

INTRODUCTION

Approximately 129,000 people were held in privately managed correctional facilities in the United States as of December 31, 2009;¹ 16.4 percent of federal and 6.8 percent of state populations were held in private facilities. Since 2000, private prisons have increased their share of the “market” substantially: the number of people held in private federal facilities increased approximately 120 percent, while the number held in private state facilities increased approximately 33 percent. During this same period, the total number of people in prison increased less than 16 percent. Meanwhile, spending on corrections has increased 72 percent since 1997, to \$74 billion in 2007.² The two largest private prison companies, Corrections Corporation of America (CCA) and GEO Group, combined had over \$2.9 billion in revenue in 2010.³

As revenues of private prison companies have grown over the past decade, the companies have had more resources with which to build political power, and they have used this power to promote policies that lead to higher rates of incarceration.

The following are some of the main findings in the Justice Policy Institute’s June 2011 report, *Gaming the System: How the Political Strategies of Private Prison Companies Promote Ineffective Incarceration Policies*.

THE PLAYERS

Today, two companies own and/or operate the majority of for-profit private prisons, with a

number of smaller companies running facilities across the country.

Corrections Corporation of America

Founded in 1983, the Corrections Corporation of America (CCA) is the first and largest private prison company in the U.S.⁴ In 2010, CCA operated 66 correctional and detention facilities, 45 of which they owned with contracts in 19 states, the District of Columbia and with the three federal detention agencies.⁵

In 2010, CCA saw record revenue of \$1.67 billion, up \$46 million from 2009.⁶ The majority of that revenue (50 percent or \$838.5 million) came from state contracts, with 13 percent (\$214 million) from the state of California;⁷ approximately 10,250 people from the state of California are held in prisons run by CCA.⁸ The other significant portion of their revenue was from federal contracts, which accounted for 43 percent of revenue in 2010.

The GEO Group (Formerly Wackenhut Corrections Corporation)

Currently, GEO operates 118 correctional, detention, and residential treatment facilities encompassing approximately 80,600 beds around the world.⁹ The U.S. Corrections Business Unit is the company’s founding operating unit and accounts for over 60 percent of GEO’s total annual revenue.¹⁰ Founded in 1984 under the name Wackenhut Corrections Corporation, the company solidified its first contract with the Bureau of Immigration and Custody Enforcement, in 1987.¹¹

As of 2010, GEO contracts with 13 states, the Federal Bureau of Prison, the U.S. Marshals Service, and U.S. Immigration and Customs Enforcement.¹² In 2010, 66 percent (\$842 million)

of GEO's \$1.27 billion in revenue was from U.S. corrections contracts.¹³ Of the \$842 million in revenue, 47 percent came from corrections contracts with 11 states.¹⁴

On August 12, 2010 the GEO Group acquired Cornell Companies—a for-profit private prison company with revenues of over \$400 million in 2009¹⁵—in a merger estimated at \$730 million.¹⁶ With the acquisition of Cornell by GEO, the majority of private prisons are now under the management of either GEO or CCA.

THE STAKES

Over the past 15 years, while the incarceration rate in the U.S. has grown, it has been outpaced by the growth in the number of people placed in private prisons. Due to ineffective criminal justice policies that promote incarceration over more effective alternatives, an increasing need for prison beds has resulted in more private prison contracts and subsequently more revenue for private prison companies as states have less money to pay for the construction of their own prison beds.

However, between 2008 and 2009 the number of people in state prisons declined for the first time in 40 years.¹⁷ While the number of people in federal prisons continues to rise, the decline in the state prison population—private prison companies' largest revenue stream—sets the stage for private prison companies to implement an aggressive, multipronged strategy to ensure their growing revenues.

THE STRATEGY: THE TRIANGLE OF PRIVATE PRISON POLITICAL INFLUENCE

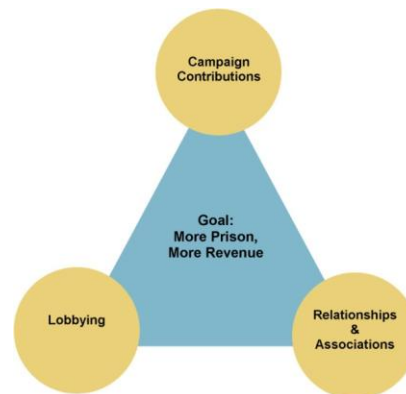
Since private prison contracts are written by state and federal policymakers and overseen by state and federal agency administrators, it is in the best interest of private prison companies to build the

connections needed to influence policies related to incarceration. For-profit private prison companies primarily use three strategies to influence policy: lobbying, direct campaign contributions, and building relationships, networks, and associations.¹⁸

Campaign Donations

By maintaining contacts and favorable ties with policymakers, private prison companies can attempt to shape the debate around the privatization of prisons and criminal justice policy. One way to do that is to make direct, monetary contributions to political campaigns for elected officials and specific policies. These updated figures have emerged in the fall of 2011:

- Since 2000, private prison companies have contributed over \$7.2 million to state candidates and political parties.¹⁹
- Between the 2002 and 2012 election cycles, CCA and GEO's Political Action Committees (PACs) have doled out \$1,212,889²⁰ and \$1,010,002²¹ respectively to federal parties, candidates and committees.
- Since 2000, private prison companies (CCA, GEO and Cornell Corrections) have given \$867,010—to federal candidates alone.²²



Lobbying

Similar to other industries, private prison companies employ lobbying firms and lobbyists to advocate for their business interests in Congress and state legislatures. Since private prisons make money from putting people behind bars, their lobbying efforts focus on bills that affect incarceration and law enforcement, such as appropriations for corrections and detention.

Over the last decade, CCA, GEO and Cornell Corrections spent, on average, hundreds of thousands of dollars to employ lobbyists to represent their business interests to federal policymakers. Since 2003, CCA has spent

upwards of \$900,000 annually on federal lobbying.²³

- Since 2000, private prison companies (CCA, GEO and Cornell Corrections) have spent over \$21 million on federal lobbying efforts with the majority,²⁴ over \$17 million being spent by CCA alone.²⁵

Relationships and Associations

Organizational theories about relationships and leadership indicate that individual people influence the operations and behavior of an organization through prior relationships, associations, experiences, and networks.²⁶ In other words, people bring with them the lens of previous affiliations, and a sense of obligation to represent their world view; they may also be subject to pressure from previous professional relations to act in ways that benefit these relations.

Private prison companies have benefited from their relationships with government officials as evidenced by appointments of former employees to key state and federal positions. The pervasiveness of these connections is evidenced with the recent example from the Kasich Administration in Ohio.

After serving 18 years in the U.S. House of Representatives John Kasich retired in 2000 and took a managing director position in Ohio with Lehman Brothers.²⁷ Lehman Brothers has a long standing history with private prison companies, spending most of the late 1990s and 2000s before their collapse underwriting bonds and managing credit for both CCA and Cornell.²⁸ After winning the governorship of Ohio in 2010, Kasich laid out his plans for privatizing state prison operations

The Justice Policy Institute is a national nonprofit organization that changes the conversation around justice reform and advances policies that promote well-being and justice for all people and communities. To read the full report, *Gaming the System: How the Political Strategies of Private Prison Companies Promote Ineffective Incarceration Policies*, please visit www.justicepolicy.org or contact us at Justice Policy Institute 1012 14th St. NW, Suite 400 Washington, DC 20005 Phone: (202) 558-7974 or at info@justicepolicy.org.

along with appointing a former CCA employee to head the Ohio Department of Rehabilitation and Correction.²⁹ Rounding out Kasich's connections to CCA is his close friend and former Congressional chief of staff whose lobbying firm was hired to represent CCA in January 2011.³⁰

LOSING THE GAME

When private prison companies are successful at the game of political influence, their profits rise, benefitting their stockholders and top management. However, growing evidence shows that many people lose in this political game at the individual and community levels. The policies that private prison companies promote negatively impact communities in terms of costs and public safety. And the increasing use of private prisons due to rising incarceration rates negatively impacts private prison employees. But the biggest losers in this political game are the people who are taken away from their families and communities due to the policies private prison companies promote to increase the number of people going into prisons and the length of time they spend behind bars.

RECOMMENDATIONS

- States and the federal government should look for real solutions to the problem of growing jail and prison populations.
- Invest in front-end treatment and services in the community, whether private or public.
- Additional research is needed to effectively evaluate the cost and recidivism reduction claims of the private prison industry.

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