leg	Complete	No $ Found
StateYear	**Contributions**	**Office**	**Completeness**	**Status**
AR98		NA	NA	No Data Available
DE98		NA	NA	No Data Available
LA98		NA	NA	No Data Available
MD98		NA	NA	No Data Available
MS98		NA	NA	No Data Available
NE98		NA	NA	No Data Available
SD98		NA	NA	No Data Available
VA98		NA	NA	No Data Available

** SW = Candidates for state-level statewide offices, such as governor.*

[1] The American Legislative Exchange Council, or ALEC, is a Washington, D.C.-based public-policy organization that supports conservative legislators. ALEC was founded in 1973 by Paul Weyrich, a major New Right figure who also helped to start the Heritage Foundation. Of the more than 6,000 state legislators in the United States, nearly 3,000 are members of ALEC, including scores who hold key leadership positions. In 1995-96, model legislation crafted by ALEC and introduced in state legislatures totaled 1,647 bills. Of these, 365 were enacted into law, a 22 percent success rate. All this legislation emerged from task forces that included representatives from the private sector. Business foots much of ALEC's $6-million operating budget and directly shapes its political agenda, as well, through its participation in these policy groups. Return

[2] Tennessee officials currently have no control over what prisoners are sent to private prisons. As a result, for example, Wisconsin sends its murderers serving life sentences and its sex offenders to Whiteville and Mason, Tenn., CCA prisons, which are regulated only by local zoning and building codes. Wisconsin pays more than $100 million a year to private prisons corporation to house nearly 4,500 of its worst inmates. CCA is a primary beneficiary of this policy. Louis Graham and Michael Erskine, A Place Where the Tough are Sent; Tennessee has no rules on what kind of prisoners private prisons can accept, *Wisconsin State Journal*, May 16, 2000, A1. Return

[3] CCA's long road to success began in 1983 and is littered with stories of powerful politicians, secret meetings and special favors. One of the latter occurred in 1984, when Lamar Alexander was in his first term as governor of Tennessee and Thomas Beasley had just resigned his post as Tennessee Republican Party chairman to run CCA. Honey Alexander was one of CCA's original investors, to the tune of $5,000. As governor, Alexander backed CCA's attempts to take over the state's prison system for $178 million a year. The Legislature didn't. But before CCA made its pitch to the Legislature, Honey swapped her stock for shares in an insurance holding company, which she later sold for $142,000. Richard Locker, Foes sharpen focus on Lamar's finances, *The Commercial Appeal*, Feb. 18, 1996, A1. Return

[4] One firm, Manatt, Phelps & Phillips of Washington, D.C., reported receiving $2,080,000 from clients CCA, EX-EM Inc. and The Money Store in 1997. During this period, the federal government was taking over management of the District of Columbia, and the plan President Clinton signed called for half the felons in the Lorton facility -- as many as 3,000 at $50 per inmate per day -- to be sent to a private prison. CCA wanted to be that contractor. With the firm of Manatt, Phelps & Phillips, CCA got the talents of John Ray, who served 18 years as a D.C. councilman, and former Missouri Rep. Jack Buechner. (Ray actually began representing CCA in early 1996, when he was still a D.C. Council member. Shortly after hiring Ray, CCA bid on D.C.'s first corrections contract, and in December 1996 was awarded a contract to take over the Correctional Treatment Facility, a 900-bed facility.) Deirdre Shesgreen, Prison firm locked up clout, *Legal Times*, Aug. 18, 1997. Return

[5] Michael Olguin was hired by Wackenhut Corrections Corp. to lobby the 2000 New Mexico Legislature. He will earn $10,000 for the 30-day session. Wackenhut has contracts worth $25 million a year for 1,500 inmates. Inmate riots and killings have made Wackenhut and privatization a hot political issue. Previously an ardent critic of prison privatization, Olguin had said after the July 31, 1999, riots: It's time for the governor and his Republican colleagues to fess up: Privatization is a dismal failure. New Mexicans were deceived by Wackenhut, by Governor Johnson and by the Republican Party. Michael Coleman, Olguin Quits Dem Party Position, *Albuquerque Journal*, Jan. 18, 2000, C3. Return

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