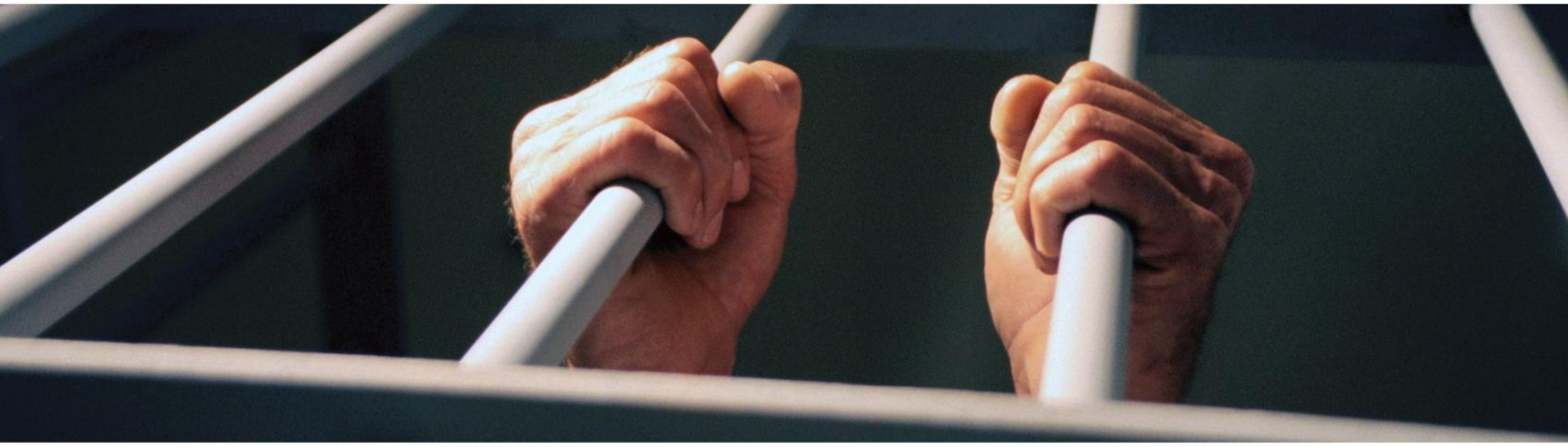
White Paper

The Economics of Private Detention: False Promises, Hidden Costs



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This white paper is a joint project of the Adler School of Professional Psychology Institute on Public Safety and Social Justice, and the Illinois Coalition for Immigrant and Refugee Rights.

The Adler School Institute on Public Safety and Social Justice (IPSSJ) is dedicated to providing socially just solutions to public safety challenges. Through creative collaboration with community groups, peer institutions, and systems partners to address public safety challenges, the IPSSJ and its partners devise empirically sound methods beyond mere suppression to create environments enabling a more lasting and meaningful sense of peace and wellness can prevail. IPSSJ believes that through collaboration, human potential and community wellness can be enhanced, and urban safety outcomes can be improved.

The Illinois Coalition for Immigrant and Refugee Rights (ICIRR) is dedicated to promoting the rights of immigrants and refugees to full and equal participation in the civic, cultural, social, and political life of our diverse society. In partnership with member organizations, the Coalition educates and organizes immigrant and refugee communities to assert their rights; promotes citizenship and civic participation; monitors, analyzes, and advocates on immigrant-related issues; and, informs the general public about the contributions of immigrants and refugees.

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Introduction

States and localities that are struggling with budget constraints may be tempted to consider turning over their jail and prison operations to private corporations. Several states have embraced private prisons on a large scale during the past several decades, believing that privatization will save taxpayer dollars, create jobs, and encourage local economic development.

In fact, private prisons are costly to operate, and create few of the economic benefits that its proponents claim. Privatization imposes its own costs on states and localities, including burdens on property values, public safety, and other resources. In addition, private prisons are prone to substandard conditions and abuse that generate their own costs.

Phantom Savings

Private prison operators claim that taxpayers save when they, and not government bodies, are running facilities. States and local communities, however, are realizing that such savings are at best minimal. A 2009 study by the University of Utah showed that "prison privatization provides neither a clear advantage nor disadvantage compared to publicly managed prisons." The Auditor General of Arizona stated in 2010 that it may cost more to incarcerate individuals in for-profit prisons than in public facilities—even factoring in the fact that private prisons often do not take inmates with serious medical conditions or other cost factors. Other states, including Louisiana and Florida, are facing cost-related resistance as they seek to expand use of private prisons or even sell existing facilities to private companies.

Pennywise, Pound-Foolish

Private prisons generally try to increase profits by controlling costs--in particular labor costs, which generally make up two-thirds of operational expenses. Private operators hold down salaries, benefits, and training. The average private prison employee receives 58 fewer hours of training than the average public prison worker. This scanting on personnel costs leads to higher turnover and lower levels of experience among staff, leading to many documented instances of brutality against detainees, drug smuggling by guards, sexual assault and coercion, and other abuse. In one extreme instance, a Corrections Corporation of America (CCA) facility in Idaho is accused of running a "gladiator school" among its inmates. CCA has faced multiple lawsuits over mistreatment of detainees at several immigration facilities in Texas.

Private facilities also have a horrible track record regarding medical care. Private operators skimp on medical treatment, often failing to respond to conditions including cancer and heart problems that prove fatal when not addressed. Immigration facilities run by CCA in Arizona, New Jersey, and Colorado have all seen detainees die as a result of inadequate medical care.

Stunted Development

Private prison operators sell their facilities to communities with promises of increased economic development and new jobs. Further scrutiny has disproven these claims. One 2010 review of the impact of prisons on local communities from 1976 to 2004 asserts that "prisons have not and are not likely to make a positive contribution to local employment growth." Another 2010 report reviewing all prisons built in the US since 1960 questioned the benefits of prison construction in rural communities. Yet another study of prison development in upstate New

York showed that while new prisons created those jobs, few local residents qualified for those jobs.

Local communities that rely on the promise of prison development often end up worse off. Most dramatically, Littlefield, Texas, was forced to raise taxes and slash services to make up a $9 million budget hole left when the GEO Group, another private corrections company, closed its prison there. Communities often offer incentives such as property tax exemptions, subsidies, and municipal services such as water and road maintenance that burden local taxpayers.

Who Really Benefits

CCA and GEO combined for $3 billion in revenue and $215 million in profit in 2010. Their chief executive officer of each company received more than $3 million in compensation that year.

Private prison companies use their influence to lobby for further private prison deals; CCA alone has spent $18 million on federal lobbying alone from 1999 to 2009. These companies have also spent more than $6 million on state level campaign contributions and $835,500 in federal contributions since 2000.

These companies have also driven policy developments that fill their jails. CCA had been heavily linked to the American Legislative Exchange Council (ALEC), which has developed templates for tougher immigration and criminal sentencing laws (including Arizona's SB 1070) that feed the need for more detention space. Recently, CCA made an offer to 48 states to purchase state-owned prisons and jails, offering cash in exchange for mandatory occupancy rates of 90%.

Conclusion

Prison privatization makes no sense economically. Private prisons offer no cost savings while creating additional expenses that arise from poor wages, training, and detainee care. Prison development also undercuts local economies, creating few jobs that local residents can take while sapping municipal tax coffers and resources. The only parties who benefit are the private prison operators themselves, who bank large profits and executive compensation on the backs of taxpayers and vulnerable communities.

Sources

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