Private purchasing of prisons locks in occupancy rates

By Kevin Johnson, USA TODAY

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WASHINGTON – At a time when states are struggling to reduce bloated prison populations and tight budgets, a private prison management company is offering to buy prisons in exchange for various considerations, including a controversial guarantee that the governments maintain a 90% occupancy rate for at least 20 years.

By M. Spencer Green, AP

Federal Bureau of Prisons director Harley Lappin speaks during a news conference at the Thomson Correctional Center in Thomson, Ill., in 2009.

The $250 million proposal, circulated by the Nashville-based Corrections Corporation of America to prison officials in 48 states, has been blasted by some state officials who suggest such a program could pressure criminal justice officials to seek harsher sentences to maintain the contractually required occupancy rates.

"You don't want a prison system operating with the goal of maximizing profits," says Texas state Sen. John Whitmire, a Houston Democrat and advocate for reducing prison populations through less costly diversion programs. "The only thing worse is that this seeks to take advantage of some states' troubled financial position."

STORY: Proposal to buy prisons raises ethical concerns

Corrections Corporation spokesman Steve Owen defended the company's "investment initiative," describing it as "an additional option" for cash-strapped states to consider.

The proposal seeks to build upon a deal reached last fall in which the company purchased the 1,798-bed Lake Erie Correctional Institution from the state of Ohio for $72.7 million. Ohio officials lauded the September transaction, saying that private management of the facility would save a projected $3 million annually.

Linda Janes, chief of staff for the Ohio Department of Rehabilitation and Correction, said the purchase came at time when the state was facing a $8 billion shortfall. The $72.7 million prison purchase was aimed at helping to fill a $188 million deficit within the corrections agency.

Ohio's deal requires the state to maintain a 90% occupancy rate, but Janes said that provision remains in effect for 18 months — not 20 years — before it can be renegotiated. As part of the deal, Ohio pays the company a monthly fee, totaling $3.8 million per year.

Roger Werholtz, former Kansas secretary of corrections, said states may be tempted by the "quick infusion of cash," but he would recommend against such a deal.

"My concern would be that our state would be obligated to maintain these (occupancy) rates and subtle pressure would be applied to make sentencing laws more severe with a clear intent to drive up the population," Werholtz said.

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