

Unholy Alliance

How the private prison industry is corrupting our democracy and promoting mass incarceration

A paper by PICO National Network and Public Campaign

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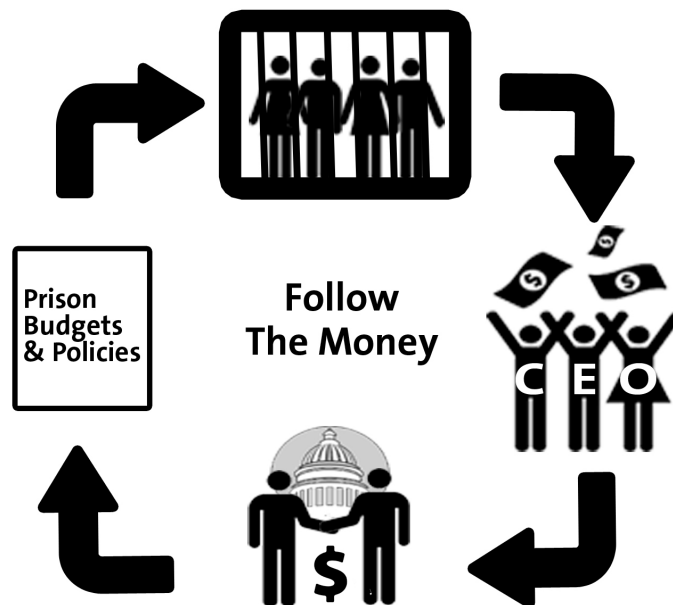
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INTRODUCTION

Many Americans were shocked to learn that two Pennsylvania judges accepted “cash-for-kids,” kickbacks from for-profit juvenile detention companies in exchange for locking up young people for very minor offenses. Yet the reality is that private prison lobbyists regularly buy influence with state and federal officials, not only to win lucrative contracts, but also to change or preserve policies that increase the number of people behind bars. Private companies have made huge profits off the mass incarceration of non-violent drug offenders, and are now turning their attention to increasing the detention of Latino immigrants—the newest profit center for the prison industrial complex. Ultimately there is no way to reverse the costly trend toward mass incarceration without getting these companies and their money out of our democracy.

The United States imprisons more people than in any other nation in the world, by far. While the U.S. represents less than five percent of the world’s population, we hold almost a quarter of the world’s prison population.¹ Researchers may point to several factors for this trend, but it has become increasingly apparent that a driving force behind our imprisonment practices is the profit motive of private prison companies and the political influence these companies exert to create and expand their business opportunities. Two recent studies—one by the Justice Policy Institute in June and one by the American Civil Liberties Union in November—reveal the pervasive influence of the industry on criminal justice policy in the United States.

Building on analysis of the most recent data on private prison lobbying and campaign contributions, as well as previous research and news accounts, this paper connects the dots between rising incarceration rates, increased detention of immigrants, growing private prison revenue, increased spending on political campaigns and lobbying, and privileged access to policymakers.



¹ Adam Liptak, “U.S. prison population dwarfs that of other nations,” The New York Times, April 23, 2008, <http://www.nytimes.com/2008/04/23/world/americas/23iht-23prison.12253738.html?pagewanted=all>

In addition, through summaries of recent cases, we highlight examples of these unholy alliances in different states. The overview focuses on the two companies operating the majority of private prisons in the U.S. today (Corrections Corporation of America and GEO Group), but the cases will also include smaller companies with interests in particular states.

SUMMARY OF KEY FINDINGS

- While the overall prison population has grown dramatically over the last two decades, the growth of inmates being detained in private, for-profit prisons has skyrocketed. Between 1990 and 2009, the total number of inmates in federal and state prisons doubled, while private prisons saw its business explode—the private prison population in 2009 was 17 times larger than 2 decades earlier.
- The more people behind bars, and the longer they stay there, the more money that private, for-profit prison companies make. Over the last decade, the two largest for-profit prison companies (Corrections Corporation of America and GEO Group) saw their annual revenue double as a result of the spike in incarcerations, making them both billion-dollar companies.
- The explosion in the number of inmates and corresponding growth in revenue for private prisons is no accident. It has been part of an intentional effort by the private prison industry to shape public policy to push more people into prison and keep them there longer. The industry has achieved this through the classic three-pronged strategy of contributing to political campaigns, lobbying, and gaining access to policymakers through close relationships.
- Through involvement in the leadership of ALEC (American Legislative Exchange Council), private prison companies have played a key role in lobbying for and passing harsher sentencing for non-violent offenses including three-strike laws, mandatory sentencing, and truth-in-sentencing. They are also behind the recent spate of anti-immigrant state laws that are putting more and more immigrants behind bars—the new profit center for the prison industrial complex.
- Private prison companies employ legions of lobbyists to push for policies that support their bottom line. Since 2001, CCA, GEO Group and Cornell Companies have spent over \$22 million lobbying Congress.² Recent lobbying by CCA and GEO Group includes efforts to increase funding to Immigration Customs and Enforcement (ICE) through the Department of Homeland Security Appropriations

² All information on federal lobbying and campaign contributions is based on data provided by the Center for Responsive Politics, accessed either through its website OpenSecrets.org or through the Sunlight Foundation site at TransparencyData.com.

Act (H.R.2017). Since 2003, CCA has employed 204 of lobbyists in 32 states, and GEO Group has employed by 79 lobbyists in 17 states.³

- Private prison companies also influence policymaking by strategically supporting political campaigns. At the federal level, the political action committees and executives of private prison companies have given at least \$3.3 million to political parties, candidates, and their political action committees since 2001. The private prison industry has given more than \$7.3 million to state candidates and political parties since 2001, including \$1.9 million in 2010, the highest amount in the past decade.

We’re all losing as a result of allowing private prisons to profit off of mass incarceration. More and more families are being torn apart, communities are seeing an entire generation put behind bars, youth are having their futures undermined, and taxpayers are seeing their hard-earned dollars go towards subsidizing private prisons’ profit margin. An essential first step towards ending mass incarceration is to reduce the influence of these private prison companies and their money in our democracy.

THE PRIVATE PRISON MONEY GAME

More Private Prisons, More Revenue

Incarceration rates grew particularly fast in the 1980’s and 1990’s, fueled by “tough on crime” policies supported and advanced by the private prison industry, including mandatory sentencing, three-strikes, truth-in-sentencing, and the war on drugs.⁴ While the prison populations have grown in general, the *private* prison population has grown even faster. Between 1990 and 2009, the total number of inmates in federal and state prisons doubled. During the same period, private prisons, which had hardly any presence in the early 1980’s, saw its business explode—the private prison population in 2009 was 17 times larger than 2 decades earlier.

Prison Population Growth from 1990 to 2009⁵

	Number of Inmates		Change
	1990	2009	
Total Prison Population	773,919	1,613,740	209%
Private Prison Population	7,771	129,336	1664%

³ All information on state lobbying and campaign contributions is based on data provided by the National Institute on Money in State Politics, accessed through their site FollowtheMoney.org or through the Sunlight Foundation site at TransparencyData.com.

⁴ Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

http://www.justicepolicy.org/uploads/justicepolicy/documents/gaming_the_system.pdf

⁵ Allen J. Beck and Darrell K. Gilliard, “Prisoners 1994,” Bureau of Justice Statistics, 1995; Heather C. West, William J. Sabol and Sarah J. Greenman, “Prisoners in 2009 - Statistical Tables,” Bureau of Justice Statistics, 2010; David Shapiro, *Banking on Bondage*, ACLU, November 2011.

Private prison companies have been particularly successful in the youth and immigrant detention markets. Private prison companies run half of the youth correctional facilities in the United States.⁶ They also house about half of all immigrants detained by the federal government.⁷ The number of immigrant detention beds has nearly doubled since 2005.⁸

As local, state, and federal governments established policies and practices leading to locking up more people and for longer periods of time, private prison companies worked to increase their market share.⁹ As a result, these companies have seen their revenue soar over the years. Corrections Corporation of America (CCA), the first and largest prison company in the U.S. has seen its revenue rise steadily over the past decade, taking in over \$1 billion each year starting in 2003, and almost doubling its annual revenue over the decade, from \$888 million in 2001 to \$1.675 billion in 2010.¹⁰

GEO Group, a multinational private prison company whose U.S. corrections division generates the majority of its revenue,¹¹ is the other major company, having acquired a number of smaller firms, including Cornell Companies in 2010.¹² GEO Group's revenue has also grown over the past decade, more than doubling between 2002 and 2010 (from \$517 million to \$1270 million), thanks in large part to their U.S. corrections revenue, which has grown in tandem, from \$451 million in 2002 to \$842 million in 2010.¹³

Both CCA and GEO Group have been rewarded their CEOs handsomely for growing their businesses. CCA's CEO, Damon Hininger, received a \$3.3 million compensation package in 2010. GEO Group provided its CEO, George Zoley, with a \$3.5 million compensation package.¹⁴

Expanding Business by Influencing Policies and Elections

In order to ensure a steady and ever-growing stream of inmates, private prison companies have not passively watched on as policies and budgets have been crafted impacting criminal justice and immigrant detention. On the contrary, CCA, GEO Group,

⁶ Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

⁷ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

⁸ From 18,000 bed in 2005 to 33,000 in 2011. Gretchen Gavett, "Map: The U.S. Immigration Detention Boom," PBS Frontline, October 18, 2011, <http://www.pbs.org/wgbh/pages/frontline/race-multicultural/lost-in-detention/map-the-u-s-immigration-detention-boom/>

⁹ In 2009, private prisons housed 16% of federal inmates, 6% of state prisoners and nearly half of all immigrant detainees. Heather C. West, William J. Sabol and Sarah J. Greenman, "Prisoners in 2009 - Statistical Tables," Bureau of Justice Statistics, 2010.

¹⁰ Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

¹¹ The GEO Group website, US Detention & Corrections page. Accessed on November 10, 2011:

<http://www.thegeogroupinc.com/us-corrections.asp>

¹² Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

¹³ GEO Group's operations in other countries have grown, particularly around immigration detention. A recent New York Times article discusses their problematic global expansion: <http://www.nytimes.com/2011/09/29/world/asia/getting-tough-on-immigrants-to-turn-a-profit.html?pagewanted=all>

¹⁴ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

and others have employed the classic three-pronged strategy of contributing to political campaigns, lobbying, and gaining access to policymakers through close relationships.

ALEC

The history of rising incarceration rates is also the history of the corporations working directly with legislators to shape policies that support their own business interests. Through the American Legislative Exchange Council (ALEC), an association that literally brings state legislators and private corporate representatives into the same room to draft model legislation, the very policies that drove up prison populations were developed and realized as state laws across the country by the same companies that stood to profit from those policies.

Starting at least in the early 1990's, ALEC has written bills on mandatory sentencing, three-strikes, and truth-in-sentencing. In ALEC's 1995 Model Legislation Scorecard, the association claimed "The busiest Task Force was Criminal Justice, which had 199 bills introduced." That year, their most successful policy was the Truth in Sentencing Act, where inmates serve at least 85% of their sentence, enacted in 25 states.¹⁵

Private prison interests have not only been members of ALEC, they have had a key seat at the table. CCA has served on ALEC's Public Safety and Elections Task Force since the early 1990's and has also a member of that task force's Executive Committee. Laurie Shanblum, CCA's senior director of business development, co-chaired the task force in the mid- to late 1990's.¹⁶ That the corporation's senior director of *business* development chaired a public policy task force speaks volumes.

"TOUGH ON CRIME" LAWS

A set of policies that emphasize punishment as a primary, and often sole, response to crime has helped to drive up the prison population in the last three decades.

Mandatory minimum sentencing limits judicial discretion by requiring a minimum number of years in prison. For example, the 1988 Anti-Drug Abuse Act included a five-year minimum sentence for first-time offenders convicted of possessing five or more grams of crack cocaine.

Three-strikes laws are a form of mandatory sentencing. The prominent 1994 three-strikes law in California made life imprisonment mandatory for three-time convicts.

Truth-in-sentencing refers to policies that require inmates to serve most or all of their time without a chance for parole.

Sources: John Biewen, "Corrections, Inc.," American RadioWorks, April 2002, <http://americanradioworks.publicradio.org/features/corrections/laws4.html>. Political Research Associates, "The Rise of the Modern Tough On Crime Movement," Defending Justice, 2005, <http://www.defendingjustice.org/pdfs/chapters/toughcrime.pdf>

Prominent legislators who have been members of ALEC and who have championed policies benefitting private prisons include Wisconsin Governor Scott Walker, Ohio

¹⁵ Brigette Sarabi and Edwin Bender, *The Prison Payoff: The Role of Politics and Private Prisons in the Incarceration Boom*, Western States Center and the Western Prison Project, 2000.

¹⁶ Bob Ortega, "Arizona prison businesses are big political contributors," The Arizona Republic, September 4, 2011, <http://www.azcentral.com/news/articles/2011/09/04/20110904arizona-prison-business-politics.html>

Governor John Kasich, and Arizona State Senator Russell Pearce.¹⁷ As a state representative, Walker introduced ALEC's truth-in-sentencing legislation in 1997,¹⁸ which the legislature passed. Kasich is behind the plan to sell Ohio public prisons to private prison companies. Pearce is best known as the legislator behind the notorious anti-immigrant Arizona law (S.B. 1070), but he has a long history of proposing ALEC-written prison related policies.¹⁹ Recently Pearce lost his seat in a recall election, largely due to organizing, particularly in the immigrant rights community, and to the disdain among voters for the corrupt system of money and politics he participated in.

While CCA and private prison businesses have done well through their ALEC affiliation, they also recognize the shifting landscape of criminal justice policy. As legislatures shift toward less costly corrections policies and as other ALEC members, such as bail bond interests, compete for business, private prison companies are adapting, including expanding into the community alternatives side of corrections²⁰ and shifting toward federal opportunities in immigrant detention.

Lobbying

In addition to developing relationships with lawmakers through associations like ALEC, private prison companies employ legions of lobbyists to push for policies that support their bottom line. Since 2001, CCA, GEO Group and Cornell Companies have spent over \$22 million lobbying Congress, with over \$17 million spent by CCA alone. At the state level, we can look at the level of lobbying activity through the number of lobbyists employed.²¹ Since 2003, CCA has employed 204 of lobbyists in 32 states, and GEO Group has employed by 79 lobbyists in 17 states.

At the federal level, recent lobbying by CCA and GEO Group includes efforts to increase funding to Immigration Customs and Enforcement (ICE) through the Department of Homeland Security Appropriations Act (H.R.2017). The budget for immigrant detention centers has nearly doubled since 2005 (now at more than \$1.7 billion),²² and ICE has begun contracting with private prison companies to set up new immigrant detention centers. This is becoming the new profit center of the private prison industry.

¹⁷ ALEC Exposed, ALEC Politicians, accessed on November 5, 2011,

http://www.sourcewatch.org/index.php?title=ALEC_Politicians

¹⁸ <http://www.prwatch.org/news/2011/07/10902/alec-profit-criminal-justice-and-wisconsin>

¹⁹ Bob Ortega, "Arizona prison businesses are big political contributors," The Arizona Republic, September 4, 2011.

²⁰ GEO Group recently acquired Behavioral Intervention, a community supervision company. Pilar Marrero, "Companies Profit From Increased Immigrant Detention Rate," La Opinión, July 6, 2011.

<http://newamericamedia.org/2011/07/companies-profit-from-increased-immigrant-detention-rate.php>

²¹ Due to varying state systems, it is difficult to calculate total lobbying expenditures at the state level.

²² Gretchen Gavett, "Map: The U.S. Immigration Detention Boom," PBS Frontline, October 18, 2011.

<http://www.pbs.org/wgbh/pages/frontline/race-multicultural/lost-in-detention/map-the-u-s-immigration-detention-boom/>

Federal contracts for prisons and immigrant detention centers are big business. Since 2001, CCA has secured at least \$2.2 billion in federal contracts since 2001.²³ GEO Group, Wackenhut and related subsidiaries have secured at least \$4.7 billion in federal contracts in the same period.²⁴

Campaign Contributions

Private prison companies also influence policymaking by strategically supporting political campaigns. At the federal level, the political action committees and executives of private prison companies have given at least \$3.3 million to political parties, candidates, and their political action committees since 2001. Since the bulk of the private prison business still occurs through state contracts, private prison companies give more heavily to state campaigns than to federal campaigns. The private prison industry has given more than \$7.3 million to state candidates and political parties since 2001. Campaign spending at the state level has risen steadily over the decade, reaching its highest point last year—in 2010 the private prison industry gave more than \$1.9 million to influence state elections.

The numbers tell a predictable story. Contributions have been concentrated to state candidates in target states, particularly where major decisions loom for the industry. Private prison companies have invested \$2.6 million in Florida state campaigns since 2000. Florida has the second largest private prison population in the U.S and lawmakers have recently attempted to expand that system.²⁵ In California, private prison companies have spent nearly \$800,000 on state campaigns since 2000. California has the largest incarcerated population and has been ordered by U.S. Supreme Court to reduce its overcrowded prison system by 46,000 people over the next two years, an opportunity private prison companies could seize upon to build new facilities.²⁶

RECENT CASES

Arizona

Perhaps the most egregious example of this multi-pronged approach occurred recently in Arizona where two laws passed in 2010 that directly benefit private prison companies, both championed by the same set of politicians with ties to the industry.

²³ Data from the FedSpending.org site, provided by OMB Watch, is available through the third quarter of 2009. http://www.fedspending.org/fpds/fpds.php?reptype=r&detail=1&sortp=f&datype=T&reptype=r&database=fpds&database=fpds&parent_id=84757&fiscal_year=2008&record_num=f500

²⁴ These companies are lumped together under G4S in the FedSpending.org database. http://www.fedspending.org/fpds/fpds.php?reptype=r&detail=1&sortp=f&datype=T&reptype=r&database=fpds&database=fpds&parent_id=136402&fiscal_year=2008&record_num=f500

²⁵ <http://www.reuters.com/article/2011/05/12/us-usa-prisons-florida-idUSTRE74B49B20110512>

²⁶ Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

One bill is the controversial anti-immigrant policy passed in April 2010 (S.B. 1070). By allowing local police to lock up immigrants who cannot show documentation when stopped, this policy could dramatically increase the rate of immigrant detention. The story of how this law came to be, well documented by the NPR investigation conducted last fall,²⁷ includes all the elements discussed above: ALEC model legislation, campaign contributions, and lobbyists.

In December 2009 at the Grand Hyatt in Washington D.C., Arizona State Senator Russell Pearce met with other ALEC members, including CCA officials. The bill they drafted became, almost word for word, S.B. 1070, introduced four months later and signed into law soon after by Governor Jan Brewer. When the bill was introduced, 36 legislators jumped on board as co-sponsors, two-thirds of whom had gone to the December ALEC meeting or were ALEC members. That same week, CCA hired a powerful new lobbyist to work the bill, and over the next six months, campaign contributions arrived for 30 of the 36 co-sponsors, from both private prison companies and their lobbyists. Pearce has received at least \$8,033 from private prison companies and their lobbyists over this career, including \$1,430 in his most recent campaign (the 2010 cycle), making these donors some of his largest.²⁸ Governor Brewer's ties include two senior advisors who had been lobbyists for private prison companies, spokesman Paul Senseman and campaign manager Chuck Coughlin.

The second big giveaway to private prisons came in the form of a rule to expand private prisons by 5,000 beds, passed by state lawmakers and signed by Brewer in 2010. Expansion plans have moved forward despite a finding by the Arizona Auditor General that for-profit prisons in Arizona may cost more than publicly operated facilities.²⁹ Once again, Pearce was among the lawmakers who championed the law, along with then-House Speaker Kirk Adams and Majority Whip Andy Tobin, both of whom received campaign contributions from GEO Group.³⁰ During a time when Arizona is cutting the budget of every large state agency, the Arizona Department of Corrections is the only agency not subject to a budget cut in fiscal year 2012. In fact, its budget grew by \$10 million.³¹

Florida

Florida has been a hotbed of recent attempts to expand private prisons. This is not surprising given the strong presence of GEO Group, whose U.S. operations are based in Boca Raton, and the influence investments made by CCA. Both companies target their campaign contributions and lobbying in Florida, with GEO Group giving more to state campaigns in Florida than to any other state (\$1.5 million from 2003 through 2010) and

²⁷ <http://www.npr.org/templates/story/story.php?storyId=130833741&ps=cprs>

²⁸ His largest donor over his career is the Arizona Association of Realtors, giving a total of \$3,537. His largest donor in the 2010 cycle was a lobbyist who gave \$820.

²⁹ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

³⁰ <http://www.azcentral.com/news/articles/2011/09/04/20110904arizona-prison-business-politics.html>

³¹ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

both companies employing more lobbyists in Florida than in any other state.³² These investments have spurred three efforts to expand prison privatization by quietly inserting language into state budgets, as well as an attempt to pass an “Arizona-style” immigration law.

This year, the Florida legislature passed and Governor Rick Scott signed a budget that included language to convert all of the state-run prisons in South Florida into private prisons. This conversion would have provided \$600 million in contracts to private prison companies.³³ However, on September 30, a Leon County Circuit Court judge ruled that Scott and the legislature violated the state constitution by using budget “proviso” language to change state law. In an interview in early October, Senate President Mike Haridopolos told reporters that legislators would continue to use proviso language and to pursue prison privatization.³⁴

Haridopolos, who until mid-July was also running for U.S. Senate, was one of the most notable recipients of GEO Group campaign money in 2011. The total he received from GEO Group (\$24,500) came entirely from GEO executives, including \$5,000 from George Zoley (chairman and CEO) and \$5,000 from John Hurley (president of U.S. corrections and detention).³⁵ This amount places GEO Group as the third largest contributor to Haridopolos' U.S. Senate run. All \$24,500 in donations were made on May 28, 2011,³⁶ a couple weeks after Florida lawmakers had finalized their budget plans which included the privatization proposal.

Private prison interests were particularly active in Florida during last fall’s election, giving nearly \$1 million, a record for the industry.³⁷ While Scott may not have received donations directly to his campaign, he benefited from the \$400,000 GEO Group contributed to the Florida Republican Party for the 2010 election and the \$25,000 GEO Group gave to his inaugural fund.³⁸ One of Scott’s top transition budget advisers, Donna Arduin, is a former trustee of Correctional Properties Trust, GEO Group’s real estate company. Scott also appointed Brian Ballard, a prominent lobbyist who has worked for GEO Group and CCA, to his inaugural fund. Ballard raised \$3 million for the event and has hosted fundraisers at his home on Scott’s behalf.

Meanwhile, the previous attempt to privatize Florida prisons, using similar tactics, has been embroiled in a grand jury investigation. Federal investigators are looking into

³² From 2003 to 2010, GEO Group employed 13 lobbyists in Florida and CCA employed 17. Justice Policy Institute, *Gaming the System*, June 2011.

³³ <http://www.grassrootsleadership.org/blog/?p=263>

³⁴ <http://www.miamiherald.com/2011/10/09/2445393/grand-jury-probes-panhandle-private.html>

³⁵ Data provided by the National Institute on Money in State Politics and accessed at <http://www.followthemoney.org/> on September 29, 2011.

³⁶ Haridopolos also received campaign contributions prior to 2011, including \$2500 in late 2009 and early 2010 from private prison interests, including \$1000 from GEO Group and \$500 from CCA.

³⁷ <http://www.followthemoney.org/blog/2011/05/private-prison-industry-increases-campaign-spending-in-florida/>

³⁸ <http://www.grassrootsleadership.org/blog/?p=263>

illegalities in the building of the Blackwater River Correctional Facility in Milton, Florida's largest private prison. According to documents released as part of the investigation, plans that led to the awarding of the \$115 million contract to GEO Group in 2009 and completion of the facility in late 2010 began in early 2008 under the code name "Project Justice."

Florida officials implicated include the economic development division of Santa Rosa County, former House Speaker Ray Sansom, and incoming Senate President Don Gaetz, all of whom met in February 2008 to discuss "prison funding support."³⁹ In March 2008, one week after he traveled to Boca Raton on "personal business," Sansom, then incoming House budget chairman, inserted the prison language into the budget that led to the GEO contract. Then, in 2010, when Florida prisons were under capacity, lawmakers again inserted language into the budget, this time to close state-run prisons

DISENFRANCHISED IN FLORIDA

According to the Brennan Center for Justice, Florida has become the most punitive state in the country regarding the voting rights of people with criminal convictions. In March 2011, Governor Scott changed Florida's clemency rules, effectively denying the right to vote to as many as a million Florida citizens.

Under the Florida Constitution, anyone with a felony conviction is barred from voting for life, unless the governor grants clemency. The new rules include a five-year wait before being eligible to apply for clemency, even for people with nonviolent convictions. Scott also eliminated a provision allowing people to apply for a waiver of the rules, a provision in place under previous governors Jeb Bush and Charlie Crist.

In fact the new rules roll back reforms by Crist and are far more restrictive than those in place under Jeb Bush.

Source: Erika Wood, "Turning Back the Clock in Florida," Brennan Center for Justice, March 11, 2011, http://www.brennancenter.org/blog/archives/turning_back_the_clock_in_florida/

and transfer the \$22 million to the Blackwater facility. State campaign finance records show both Sansom and Gaetz received private prison campaign contributions,⁴⁰ including money from GEO Group and its subsidiaries.

On the immigration detention side of private prison business, Senate President Haridopolos again surfaces as a key player. He was the main driver behind an anti-immigrant law (S.B. 2040) that would have required the widespread use of electronic employment verification systems to check for legal status. The measure failed in May. However, through an ICE program to build more immigration detention centers,⁴¹ Florida is now the planned site of the largest immigrant detention center in the country, to be built and run by CCA in the town of Southwest Ranches.⁴²

³⁹ <http://www.miamiherald.com/2011/10/09/2445393/grand-jury-probes-panhandle-private.html>

⁴⁰ Sansom received a \$500 donation from GEO Group in October 2007 (the maximum contribution allowed in Florida per election, which can include a first primary, second primary and general election, unless the candidate is unopposed). Gaetz received \$3000 in 2009, including \$1500 total from GEO Group and its subsidiary GEO Care and \$500 from CCA.

⁴¹ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

⁴² <http://floridaindependent.com/50687/geo-group-cca-private-prisons>

New Jersey

One of the other proposed locations for ICE's new immigrant detention centers is Essex County, New Jersey. Earlier this summer, it looked like Community Education Centers, a private prison company based in New Jersey, would win the contract valued between \$8 and \$10 million annually, despite its checkered record and through a questionable bidding process.⁴³ But after a *New York Times* article drew attention to the political connections that may have greased the way for Community Education Centers, county officials abruptly changed course and re-opened the bidding process in August.⁴⁴

Community Education has ties to Governor Chris Christie and Essex county executive Joseph DiVincenzo, a prominent Christie ally. The senior vice president of Community Education, William Palatucci, is Christie's political mentor and former law partner.⁴⁵ Community Education has donated a total of \$30,600 to DiVincenzo's campaigns since 2006 through donations by company executives, including from CEO John Clancy and several members of his family.⁴⁶

Pennsylvania

The "Kids for Cash" scandal in Pennsylvania is one of the worst cases of corruption by private prison money. In 2009, two judges pled guilty to being paid \$2.6 million⁴⁷ in kickbacks by private prison companies in exchange for sending as many as 4,000 children⁴⁸ to youth detention centers run by subsidiaries of Mid-Atlantic Youth Services Corp, based in Pennsylvania.

In a scheme that began in 2002, Judges Mark Ciavarella and Michael Conahan set up "placement guarantee agreements" with PA Child Care and Western PA Child Care, worth tens of millions in business, to house kids in newly built juvenile detention centers.⁴⁹ Judge Ciavarella's record of sending youth to these detention centers was conspicuous,⁵⁰ and for years, youth advocacy groups complained that he was unusually harsh.

⁴³ http://www.nytimes.com/2011/07/28/nyregion/political-links-seen-behind-essex-county-detention-center-bid.html?_r=3&ref=nyregion

⁴⁴ <http://www.nytimes.com/2011/08/16/nyregion/essex-county-reverses-decision-on-detention-center-bid.html>

⁴⁵ Palatucci is a well-known Republican strategist and fundraiser. He nominated Christie to be the U.S. attorney for New Jersey under the Bush administration, a post Christie held from 2002 to 2009.

http://www.nytimes.com/2011/07/28/nyregion/political-links-seen-behind-essex-county-detention-center-bid.html?_r=3&ref=nyregion

⁴⁶ http://www.nytimes.com/2011/07/28/nyregion/political-links-seen-behind-essex-county-detention-center-bid.html?_r=3&ref=nyregion

⁴⁷ In the Public Interest, Pennsylvania "Kids for Cash" Conspiracy, <http://www.inthepublicinterest.org/case/pennsylvania-kids-cash-conspiracy>

⁴⁸ <http://www.jlc.org/luzerne/>

⁴⁹ They also closed down a public detention center, claiming it was in poor condition, contrary to the findings of state and local health and welfare departments.

⁵⁰ Ciavarella sent a quarter of his juvenile defendants, many of them first-time offenders, to detention centers from 2002 to 2006; the statewide statistic is 1 in 10.

Executives of the private detention centers and seven companies, along with the judges, are defendants in a class-action lawsuit filed by the Juvenile Law Center in 2009 on behalf of 140 plaintiffs. In August 2011, Ciavarella was sentenced to 28 years in prison after being found guilty of racketeering, money laundering, and conspiracy. The Supreme Court of Pennsylvania also dismissed 4,000 juvenile cases handled by Ciavarella.⁵¹

Ohio

On December 31, 2011, Ohio will sell a publicly operated prison to a private company, CCA.⁵² The sale of the Lake Erie Correctional Facility to CCA for \$73 million⁵³ is part of a scaled back version of Governor John Kasich's original plan to sell five prisons, which would have tripled Ohio's private prison population in one fell swoop.⁵⁴

Kasich has multiple ties to CCA. After serving in Congress for 18 years, Kasich went to work for Lehman

Brothers, which had a long history of underwriting bonds and managing credit for CCA and Cornell Companies.⁵⁵ When Kasich became governor of Ohio in 2010, he appointed former CCA employee Gary Mohr to direct the Department of Rehabilitation and Correction, the department handling the partial privatization of Ohio's prisons. The lobbying firm of Kasich's close friend and former Congressional chief of staff, Donald Thibaut, was hired by CCA in mid-December 2010, just before Kasich began his tenure.⁵⁶ Mohr also previously worked as a consultant to Thibaut's firm for five years.⁵⁷

FINANCING PRIVATE PRISONS

Some of the most recent financiers of private prison companies are also the most powerful banks in America. At end of 2007, CCA entered into a \$450 million senior secured revolving credit facility arranged by Banc of America Securities, an investment bank subsidiary of Bank of America. This facility is used to fund expansion and development projects, as well as provide working capital.

Wells Fargo is also a major investor in private prison companies, having invested \$88.7 million in GEO Group and \$5.9 million in CCA, as of December 31, 2010.

It also should be noted that these banks and their executives have poured tens of millions of dollars into the election campaigns of state and federal lawmakers over the past few election cycles.

Sources: SEC Form 10-Q filed by Corrections Corp of America for quarter ending June 30, 2011, <http://www.sec.gov/Archives/edgar/data/1070985/000119312511212087/d10q.htm#toc>.

Joel Handley, "Divesting From Private Prisons," In These Times, July 15, 2011, http://www.inthesetimes.com/article/11623/divesting_from_private_prisons. Enlace, Private Prison Divestment Campaign, <http://enlaceintl.org/programs/immigration/>. Center for Responsive Politics. National Institute for Money

⁵¹ David Shapiro, *Banking on Bondage*, ACLU, November 2011.

⁵² David Shapiro, *Banking on Bondage*, ACLU, November 2011.

⁵³ Laura A. Bischoff, "Kasich scales back prison privatization plan," September 1, 2011, <http://www.daytondailynews.com/news/kasich-scales-back-prison-privatization-plan-1244314.html>

⁵⁴ Policy Matters Ohio, *Cells for Sale: Understanding Prison Costs & Savings*, April 2011.

⁵⁵ Paul Ashton, *Gaming the System*, Justice Policy Institute, June 2011.

⁵⁶ "Ohio 1st in US to sell prison to private company," Associated Press, September 2, 2011, <http://www.tribune-chronicle.com/page/content.detail/id/145808/Ohio-1st-in-US-to-sell-prison-to-private-company-.html?isap=1&nav=5031>

⁵⁷ <http://thinkprogress.org/justice/2011/09/22/325218/ohio-privatize-prison/>

Louisiana

Another attempt to privatize prisons failed earlier this year in Louisiana,⁵⁸ which had the highest incarceration rate in the country in 2009.⁵⁹ Governor Bobby Jindal's plan to sell three state prisons was narrowly defeated by a 13 to 12 vote in the House Appropriations Committee in June.

Not surprisingly, the 12 members of the House Appropriations Committee who voted to approve the prison privatization plan have received more than three times more money from private prison companies than the 13 members who voted against the plan.⁶⁰

Jindal has taken at least \$28,500 from private prison companies over his career, including \$15,000 from GEO Group, \$11,000 from CCA, and \$2,500 from LCS Corrections Services, based on Baton Rouge. With \$28,500, these private prison companies became Jindal's second largest contributor to his state campaigns over his career,⁶¹ second only to the Louisiana Republican Party, which has given \$132,052 to Jindal.

CONCLUSION & RECOMMENDATIONS

The growing political influence of private prison companies over criminal justice and immigration policies is the most chilling example of what happens when large corporations are able to spend large amounts of money to buy favor with elected officials. As the size of the private prison industry grows, so too does its ability to corrupt the political process. The result is a vicious cycle in which more and more people end up behind bars. We all lose as a result. Families are torn apart; children end up in foster care when their parents are detained. African-American and Latino urban communities are losing a generation of youth behind bars. And taxpayers are seeing their hard-earned dollars go towards subsidizing private prisons' profit margins.

Breaking the unholy alliance between private prison companies and politicians will not be easy, but we must stop the flow of prison industry dollars into the political system if we want to achieve sensible criminal justice and immigration policies that meet the needs of our communities. Our state and federal governments must ultimately stop spending taxpayer money to help an industry that is making billions of dollars off the

⁵⁸ Jan Moller, "Gov. Jindal's plan to sell state prisons is killed by House committee," The Times-Picayune, June 6, 2011, http://www.nola.com/politics/index.ssf/2011/06/house_committee_kills_bobby_ji.html

⁵⁹ In 2009, Louisiana's incarceration rate was 881 prisoners per 100,000 residents. Pew Center on the States, "Governor Jindal Announces LA Selected for Pew Partnership to Reform LA Criminal Justice System," Press Release on January 21, 2011. http://www.pewcenteronthestates.org/news_room_detail.aspx?id=327578

⁶⁰ The 12 members who voted to approve the prison privatization plan received at least \$14,500 from CCA and GEO Group, compared to the \$4,250 received by the 13 members who voted against the plan. While the earliest contribution dates back to 2000, the bulk of the donations occurred in 2010. Data were obtained from Transparency Data and the Louisiana Ethics Administration (<http://www.ethics.state.la.us/CampaignFinanceSearch/SearchResultsByContributions.aspx>), both accessed on November 9, 2011.

⁶¹ The first donation of \$5000 from GEO Group's PAC came in 2003.

public dole, especially at a time when cities, states and nation face significant revenue shortfalls.

An essential first step towards ending mass incarceration is to reduce the influence of these private prison companies and their money in our democracy. As a start we must:⁶²

- 1) Demand that elected officials at all levels pledge to reject campaign contributions from the private prison industry or their surrogates. It's time for elected officials to make it clear that they will not be influenced by this predatory industry.
- 2) Pass fair election laws that limit the influence of corporate money on politicians. Similar to working laws in a number of states, fair elections-style reform relies on small donations from regular people closer to home rather than contributions from CEOs, PACs, or lobbyists. Candidates would qualify for a set amount of public money if they agreed to take no large contributions and demonstrated public support. The money from industries like the private prison industry would be replaced by support from back home.
- 3) Reform sentencing laws so that we stop spending billions of dollars every year locking up non-violent offenders who pose no public safety threat. Instead, we should implement well-tested, less-costly means of alternative sentencing, reentry policies, and crime prevention for this population.
- 4) Choke off the flow of youth into the criminal justice system by shifting more resources towards proven measures to prevent youth violence such as ceasefire, job training & development, and education programs.
- 5) Close off the latest profit center for private prison companies—the mass detention of immigrants—by ending or significantly narrowing the federal Secure Communities program; fully implementing the Administration's prosecutorial discretion policy announced in August 2011; and continuing to press for comprehensive immigration reform at the federal level. The bottom line is that we must stop locking up immigrants who pose no public safety threat.
- 6) Press big banks like Bank of America and Wells Fargo to stop financing or investing in the private prison industry. If the banks refuse to do so, then we should refuse to continue doing business with them.
- 7) Develop real solutions to the state fiscal crises. Privatizing state-run prisons are not bringing the savings politicians promise. The best way to reduce prison costs is to stop mass incarceration.

⁶² Public Campaign does not take policy positions on matters outside the role of money in politics. We do, however, believe that issues like the growth of incarceration, particularly for youth and immigrants, is a phenomenon impossible to explain without exploring the role of private money in our public elections. Items 3-7 on this list are ones attributable to PICO National Network.

PICO National Network is a network of 45 faith-based community organizations in 17 states working to create innovative solutions to problems facing urban, suburban and rural communities. Nonpartisan and multicultural, PICO helps people and congregations translate their faith into action. With more than 1,000 member institutions representing one million families, PICO is one of the largest community-based efforts in the United States. Learn more at www.piconetwork.org.

For more information, contact Heidi Thompson (hthompson@piconetwork.org).

Public Campaign is a non-profit, non-partisan organization dedicated to sweeping campaign reform that aims to dramatically reduce the role of big special interest money in American politics. Public Campaign is laying the foundation for reform by working with a broad range of organizations, including local community groups, around the country that are fighting for change and national organizations whose members are not fairly represented under the current campaign finance system. Learn more at www.publiccampaign.org.

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