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Alabama Weighs Covid Aid for Prisons After Wall Street's Rebuff.

- **Earlier state effort to borrow from Wall Street fell apart**
- **State was sued by Justice Dept. in 2020 over prison conditions**

Alabama asked the U.S. Treasury Department whether Covid-19 relief aid can be used to fund correctional system projects, months after the state was unable to tap Wall Street for financing to build two new prisons.

The Alabama Department of Corrections asked Treasury to allow certain prison infrastructure projects as an eligible use of federal aid, according to a July 15 dated letter to the Treasury. The letter sent by Commissioner Jefferson S. Dunn was sent as part of a comment period on federal rules guiding how to spend the $350 billion American Rescue Plan aid that states and municipalities are receiving.

The request to the Treasury department comes months after the state attempted to borrow from the capital markets to raise funds for two new prisons to be owned by CoreCivic Inc. and leased to the state corrections department. The financing drew sharp rebuke from investors and activists and ultimately fell apart after Barclays Plc, the original underwriter, backed out.

It's unclear whether the state wants to use its federal aid to fund those new prisons. Spokespeople at Governor Kay Ivey's office and the corrections department did not respond to requests for comment.

After a multi-year investigation, the Alabama Department of Corrections and the state were sued by the Department of Justice in December for failing to protect male prisoners from violence and unsanitary conditions. Ivey, the architect of the CoreCivic partnership, said the new facilities would help the state improve its prison system.

The state is receiving $2.1 billion of aid as part of the Treasury's Coronavirus State and Local Fiscal Recovery Funds, meant to help state and local governments fight the pandemic and foster economic recovery. The Treasury's guidelines on how the money can be used is broad, allowing governments to fund everything from stimulus checks to water and sewer infrastructure projects.

The federal guidelines also emphasize using the money to promote equity and targeting the aid to underserved populations. The Alabama Department of Corrections letter said its prison population was disproportionately impacted by the pandemic, saying that Covid-19 stalled things like educational programs.

The state said that allowing certain infrastructure projects to be funded through federal aid would help it respond to the disproportional impact of the pandemic on correctional systems and people who are incarcerated.

After the original financing fell apart, lawmakers floated other options including selling bonds for new facilities that would be owned by the state and using federal stimulus funds to help finance the

project, according to AL.com.

“From ADOC’s perspective, any ambiguity associated with the Interim Rule should be clarified and additional guidance provided for correctional systems and incarcerated populations to ensure ADOC realizes the benefit and full use of State Fiscal Recovery Funds,” the state said in the letter.

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By Amanda Albright and Danielle Moran

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