

Group calls for “hold” on private prison sale

WESTERVILLE – A group calling for a moratorium on the sale of five prisons says there are too many unanswered questions with respect to the cost models, the Request for Proposal and budget language to move forward with the plan.

At a recent press conference, Rep. Matt Lundy called the sale a “yard sale” that would be “the Deal of the Century” for private prison companies but a “raw deal” for Ohio taxpayers.

“This yard sale is a budget buster that puts Ohio taxpayers on the hook for more money and more risk than has been estimated,” said Lundy. “Not only has the savings been miscalculated, but a closer look at the RFP reveals that the state will be doling out millions of dollars in training, IT services, medical costs and now an Administrative Operating Fee to the private companies.”

In particular, Lundy said changes to the House Substitute Budget Bill makes this about what he called “profitization,” not privatization and that this is a “sweetheart deal” for the private prisons. “Not only will private contractors be sold the prisons for pennies on the dollar, now it appears private prison vendors will be exempt from a number of taxes, including sales tax and tax on gross receipts, also known as the Commercial Activity Tax,” he said.

In addition, Lundy said the \$200 million price tag for the five prisons included adjacent land and equipment that was never adequately appraised and that, in effect, is being given away.

Zach Schiller, Research Director for Policy Matters Ohio, raised questions about whether or not the state has shown that the private prisons currently operating in Ohio have shown a savings. By state law, private prison vendors must show a 5 percent savings over comparable state prisons.

A study conducted by for Policy Matters by researcher Bob Paynter concluded that Ohio had “fallen well short” of proving that the two private prisons operating in Ohio met that legal requirement.

Jay McDonald, President of the Fraternal Order of Police of Ohio, expressed concern over the repercussions for local law enforcement, since jurisdiction for the prisons appears to shift from the Ohio State Highway Patrol to local law enforcement. “At a time when local governments are taking hits in their budgets, our local law enforcement does not have the resources to deal with this increase in demand. We can barely keep up with demand in our local communities now, much less have responsibility for investigating riots, assaults and all the other crimes inside these prisons.”

OCSEA represents approximately 34,000 state employees who work in a wide range of security, regulatory, administrative, direct care, maintenance, customer service and other positions, including 10,000 who work in the state prison system. For more information, contact Sally Meckling, 614-865-2602 or 614-404-3881 (cell).