

BACKGROUND BRIEF • APRIL 19, 2011

Prison Privatization

In states across the country, private prisons have been plagued with a multitude of problems – major riots have exploded, inmates have died, and civil rights have been routinely violated. Private prisons have an economic motive to cut costs in every area of operations, resulting in lower quality staff, higher employee turnover, and degrading prison conditions. These dismal conditions directly contribute to the decreased security and higher incidence of violence found at privatized prisons. As prison quality greatly suffers, there is little evidence that these private prisons save governments money. In this backgrounder brief, we discuss findings from research in this area, share experiences of states that have privatized prisons, and profile a few of the major for-profit private prison operator.

AT A GLANCE

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What Research Shows

No Cost Savings

Studies showing cost savings from prison privatization have been shown to be flawed methodologically. In 1996, the GAO reviewed major studies related to costs and private prisons.¹ They found that cost savings from private prisons was inconclusive. Many of the studies failed to account for differences in public and private prisons in their cost

¹ US General Accounting Office, Private and Public Prisons: Studies Comparing Operational Costs and/or Quality of Services (August 2009), available at www.gao.gov/archive/1996/gg96158.pdf.

comparisons. Private prison companies are commonly able to “cherry pick” which types of inmates their facilities will house. For example, private prisons are not likely to house maximum security, death row, or female inmates, or inmates that have serious medical or mental health conditions, all of which are more expensive to incarcerate. These types of inmates are typically housed in public prisons. Cost evaluations of public versus private prisons have failed to take into consideration these fundamental differences between facilities, preventing an “apples to apples” comparison.² Even with these methodological flaws, state audits and other investigations have found publicly-run prisons to be cheaper than private prisons. See the example from Arizona below.

Low Staff Quality and High Turnover

Staffing costs account for approximately 80% of prison operational expenses³. To increase profit margins and reduce costs, private companies often cut staffing expenses. This includes reducing wages and benefits, staffing prisons with fewer employees, and providing less training.⁴ A 2004 article in the *Federal Probation Journal* compared private and public sector prisons on a variety of variables. The authors concluded that, on average, private sector correctional officers undergo 174 hours of pre-service training. Public sector officers are required undergo 232 hours of pre-service training,⁵ 58 hours more than their private sector counterparts. As a result of reduced wages and benefits and the lack of training, employee turnover is high at private prisons. In 2000, the private prisons industry reported that turnover was 53% at private prisons, compared to 16% at public prisons.⁶

Increased Violence, Escapes, and Recidivism

The low quality of private prisons staff described above also contributes to increased violence in these prisons. The Bureau of Justice Assistance reported that private prisons experienced 49% more assaults on staff and 65% more inmate-to-inmate assaults than public prisons.⁷ This finding was echoed in the 2004 *Federal Probation Journal* article, which found that private prisons had more than twice as many inmate-on-inmate altercations than public prisons.⁸ A report by the Bureau of Prisons also found that private prisons had fewer correctional officers, much higher rates of officer turnover, more escapes and drug use than public facilities.⁹ Several studies have also shown that private prisons have higher rates of inmate recidivism.¹⁰

² Private Corrections Institute, Quick Facts about Prison Privatization (2009)

³ Ibid.

⁴ Private Corrections Institute, Quick Facts about Prison Privatization (2009)

⁵ Curtis R. Blakely and Vic W. Bompus, *Private and Public Sector Prisons: A Comparison of Selected Characteristics* 68 Fed. Probation 27, 29 (2004), available at <http://www.uscourts.gov/viewer.aspx?doc=/uscourts/FederalCourts/PPS/Fedprob/2004-06/index.html>

⁶ Private Corrections Institute, Quick Facts about Prison Privatization (2009)

⁷ Grassroots Leadership, Considering a Private Jail, Prison, or Detention Center?, *High Turnover and Unique Security Problems Created by Private Prisons* (2009)

⁸ Curtis R. Blakely and Vic W. Bompus, *Private and Public Sector Prisons: A Comparison of Selected Characteristics* 68 Fed. Probation 27, 29 (2004), available at <http://www.uscourts.gov/viewer.aspx?doc=/uscourts/FederalCourts/PPS/Fedprob/2004-06/index.html>

⁹ Grassroots Leadership, Considering a Private Jail, Prison, or Detention Center?, *High Turnover and Unique Security Problems Created by Private Prisons* (2009)

¹⁰ Private Corrections Institute, Quick Facts about Prison Privatization (2009)

Building new private prisons is bad for the community

Companies, hoping to build new prisons in rural towns, tout newly built prisons' ability to provide economic benefits and new jobs to the community. For years, private companies have propagated a link between new private prisons and economic prosperity for the community. However, in 2004, researchers examined this link and concluded that private prisons have not been an engine behind economic growth in metropolitan or rural counties.¹¹ In fact, new prisons have actually harmed economic growth in more depressed rural areas, the very places that private prisons companies often target.

Contract incentives work against corrections policy goals

In many prison privatization contracts, the private prison company is paid on a per diem basis, which stipulates how much the company receives per inmate per day. The private prison industry has been heavily involved in lobbying policymakers for stricter sentencing laws, to ensure that their facilities operate at capacity. The greater number of "heads in beds" at privately-run prisons directly translates into greater revenue for the for-profit private operator. In their drive to maximize profits, these companies have been able to significantly influence important public policy decisions and those who work in the criminal justice sector with intense lobbying and large political contributions. Between 2000 and 2004, private prison companies, along with companies that provide prison services gave a total of \$3.3 million in 44 states. \$2.1 million of this total was concentrated in 22 states that have "three-strikes" laws and other harsh criminal laws on their books.¹² For additional information about private prison companies' political contributions related to prison privatization and their influence on sentencing laws, see the following report, *Policy Lock-Down*, by the Institute on Money in State Politics: <http://www.followthemoney.org/press/Reports/200605021.pdf>

What Experience Shows

Arizona

At the end of 2010, Arizona's Office of the Auditor General performed an audit of the state's prison system. The report analyzed 2009 data and found that a medium-security inmate costs \$55.89 per day in a private prison, compared to \$48.13 per day in a public facility.¹³ Private prisons were also more expensive than public facilities to house minimum-security inmates.¹⁴ The state is examining their use of private prisons after a high-profile escape incident, in which two prisoners escaped from the private for-profit Kingman facility in the summer of 2010 and killed a couple in Oklahoma during their escape. In the state's investigation of the incident, they found security deficiencies in the Kingman prison and all other in-state private prison facilities.¹⁵

¹¹ Grassroots Leadership, *Considering a Private Jail, Prison, or Detention Center?*, *The Prison Industry: Carceral Expansion and Employment in U.S. Counties, 1969-1994* (2009)

¹² Institute on Money in State Politics, *Policy Lock-Down* (2006), available at <http://www.followthemoney.org/press/Reports/200605021.pdf>

¹³ Arizona Office of the Auditor General, *Audit*, http://www.azauditor.gov/Reports/State_Agencies/Agencies/Corrections_Department_of/Performance/10-08/10-08.pdf

¹⁴ *Ibid.*

¹⁵ Arizona Dept. of Corrections, *Mohave Board of Supervisors* (September 2010), available at www.azcorrections.gov/adc/news/2010/MohaveInvestigation_092010.pdf

Florida

Although Florida law requires prison privatization to result in a 7% cost savings, a recent analyses of the state's private prisons by the Florida Center for Fiscal and Economic Policy found that there was no compelling evidence that any cost savings have actually occurred.¹⁶ A December 2008 state audit substantiates this claim.¹⁷ The audit also notes that contracts with private prison operators failed to require performance standards related to programs designed to reduce recidivism, such as GED, treatment, and other vocational programs. Publicly-run prisons in Florida are required to meet specific performance standards for these inmate programs.¹⁸

Ohio

In 2001, Ohio Policy Matters examined the state's prison privatization practices and found that the state sent "less expensive inmates to [private facilities], artificially inflating reported costs savings."¹⁹ Specifically, the Ohio Department of Rehabilitation and Corrections placed inmates with no medical or disciplinary problems in private prisons, allowing private prison companies to "cherry pick" the inmates that were less expensive to house. Additionally, a recent examination of Ohio's prisons found that the state's private facilities provided fewer rehabilitation and training programs than state-run prisons.²⁰

Ohio is also home to the Northeast Ohio Correction Center in Youngstown, a private federal prison that has experienced massive outbreaks of violence. By the time the facility had been in operation for little more than a year, there had been 13 stabbings, 2 murders, and 6 escaped inmates. An investigation revealed that the for-profit private prison operator, CCA, had inadequately trained their staff and improperly admitted maximum-security inmates at the medium-security facility.²¹ The *Cleveland Plain Dealer* estimated that 60-70% of prison guards had no previous experience in the corrections industry.²² The Department of Justice's investigation found that even CCA employees in supervisory and senior positions lacked the training and experience needed to adequately run the prison.²³ In March 1998, Youngstown filed a lawsuit against CCA on behalf of all the prisoners alleging that inmates were put at risk by being housed with maximum-security inmates in a prison designed for medium-security prisoners. There was a \$1.5 million settlement between CCA and the inmates housed in the facility and the court ordered the removal of 113 maximum-security inmates.²⁴

¹⁶ Florida Center for Fiscal and Economic Policy, *Are Florida's Private Prisons Keeping Their Promise?* (2010), available at www.fcfeep.org/attachments/20100409--Private%20Prisons

¹⁷ Florida Office of Program Policy Analyses and Government Accountability, Report 08-71, www.opppaga.state.fl.us/reports/pdf/0871rpt.pdf

¹⁸ Florida Office of Program Policy Analyses and Government Accountability, Report 08-71, www.opppaga.state.fl.us/reports/pdf/0871rpt.pdf

¹⁹ <http://inthepublicinterest.org/article/selective-celling-inmate-population-ohio%E2%80%99s-private-prisons>

²⁰ ACLU of Ohio, *Prisons For Profit* (2011), available at: http://www.acluohio.org/issues/CriminalJustice/PrisonsForProfit2011_04.pdf

²¹ Innovation Ohio, *Private Prisons: Unanswered Questions* (2011), available at <http://innovationohio.org/wp-content/uploads/2011/03/Private-Prisons-Unanswered-Questions.pdf>

²² *Ibid.*

²³ *Ibid.*

²⁴ Sentencing Project, *Prison Privatization and the Use of Incarceration*, available at www.sentencingproject.org/doc/.../inc_prisonprivatization.pdf

Texas

Some of the most horrific incidents involving private prisons have occurred in Texas. There have been numerous documented problems related to inadequate and poor staff training, employment standards, protection of inmates, and prison conditions. In 2008, the lowest-paid public prison guards made almost \$2,000 more annually than the highest-paid private prisons guard.²⁵ That same year, the Texas Senate Criminal Justice Committee reported a 90% turnover rate at the state's private prisons, and only a 24% turnover rate at their public prisons.²⁶ This failure of private prison operators to invest in quality staff and ongoing training has led to numerous incidents of violence within Texas private prisons. For summaries of many of the most recent violent incidents, please see Grassroots Leadership's listing at:

<http://www.texasprisonbidness.org/about-private-prisons/problems-and-scandals-texas-private-prisons-2006-present>

Pennsylvania

In February 2009, two Pennsylvania judges pled guilty to accepting \$2.6 million in kickbacks to send teenagers to two private juvenile detention centers.²⁷ In a scheme stretching over six years, the judges closed a public detention center, secured contracts for the involved private prison companies, and then were paid by those companies to send thousands of teenagers to the private centers on minor or questionable charges to ensure the facilities operated at full capacity.

Major Private Prison Companies

Below are brief profiles of two of the largest for-profit private prison operators.

Corrections Corporation of America (CCA)

CCA is the largest private prison company and operates more than 60 prison facilities around the country. CCA leads the privatized corrections industry with the highest market share, managing more than 50% of all privatized prison beds. Between 2000 and 2004, political contributions from CCA and its lobbyists totaled \$1.13 million period, and spanned 36 states.²⁸ CCA-run facilities have been the site of numerous riots, escapes, and scandals. The following report from Good Jobs First details many problems at CCA facilities around the country:

<http://www.goodjobsfirst.org/sites/default/files/docs/pdf/CCA%20Anniversary%20Report.pdf>

GEO Group

GEO Group is the second largest private prison company and was formerly a unit of Wackenhut Corp., known as Wackenhut Securities. The company operates almost 60 facilities around the

²⁵ Grassroots Leadership, *Considering a Private Jail, Prison, or Detention Center?*, *High Turnover and Unique Security Problems Created by Private Prisons* (2009)

²⁶ Grassroots Leadership, *Considering a Private Jail, Prison, or Detention Center?*, *High Turnover and Unique Security Problems Created by Private Prisons* (2009)

²⁷ <http://inthepublicinterest.org/case/pennsylvania-kids-cash-conspiracy>

²⁸ Institute on Money in State Politics, *Policy Lock-Down* (2006), available at <http://www.followthemoney.org/press/Reports/200605021.pdf>

country. In August 2010, GEO Group merged with Cornell Companies, another large private prison company. From 2000-2004, GEO Group and its lobbyists' political contributions totaled \$800,261 and spanned 19 states. During this same period, Cornell Companies gave political contributions of \$184,983 in 19 states.²⁹ GEO group has been involved in numerous lawsuits involving inmates who have died in their facilities due to dangerous prison conditions, high levels of violence, negligence, and abuse. This following report by CorpWatch documents many of these tragic incidents: <http://www.corpwatch.org/article.php?id=15308>

Other private prison companies include Community Corrections Corp. (also does business under the name Community Education Centers, Inc.), CiviGenics, and Management and Training Corp. (MTC).

²⁹ Institute on Money in State Politics, Policy Lock-Down (2006), available at <http://www.followthemoney.org/press/Reports/200605021.pdf>