



Watch Your Assets

Exposing the misuse and abuse of the public commons

This edition of the “Watch Your Assets” newsletter is a joint project between Texans for Public Justice and Grassroots Leadership.

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Lax Oversight Plagues Private Prisons in Texas

Discovering squalid conditions at a youth detention facility in West Texas last October, state officials abruptly shuttered the Coke County Juvenile Justice Center, moved its young prisoners to other facilities and cancelled the contract under which a private company had operated that facility for the state. For all the outrage that officials voiced over that feces-smearred youth prison, however, the same contractor—the Geo Group—continues to operate nine other corrections facilities for the state of Texas.

Texas’ massive private prison industry has been plagued by recent scandals involving unsafe facilities and prison guards who abuse prisoners entrusted to their care. These scandals have helped expose the woefully inadequate safeguards and oversight that Texas established during its 20-year-old prison privatization stampede.

Geo Group’s Coke County youth detention facility operated under the oversight of the Texas Youth Commission. The Texas Department of Criminal Justice (TDCJ) oversees the state’s 28 contracts with private prison corporations and operates many more prison facilities on its own. Where its own facilities are concerned, TDCJ dutifully collects data on such things as how many officers each facility employs and which of those employees have been disciplined. Yet the agency does not collect such data on the privately run facilities that it oversees. Indeed, a key rationale for privatization was that the state could save money if it granted private contractors leeway to manage their facilities more efficiently than the state. A 2001 study national study of prison privatization by the U.S. Department of Justice, however, found that private prisons cost an average of one percent less than public facilities.¹

Furthermore, as Geo Group demonstrated in Coke County, for-profit companies operating without adequate state oversight may cut their own costs to the bone. As such, private facilities, which cost taxpayers more than \$200 million a year, pose additional hidden costs that can include the violation of prisoners’ rights and the abuse of tax

dollars. In 2006, Texas incarcerated 10.8 percent of its prisoners in private facilities, well above the state average nationwide of 6.2 percent.²

Origins

The state of Texas has long been a leader in private prison construction. One of the first private correctional facilities in the United States was an immigration detention facility that opened in Houston in 1984 under contract to the Corrections Corporation of America.³

Having outgrown its aging prison system by 1990, Texas went on a prison-building binge that ballooned TDCJ's operating budget from \$700 million to \$2.2 billion in just five years. So quickly did Texas overcompensate for its overcrowded system that by 1996 it lacked prisoners to fill eight empty new prisons. With the state spending so much prison money so fast, oversight went out the revolving prison door. During the boom, some state officials and legislators secured lucrative state contracts for themselves or their friends. The former head of TDCJ, Andy Collins, collected kickbacks from private contractors that were supplying Texas prisons. Officials also went straight from the state payroll to high-paying jobs with prison contractors.⁴

This tawdry tradition continues more than a decade later. In December, the GEO Group hired former TDCJ Director Gary Johnson as vice president of a multi-state region that includes Texas.⁵ The revolving prison door also turns in the other direction. In a monumental lapse of judgment, the state assigned three officials whom it recruited from the Geo Group to oversee that company's now-shuttered facility in Coke County.⁶ Remarkably, this deteriorating facility repeatedly won high marks from these inspectors. Yet auditors touring the facility in October got so much feces on their shoes that they had to wipe it off in the grass outside. The auditors determined that the facility flunked state standards for safety, hygiene, medical treatment, education and maintenance.⁷ The state is still investigating if any of its officials received Geo Group kickbacks.



Neglected security shower at the GEO Group's Coke County Juvenile Justice Center. Human excrement was found floating in the drain during an audit in September 2007.

Oversight

Months after the Coke County scandal broke, Lieutenant Governor David Dewhurst announced in January 2008 that the Senate Criminal Justice Committee will review the state's 28 remaining privately run facilities. Dewhurst directed the committee to determine if privately run prisons are complying with state laws and to compare them with state-run facilities in terms of cost, safety, living conditions and rehabilitative services.⁸

Sen. Juan "Chuy" Hinojosa (D-McAllen), who urged Dewhurst to order this investigation, opposes privatization because the private companies lack oversight and their drive to increase profits poses conflicts.



Sen. Juan "Chuy" Hinojosa
(D-McAllen)

"There is very little accountability," Hinojosa says. "Some of the businesses have been sued repeatedly for abusing prisoners." With the study, Hinojosa says he plans to ensure that the services of private prison companies "are equal to, if not better, than the services provided by the state." He also says he plans "to make sure they are not cutting corners, putting the public at risk for the lack of guards, lack of health services and the lack of drug counseling."

Some experts monitoring the private prison industry say that TDCJ sets higher oversight standards for private prisons than does the Texas Youth Commission, which oversaw the mismanaged juvenile facility in Coke County. In scheduled and unscheduled visits, TDCJ checks contracted facilities for compliance with almost 400 agency standards. In response to requests for records under the Texas Public Information Act, however, the TDCJ acknowledged that it does not collect basic statistics about private facilities, numbers that it routinely gathers for facilities that it operates itself. TDCJ officials say that its inspectors monitor some employment information during site visits but the agency could not provide staffing numbers for its private facilities. The requested data that the agency did not provide were records on: the number of guards each facility employs, the guard-to-prisoner ratio, guard disciplinary data, and enrollment in drug-treatment programs.⁹ Such lax oversight is remarkable given that the state spends \$200 million a year on these facilities, which control the lives of 16,000 people.

Texas consciously designed its privatization system to grant contractors considerable leeway. The rationale for this leeway was to foster cost-cutting competition and innovation. Yet the great failing of this policy was that the state granted contractors innovative leeway and then failed to collect the basic performance data that would allow it—the client—to determine whether contractor experiments have succeeded or failed.

How deeply, for example, can contractors slash the guard-to-prisoner ratio and still meet state standards? Despite its professed interest in experimentation, the state of Texas is not collecting data to address such fundamental questions. This appears to be a key failure of Texas' prison privatization experiment—one so negligent that it invites abuse.

Prison Privatization in Texas

TDCJ has 28 facilities under private contracts (including correctional facilities, pre-parole facilities and halfway houses). Currently, contract facilities account for 30 percent of all TDCJ facilities and house 10 percent of the agency's offenders. The state spent almost \$218 million last year on these private facilities, which housed a daily average population of more than 16,000 offenders. (The appendix lists all of the state's privately run facilities.)

Private Companies Housing Offenders in Texas

Private Company	No. of Facilities	No. of Beds	Estimated Annual Cost	Share of Total Cost
Corrections Corp. of America	9	10,615	\$112,390,736	52%
GEO Group	9	5,295	\$64,312,734	30%
Management and Training Corporation	3	1,070	\$12,868,918	6%
CiviGenics	2	736	\$11,064,115	5%
Cornell Companies	1	421	\$6,648,326	3%
Southern Corrections Systems	2	216	\$4,818,287	2%
Correctional Systems, Inc.	1	170	\$2,962,799	1%
Wayback House	1	175	\$2,843,755	1%
TOTALS:	28	18,698	\$217,909,670	100%

Note: Includes \$18.5 million in medical costs that the state pays at 12 facilities. TDCJ did not provide costs for drug-abuse programs, which the state funds at three facilities.

Although Texas contracts with eight different private corrections contractors, two giants account for more than 80 percent of this contract money. Nashville-based Corrections Corporation of America (CCA) is the largest corrections company in Texas and the nation. Nine of its 63 facilities nationwide are in Texas. These include five state jails, two correctional centers and two pre-parole facilities. Florida-based rival GEO Group (formerly named Wackenhut Corrections Corp.) manages 67 facilities worldwide. Its nine Texas operations include four correctional centers, two transfer facilities, a halfway house and a county jail that houses some state offenders. (Federal and local governments fund many other private correctional facilities in Texas that are not addressed here.)

Staffing

A leading criticism of prison contractors is that they maximize profits through dangerous cuts in staff levels, staff training and staff pay. Comparing government-run to private prisons, a 2001 U.S. Department of Justice study found that private facilities had 49 percent more prisoner assaults on staff and 65 percent more prisoner assaults on prisoners than government-run prisons.¹⁰ A contributing factor to this violence could be that

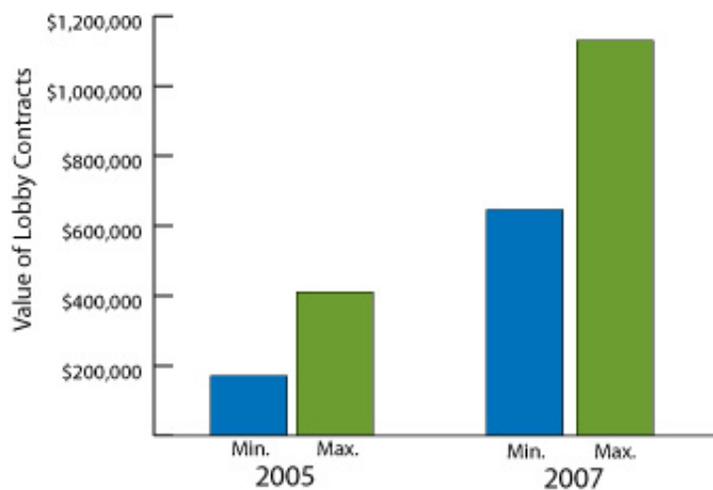
private-prison guards are less experienced. Private prisons generally pay lower salaries and suffer significantly higher staff-turnover rates.¹¹

While TDCJ does not maintain basic staff data on its contract facilities, there have been troubling reports of security problems. CCA's minimum-security, pre-parole facility in Mineral Wells, for example, contains the state's largest privatized offender population. The state pays \$24 million a year to house an average population of 2,075 prisoners there. CCA summoned local police to this facility in 2005 to help quell a riot that injured 17 prisoners. A violent prisoner-guard clash there in August 2007 required 30 local police officers to put down.¹² Over the past two years at least three prisoners escaped from this facility—a porous record unmatched by any state-run lock up.¹³

The Prison Lobby

One state agency—the Texas Ethics Commission—does collect data on one elite group of private-prison employees: lobbyists. The Ethics Commission's numbers demonstrate that the industry has gone on a hiring spree in the wake of its recent scandals. By the end of last year, private prison companies paid 18 lobbyists a total of up to \$1.1 million to lobby Texas officials. (The exact amount is not known because lobbyists report contract values in ranges, such as \$50,000 to \$100,000.) This is almost three times what the industry spent on the lobby during the preceding legislative year in 2005. With its starring role in the scandal, Geo Group increased its Texas lobby spending tenfold, accounting for more than half of the lobby money that the industry spent in 2007.

Texas' Private Prison Lobby



Texas' Private Prison Lobby

Company	Max. Value of Contracts In 2005	No. of Contracts In 2005	Max. Value of Contracts In 2007	No. of Contracts In 2007
Geo Group	\$60,000	3	\$625,000	6
CCA	\$180,000	5	\$235,000	6
CiviGenics	\$120,000	4	\$120,000	4
Cornell Co's	\$0	0	\$100,000	1
MTC	\$50,000	1	\$50,000	1
TOTALS:	\$410,000	13	\$1,130,000	18

This table lists the maximum value of contracts, which lobbyists report in ranges (e.g. '\$50,000-\$100,000').

During the height of the Coke County scandal, Senate Criminal Justice Committee Chairman John Whitmire (D-Houston)¹⁴ excoriated the GEO Group for unleashing the lobby to convince legislators that the state had overreached in shutting down that facility. "Now enters GEO with their paid lobbyists attempting to put a good face on this," Whitmire told the *Dallas Morning News*. "I'm saying the corporation should back off. They've run a very poor facility that probably violates the youths' civil rights," he said. "Kids were stepping in their own feces. The sheets were such that a cat or dog wouldn't sleep on them."¹⁵

Texas' Private-Prison Lobby in 2007

Lobbyist	Client	Min. Value of Contracts	Max. Value of Contracts
Lionel Aguirre	Geo Group	\$200,000	*<\$200,000
Ray Allen	Geo Group	\$50,000	\$100,000
Scott Gilmore	Geo Group	\$50,000	\$100,000
Jeffrey Heckler	Geo Group	\$50,000	\$100,000
M. Edward Lopez	Cornell Co's	\$50,000	\$100,000
Demetrius McDaniel	CCA	\$50,000	\$100,000
Michelle Wittenburg	Geo Group	\$50,000	\$100,000
Lara Laneri Keel	CCA	\$25,000	\$50,000
Andrea McWilliams	CiviGenics	\$25,000	\$50,000
Dean McWilliams	CiviGenics	\$25,000	\$50,000
Allen Place	MTC	\$25,000	\$50,000
Michael Toomey	CCA	\$25,000	\$50,000
Bill Miller	Geo Group	\$10,000	\$25,000
April Seabaugh	CCA	\$10,000	\$25,000
Daniel B. Mays	CiviGenics	\$0	\$10,000
Robert Nathan	CiviGenics	\$0	\$10,000
Merita Zoga	CCA	\$0	\$10,000
Laurie Shanblum	CCA	\$0	\$0
TOTAL:		\$645,000	\$1,130,000

*Contract reported as "\$200,000 or more."

Three weeks after the GEO Group lost the Coke County contract and one week after the Senate Criminal Justice Committee met to review the resulting scandal, GEO Group pumped up its lobby force further. This time it hired HillCo lobbyist Bill Miller, a close

friend of House Speaker Tom Craddick, agreeing to pay him up to \$25,000 for the last two months of the year. GEO's lobby team also includes former Craddick General Counsel Michelle Wittenburg and former Rep. Ray Allen, who previously chaired the House Corrections Committee under Craddick. Then-Rep. Allen sponsored a failed 2003 bill in 2003 that would have raised the cap on the number of private beds TDCJ could contract to private prison companies. During the 2007 session, House Corrections Chair Jerry Madden (R-Richardson) introduced a successful bill that raised the cap on private prison beds. The Geo Group and CCA political action committees ranked amount Madden's top ten donors in the 2006 election cycle, giving him a total of \$4,500.

CCA heavyweights include lobby partners Mike Toomey and Lara Laneri Keel. Former Rep. Mike Toomey is a key architect of the controversial 2002 House elections that made Craddick Speaker. Laneri Keel married the cousin of Terry Keel, Craddick's House parliamentarian and a former chair of the House Criminal Jurisprudence Committee. Management and Training Corp. lobbyist Allen Place also chaired that committee—during the prison-building boom in the 1990s.

Conclusion

Privatizing prisons is a failed experiment in Texas. Lack of oversight and close ties between state officials and the companies contracting with the state have allowed private companies to continue to benefit from lucrative state contracts while operating at substandard conditions. This week the Legislative Budget Board announced that Texas' prison population is growing slower than expected. Contrary to previous projections, no new prisons will be needed in the next two years.¹⁶ Texas should take advantage of this reprieve to review carefully all of its contracts with private prison companies. The state should not renew contracts with companies with poor track records or with companies that have not delivered substantial cost savings. TDCJ should cancel any contracts that do not meet high standards and transfer the affected inmates back to the state's direct supervision.

Some will rob you with a fountain pen. – Woodie Guthrie

[Lauren Reinlie](#), Project Director

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[Texans for Public Justice](#)

Non-partisan, non-profit policy and research organization, which tracks the influence of money and corporate power in Texas politics. Texans for Public Justice is a vocal advocate for citizen rights, open government and corporate accountability in Texas.

[Grassroots Leadership](#)

Southern-based national organization that does grassroots organizing, research, policy advocacy and public education on a range of privatization, prison and criminal justice issues. Grassroots Leadership works to enhance the public good and to stop the erosion of the public sphere.

¹A 2001 report by the Bureau of Justice Statistics showed that the supposed cost-savings of up to 20% often promised by privatization advocates have “simply not materialized.” Instead, the savings, if there were any at all, averaged only around 1%. “Emerging Issues on Privatized Prisons,” Bulletin NCJ 181249, James Austin & Garry Coventry, Bureau of Justice Assistance, U.S. Department of Justice. 2001.

In 1996, the U.S. General Accounting Office (GAO) reviewed multiple state studies comparing operational costs of private and state-run prisons. Of five state studies, three showed little difference in costs between private and public prisons while one showed that private prisons cost more. The study on Texas private prisons showed substantial cost savings in private facilities, but the GAO researchers deemed that study “problematic” because the private prisons were compared to hypothetical public prisons, not real facilities. The GAO decided that the studies did “not offer substantial evidence that savings [in private facilities] have occurred.” “Private and Public Prison: Studies Comparing Operational Costs and/or Quality of Service”, GAO/GGD-96-158, U.S. General Accounting Office. August 1996, pg. 3.

² “Prisoners in 2006,” Bureau of Justice Statistics. December 5, 2007. Available online at <http://www.ojp.usdoj.gov/bjs/abstract/p06.htm>.

³ <http://www.correctionscorp.com/ccahistory.html>

⁴ “The Great Texas Prison Mess,” Robert Draper, *Texas Monthly*. May 1996.

⁵ “Corrections veteran hired by prison operator,” Mike Ward. *Austin American-Statesman*, December 5, 2007.

⁶ “Fired TYC monitors had worked for facility’s operator,” Steve McGonigle, *Dallas Morning News*. Oct. 12, 2007.

⁷ “TYC official blasts GEO Group over Coke County facility conditions,” Doug J. Swanson, *Dallas Morning News*. October 5, 2007.

⁸ Texas State Senate Committee on Criminal Justice, 80th Session Interim Charges, available at <http://www.senate.state.tx.us/75r/senate/commit/c590/c590.htm>.

⁹ TDCJ does oversee drug treatment at one privately operated facility in Kyle because the facility uses the agency’s own rehabilitation and reentry programs.

¹⁰ “Emerging Issues on Privatized Prisons,” Bulletin NCJ 181249, James Austin & Garry Coventry, Bureau of Justice Assistance, U.S. Department of Justice. 2001, pg 57.

¹¹ Data reported in *The Corrections Yearbook* documents that turnover for prison guards was 41 percent for the private prison industry in 1998, compared with 15 percent for correctional officers in publicly run prisons. Turnover actually *increased* to 52 percent in private facilities in 2000, compared to 16 percent in publicly run prisons. <http://www.afscme.org/publications/2541.cfm>

¹² “Prison riot quelled in Mineral Wells,” Staff and Wire Reports, *San Antonio Express-News*. Aug. 29, 2005. “N. Texas prison disturbance quelled,” Associated Press. August 14, 2007.

¹³ According to records provided by TDCJ, two prisoners escaped from this facility over the last two years. Yet, media reports indicate that at least three prisoners escaped from this facility in that period. No other prison under state oversight had more than one prisoner escape during this period. “Inmate escapes from Mineral Wells,” Bill Miller, Ft. Worth Star Telegram. Aug. 25, 2006. “Prison escapees captured after 6 hours,” Staff Reports, WFAA. May 14, 2007.

¹⁴ Whitmire lobbies federal and local governmental entities for the firm Locke Liddell.

¹⁵ “Seven TYC workers fired after inmates found living in filth,” Doug J. Swanson and Steve McGonigle, *Dallas Morning News*. Oct. 3, 2007.

¹⁶ “Prison growth flat,” Mike Ward, *Austin American-Statesman*. Jan. 31, 2008.

Appendix:

The State of Texas' Private-Prison System

Private Company	Facility Name	Facility Type	Facility Ownership	Estimated Annual Cost To the State
CiviGenics	Bowie Co.	Leased Beds	Company	\$5,453,022
CiviGenics	Limestone Co.	Leased Beds	Company	\$5,611,093
CCA	B.M. Moore	Correctional Center	State	\$6,214,291
CCA	Diboll	Correctional Center	State	\$6,633,720
CCA	Bridgeport	Pre-Parole Transfer	State	\$2,774,550
CCA	Mineral Wells	Pre-Parole Transfer	Company	\$23,884,605
CCA	Bartlett	State Jail	State	\$11,738,892
CCA	Bradshaw	State Jail	State	\$16,606,134
CCA	Dawson	State Jail	State	\$23,177,553
CCA	Lindsey	State Jail	State	\$10,640,577
CCA	Willacy	State Jail	State	\$10,720,413
Cornell Companies	Houston	Halfway House	Company	\$6,648,326
Correctional Systems, Inc.	Beaumont	Halfway House	Company	\$2,962,799
GEO Group	Bridgeport	Correctional Center	Company	\$6,380,328
GEO Group	Cleveland	Correctional Center	State	\$6,908,578
GEO Group	Estes	Correctional Center	State	\$11,680,156
GEO Group	Lockhart	Correctional Center	State	\$11,191,250
GEO Group	Ft. Worth	Halfway House	Company	\$3,291,234
GEO Group	North Texas	Intermediate Sanction	Company	\$5,800,377
GEO Group	South Texas	Intermediate Sanction	State	\$4,511,183
GEO Group	Jefferson Co.	Leased Beds	Company	\$4,502,737
GEO Group	Newton Co.	Leased Beds	Company	\$10,046,892
MTC	Kyle	Correctional Center	State	\$6,084,077
MTC	East Texas	Intermediate Sanction	Company	\$3,672,778
MTC	West Texas	Intermediate Sanction	Company	\$3,112,063
SCS	Austin	Halfway House	Company	\$1,758,741
SCS	El Paso	Halfway House	Company	\$3,059,546
Wayback House	Dallas	Halfway House	Company	\$2,843,755
			TOTAL:	\$217,909,670

CCA = Corrections Corp. of America

MTC = Management & Training Corp.

SCS = Southern Corrections Systems