

Privatization Issues In The News



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Criminal investigation ongoing in private prison settlement

In the last issue of *Roll Call*, I wrote that the private prison operator GEO Group had settled with the State of Florida for payments the company was not entitled to (December 2006, "GEO Group Settles With State"). I reported that the Department of Management Services had accepted 10-cents-on-the-dollar for over \$4 million in overpayments to GEO Group.

Soon after the settlement terms hit the press (January 2007), **Senator Victor Crist** (R, Tampa), a very powerful criminal justice chair, openly requested for a criminal investigation by the Florida Department of Law Enforcement into the settlement. Crist told the *St. Petersburg Times* that "it just didn't rest well with me." Amen, brother!

On January 31, **Governor Charlie Crist** (not related to Senator Crist) sent a letter to **FDLE Commissioner Gerald M. Bailey** directing him to "conduct a preliminary investigation to determine whether any criminal violations have occurred regarding the overpayment settlement.

In recent conversations with FDLE, this investigation is still ongoing.

Corrections Corporation of America has yet to settle with DMS for its share of overpayments. I suspect they would be well advised to settle for better than 10-cents-on-the-dollar.

I'll keep you informed as details emerge on this issue. (See *Herald-Tribune* article, Jan 31, 2007 below.)

Private prisons vendors get more beds in spite of criminal investigation

This last legislative session, the private prison industry got two plums from legislative budget writers. This is in spite of an ongoing criminal investigation into overpayments to the vendors.

One budget proviso calls for 384 new expansion beds at a current private prison. What is very handy wordsmithing for the vendors was the requirement that the Department of Management Services had to negotiate only with the current vendors for the beds. The current vendors want to be able to control the system. If they let another vendor bid on the beds, the new vendor might actually save the state money. That's what competition is all about, right?

Another gift to the vendors was proviso language for three 432-bed "work camps" for the Department of Corrections (DOC). Each of these camps will cost about \$9 million each to build according to DOC estimates. There is still some question on whether the privateers will be running the facilities also.

A number of newspapers have expressed outrage over this situation (see *St. Pete Times*, May 4, 2007).

While this appears to be bad news for public safety, CCA and GEO did not get all the beds they had tried to get. ■

Webpage

The Private Corrections Institute maintains an excellent webpage on the for-profit private prison industry. You can get recent news, lawsuits, reports, and links to other sites. Our "Hall of Shame" is a hit among activists.

The link is:

www.PrivateCI.org

Get aboard the PCI-Watch

If you are serious about fighting the for-profit private prison industry, then you need to sign-up for the PCI's Watch — the electronic private prison news service. Just send your request to kenk@PrivateCI.org and ask to be put on the list. Please be aware — this is not for the faint-at-heart. Sometimes there is a lot of reading but it is well worth it.



Herald-Tribune

Crist orders investigation of prison contract settlement

Jan 31, 2007
BY BILL KACZOR
ASSOCIATED PRESS WRITER

Gov. Charlie Crist ordered the Florida Department of Law Enforcement on Wednesday to conduct a preliminary investigation into more than \$4.5 million in alleged overpayments to two companies that operate private prisons for the state.

The contracts with GEO Group of Boca Raton and Nashville, Tenn.-based Corrections Corporation of America were signed by the now-defunct Correctional Privatization Commission.

Crist sent a letter to FDLE Commissioner Gerald M. Bailey directing him to "conduct a preliminary investigation to determine whether any criminal violations have occurred."

The Department of Management Services, which inherited the contracts, recently reached a \$402,501 settlement with GEO but is still negotiating with CCA.

Management Services Secretary Linda South, in a statement Friday, blamed the excessive payments on concessions the commission had included in the contracts. The commission was abolished by the Legislature in 2004.

Florida Chief Financial Officer Alex Sink said Wednesday that she asked her staff what went wrong and received the same answer.

"The contract was so poorly written and so poorly conceived that we were only able to verify \$400,000 in overpayments even though we know there were huge abuses through the auditing procedures," Sink said. "We had virtually no legal standing to go back and get back from the taxpayers the dollars that we deserved."

Audits concluded the state paid for vacant jobs and other questionable expenses.

Telephone messages left at the offices of the two companies after hours Wednesday were not immediately returned.

GEO runs the Moore Haven and Southbay correctional facilities and has a contract to run a new one at Graceville.

CCA operates correctional facilities in Lake City, Panama City and Quincy.

State Sen. Victor Crist, R-Tampa, who is not related to the Governor, last week urged FDLE to investigate the relationship between the commission and contractors.

St. Petersburg Times

A prison plan fit for lockup

By A TIMES EDITORIAL
Published May 4, 2007

Admittedly it gets harder each year for the Florida Legislature to do something so foolish that it deserves special censure. This qualifies: Lawmakers will allow only two companies to bid on a \$15-million to \$20-million prison construction project.

Odd if the state is trying to keep bids low through competition. But what makes this action remarkably foolish is that the two companies named are under criminal investigation for overcharging the state \$4.5-million for prison operations. It's like a bank asking famed bank robber Willie Sutton to bid on the security contract.

Just three months ago, Gov. Charlie Crist asked the Florida Department of Law Enforcement to investigate GEO Group and Corrections Corporation of America for "any criminal violations" related to state contracts. A state audit of the companies two years ago found a variety of irregularities in payments made to those two companies. They were paid millions for jobs that went vacant, for cost-of-living adjustments that were never passed on to employees and for maintenance that was never done.

GEO settled its dispute with the state for pennies on the dollar, reimbursing taxpayers for a little over \$400,000. No compromise has been reached with Corrections Corporation of America. State officials deserve some blame in those contracts because the now-defunct Correctional Privatization Commission was little more than a patsy for the private-prison industry.

Now the Legislature has muddled the situation more by adding the bid requirements to the overall \$84-million budget allocation for private-prison operations. And guess which lawmaker justified the contract wording: Sen. Victor Crist, R-Tampa. It was Sen. Crist who called for the criminal investigation in the first place. His excuse for limiting the bids: "It's cheaper."

Maybe so, if you don't count the millions of dollars the companies may have cheated the state out of in the past. But isn't this a credibility issue?

If the state blithely hands out bids to companies it is also investigating for their business practices, it is sending a message that goes something like this: Please rip us off. Actually, turning prison operations over to private companies is a bad idea in every way, and the sooner the state is out of it the better.

Gov. Crist should use his line-item veto to cut this expenditure out of the budget until other companies can be allowed to bid or the criminal investigation clears GEO and Corrections Corporation of America. Money that is needed to meet existing private-prison contracts can be added back into the budget during an upcoming legislative special session.

Sometimes cheap isn't good, or right.