

PRESS RELEASE

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New National Study of Corrections Corporation of America Warns Investors and Legislators of 'Risky Investment'

Report Explores Continuing Operational And Financial Problems; Questions CCA's Long-Term Viability As States Reassess Prison Policies

WASHINGTON, DC - Dec. 9, 2003 /Send2Press Newswire/ -- An analysis released today by Grassroots Leadership (www.grassrootsleadership.org) of the first two decades of Corrections Corporation of America (CCA), questions how the nation's largest private prison company can remain viable in the face of continuing operational problems and current national corrections trends modifying lengthy prison terms. As states struggle through their third consecutive year of fiscal gloom with a cumulative \$200 billion in revenue shortfalls, and lawmakers in 25 states implement smarter, shorter and less costly sentencing and correctional reforms, the report draws into question how CCA can possibly keep its cellblocks full.

The 81-page study, commissioned by North Carolina-based Grassroots Leadership, takes an in-depth look at the scandals, deficiencies, and overstatement of performance in more than a dozen states (including Florida, Texas, Tennessee, and Arizona) and the District of Columbia where CCA operates. The report portrays CCA as a company whose business model is out of step with current national trends in corrections and issues a warning to investors and legislators, emphasizing that the company's performance record is poor and that it is still financially unstable.

"The trend among states to shorten sentences to reduce prison crowding and narrow budget gaps is good public policy, but it makes CCA a risky investment," said Philip Mattera of The Corporate Research Project of Good Jobs First, who helped write the report for Grassroots Leadership. "Not only will CCA be unable to fill its beds, but the company has not improved operationally and is still mired by debt and controversy since going virtually bankrupt in the late 1990s."

According to a study released last month by Families Against Mandatory Minimums, 25 states are embracing "smart on crime" approaches, rolling back mandatory minimums laws, offering treatment instead of prison time for some drug offenders, and reinstating early release for parole. These findings suggest a major shift in political will away from lengthy prison terms for low-level offenders, which would seem to pose a challenge for CCA to keep its beds full.

The Grassroots Leadership report, entitled "Corrections Corporation of America: A Critical Look At Its First 20 Years," says CCA's record is an example of how the pursuit of profit stands in the way of carrying out a core public function such as corrections. Rather than fulfilling the company's original promise to raise standards in corrections, CCA has been marred by scandal and allegations of mismanagement, mistreatment of prisoners, poor training of employees and manipulation of public policy.

The report also says the public may not know the true extent of CCA's financial instability and organizational challenges and cites a

concerted and extensive public relations campaign launched by the company in response to mounting negative media attention.

"States should think twice before signing any new contracts with CCA," said co-author Mafruza Khan, also from Good Jobs First. "This report shows that CCA has not undergone any significant transformation since being racked by scandals at its prisons in the late 1990s. It is still involved in numerous controversies and lawsuits involving conditions in its facilities."

The study also notes hefty campaign contributions by CCA to legislators to drive policies to maintain and grow the prisoner population. The report reviews cases in which CCA appeared to use its contributions and ties with public officials and legislators to help it win new contracts and influence public policy.

Also documented are CCA's attempts to expand overseas and the controversies that surrounded its joint venture operations in the U.K and Australia.

"Within 20 years CCA went from having global aspirations to disposing of its relatively meager international operations," said Stephen Nathan, an independent journalist and researcher who also co-authored the report.

The full report and an expanded version of this release is available online at <http://www.grassrootsleadership.org>.

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[source of news = Grassroots Leadership]
ref: http://www.send2press.com/2archive/2003/pr_03_1209-grassroots.txt

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