

GEO Group and Corrections Corporation of America spend billions of taxpayer dollars purchasing smaller companies

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Every year, GEO Group and Corrections Corporation of America (CCA)—the country’s two largest private prison companies—collect billions of taxpayer dollars to incarcerate prisoners and provide other correctional services for federal, state, and local governments.¹ GEO Group and CCA then spend a portion of these tax dollars to purchase other, smaller corrections companies, expanding their control of the U.S. criminal justice system.

Since 2005, GEO Group and CCA have spent \$2.2 billion acquiring other, smaller companies. If government agencies insourced the services provided by these private prison companies, the tax dollars the companies spend acquiring other companies could be invested in programs to rehabilitate incarcerated people and keep at-risk people out of the criminal justice system.

GEO Group and CCA purchase smaller companies

In recent years, GEO Group has acquired several companies that either manage prisons or provide electronic monitoring for probation, community corrections, and pretrial programs. From 2005 to 2015, GEO Group spent \$2 billion to acquire nine companies. (See Table 1.)²

Table 1
GEO Group has acquired nine companies since 2005

Year	Company	Service	Amount (millions)
2015	Soberlink, Inc.	Alcohol monitoring	\$24
2015	LCS Corrections Services, Inc.	Prison operations	\$307
2014	Protocol Criminal Justice, Inc.	Call centers for electronic monitoring	\$13
2012	Municipal Corrections Finance, L.P.	Prison operations	\$35
2011	BI Incorporated	Electronic monitoring	\$415
2010	Cornell Companies, Inc.	Prison operations	\$685
2009	Just Care, Inc.	Prison health care	\$38
2007	CentraCore Properties Trust	Prison operations	\$428
2005	Correctional Services Corporation	Prison operations	\$62
2005-2015		Total	\$2,007

After purchasing several smaller prison operators between 1995 and 2000, in recent years, CCA has begun to purchase other companies once again.³ From 2013 to April 2016, CCA spent \$229 million acquiring three companies that manage residential reentry centers. (See Table 2.)⁴

Table 2
CCA has
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Year	Company	Service	Amount (millions)
2016	Correctional Management, Inc.	Residential reentry centers	\$35
2015	Avalon Correctional Services, Inc.	Residential reentry centers	\$158
2013	Correctional Alternatives, Inc.	Residential reentry centers	\$37
2013-2016		Total	\$229

GEO Group’s acquisition of electronic monitoring companies and CCA’s acquisition of residential reentry center companies have expanded the types of services the country’s two largest private prison companies can provide to the criminal justice system. By purchasing these companies, GEO Group and CCA are positioned to receive new business as states and the federal government repeal tough on crime policies and implement policies focused on community corrections.

Purchasing smaller companies is lucrative

The purchased companies have brought millions of dollars of new revenue to GEO Group and CCA. Cornell Companies generated an additional \$65.7 million for GEO Group in 2010.⁵ CCA estimated that purchasing Avalon would generate an additional \$35-\$40 million in revenue in 2015.⁶

While GEO Group and CCA do not report the profits generated by the assets acquired from the purchased companies, financial disclosure documents show that the purchased companies were profitable in the years before they were acquired. Cornell Companies, for example, collected \$26.6 million in profits in 2009.⁷ CentraCore Properties Trust collected \$18.1 million profits in 2005.⁸

Big banks provide loans to GEO Group and CCA

GEO Group and CCA rely on loans to purchase smaller companies. GEO Group used loans to purchase at least eight of the nine companies in Table 1.⁹ CCA used loans to purchase two of the three companies in Table 2.¹⁰ In addition to the cost of the acquisition, the tax dollars that GEO Group and CCA spend paying interest on the debt is another source of funds that, in the absence of privatization, could be invested in programs to rehabilitate people in the criminal justice system.

GEO Group’s and CCA’s filings with the Securities and Exchange Commission show that certain banks play large roles in underwriting these loans. BNP Paribas, for instance, is administrative agent for the syndicate of banks that has extended a \$700 million line of credit to GEO Group, which relied on the credit to purchase Soberlink in 2015.¹¹ Bank of America is administrative agent for the syndicate of banks that has extended a \$900 million line of credit to CCA, which relied on the credit to purchase Avalon Correctional Services and Correctional Management Inc.¹² Bank of America, Wells Fargo, JPMorgan Chase, and SunTrust each extended \$132.5 million of the \$900 million credit line.¹³

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This fact sheet is part of **Programs Not Profits**, a multi-year campaign promoting the replacement of private corrections industry profits that hurt incarcerated people, correctional officers, and taxpayers, with publicly funded and managed programs that provide job training, mental health care, and substance abuse treatment. Get involved at programsnotprofits.org.

Notes

- 1 GEO Group: The GEO Group, "Form 10-K," fiscal year ended 31 December 2015, page 50. CCA: Corrections Corporation of America, "Form 10-K," fiscal year ended 31 December 2015, page 61.
- 2 Data obtained from GEO Group's filings with the Securities and Exchange Commission and industry press releases. For specific sources, please contact In the Public Interest.
- 3 For example, in 1995 CCA purchased Corrections Partners, Inc.: Corrections Corporation of America, "CCA Expands with Two Industry Acquisitions" (press release), 21 August 1995. In 2000, CCA completed the purchasing of Prison Management Services Inc. and Juvenile and Jail Facility Management Services, Inc.: Corrections Corporation of America, "Form 10-K," fiscal year ended 31 December 2001, page F-12.
- 4 Data obtained from CCA's filings with the Securities and Exchange Commission and industry press releases. For specific sources, please contact In the Public Interest.
- 5 The GEO Group, Inc., "Form 10-K," fiscal year ended 2 January 2011.
- 6 Corrections Corporation of America, "Third Quarter 2015 Investor Presentation," November 2015.
- 7 Cornell Companies, Inc., "Form 10-K," fiscal year ended 31 December 2009.
- 8 CentraCore Properties Trust, "Form 10-K," fiscal year ended 31 December 2005.
- 9 Data obtained from GEO Group's filings with the Securities and Exchange Commission and industry press releases. For specific sources, please contact In the Public Interest.
- 10 Data obtained from CCA's filings with the Securities and Exchange Commission and industry press releases. For specific sources, please contact In the Public Interest.
- 11 BNP Paribas: GEO Group, "Amended and Restated Credit Agreement," 3 April 2013. Soberlink: The GEO Group, "Form 10-K," fiscal year ended 31 December 2015, page 109.
- 12 Bank of America: Corrections Corporation of America, "Second Amendment to Amended and Restated Credit Agreement," 22 July 2015. Avalon Correctional Services: Corrections Corporation of America, "CCA Announces Acquisition of Avalon Correctional Services, Inc." (press release), 29 October 2015. Correctional Management Inc.: Corrections Corporation of America, "CCA Acquires Correctional Management, Inc." (press release), 11 April 2016.
- 13 Corrections Corporation of America, "Second Amendment to Amended and Restated Credit Agreement," 22 July 2015.