

# Private Corrections Institute, Inc.

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## QUICK FACTS ABOUT PRISON PRIVATIZATION

The private prison industry has a sordid past, dating from the turn of the 20th century when inmates were handed over to private businesses under the “convict lease” system, primarily in the South. Abuses by private prison companies that used inmates for forced labor, including a high rate of prisoner deaths, led government agencies to abandon the concept of for-profit incarceration.

The industry revived in the early 1980s due largely to tough-on-crime sentencing laws and the war on drugs, which resulted in an increase in the prison population. A number of companies were formed to capitalize on the developing market for housing inmates, including the industry leader, Corrections Corp. of America (CCA), the industry’s second-largest firm, GEO Group (previously known as Wackenhut Corrections), and Cornell Corrections, MTC, Civigenics and various other smaller companies. The industry expanded in the 1990s due to a crackdown on illegal immigration but has leveled off in more recent years.

Today, approximately 8% of state and federal prisoners are held in privately-operated facilities, totaling over 126,000 inmates. Government agencies contract with private prison companies for several reasons, primarily anticipated cost savings and a need for additional bed space. However, there are a number of negative factors related to private prisons that should be considered, including the following:

### **Staff Turnover Rate**

Staffing costs account for about 80% of operational expenses for prisons whether they are public or private. Thus, one of the main ways that private prison companies reduce costs to increase their profit margins is by cutting staffing expenses. This is typically done by staffing private prisons with fewer employees than in the public sector, paying lower wages, offering fewer or less costly benefits, providing less training and leaving unfilled positions vacant for extended periods of time. Due to these factors, privatized prisons tend to have much higher staff turnover rates. According to the last self-reported industry statistics from 2000, the average private prison turnover rate was 53% while the public prison turnover rate was 16%. The FY 2008 turnover rate at seven state-contracted private prisons in Texas was 90% (60% at privately-run state jails), compared with a 24% turnover rate at public prisons. Higher turnover rates lead to understaffing and less experienced staff in private prisons, which has resulted in riots, hostage situations, assaults, sexual abuse and escapes.

### **Higher Rates of Violence**

Several studies have shown that privately-operated prisons experience higher rates of inmate violence, including a 2004 article in the Federal Probation Journal that found private prisons had more than twice as many inmate-on-inmate assaults than in public prisons, and a 2001 Bureau of Justice Assistance report that found private prisons had 50% more inmate-on-inmate assaults and almost 50% more inmate-on-staff assaults than in public prisons with comparable security levels.

## **Lack of Public Accountability**

Private prison firms are accountable to their shareholders, not the public, and add a layer of secrecy when citizens want to learn about problems or misconduct at privately-operated facilities. In 2008, CCA general counsel Gus Puryear admitted that CCA did not disclose detailed audit reports to contracting government agencies. In response to a question from U.S. Sen. Dianne Feinstein he stated, “we did not make customers aware of these documents.” A CCA whistleblower who worked in the company’s quality assurance office has accused CCA of keeping two sets of audit reports, and providing less detailed reports to government agencies (reported in *TIME*, March 13, 2008). Because private prison companies are private entities, they are not covered by the Freedom of Information Act (FOIA) or most state public records statutes.

## **Alleged Cost Savings**

Although private prison companies claim they can save government agencies up to 30%, only minimal savings if any have been documented. According to a comprehensive 1996 General Accounting Office (GAO) report that reviewed five private prison studies, cost savings resulting from prison privatization were inconclusive. It is difficult to obtain an “apples to apples” comparison of public and private facilities due to a number of factors. For example, public prison systems have higher costs because they house maximum security, death row and female prisoners, who are more expensive to incarcerate. Few private prisons house such inmates. Also, private prison companies have a record of “cherry picking” prisoners with few medical or mental health problems, which passes the costs associated with housing those inmates to the public prison system. Further, in some cases private prison companies have a cap on medical expenses they must pay for inmates, with medical costs above the cap paid by the public prison system. These factors, as well as other costs such as monitoring and oversight of private prisons by public corrections officials, make it hard to determine what costs savings, if any, are achieved through privatization.

## **Dubious Research**

The private prison industry relies on a number of allies and research studies to justify its claims of cost savings and proficiency; however, most of these sources have industry connections or vested financial interests. For example, the Reason Foundation, a strong proponent of prison privatization, has received funding from private prison firms. The American Correctional Association (ACA) receives sponsorship money from CCA, GEO Group and other private prison companies for its bi-annual conferences. Former University of Florida Prof. Charles Thomas conducted supposedly impartial research on the private prison industry until it was learned that he owned private prison stock, had been paid \$3 million for consulting for a private prison firm, and served on the board of Prison Realty Trust (a CCA spin-off). Thomas was fined \$20,000 by the Florida Commission on Ethics and stepped down from his University position.

## **Recidivism**

A 2003 study by the Florida Dept. of Corrections, Florida State University and Correctional Privatization Commission found that in “only one of thirty-six comparisons was there evidence that private prisons were more effective than public prisons in terms of reducing recidivism.” A research study published in *Crime and Delinquency* (2008), which tracked over 23,000 prison releasees, found that “private prison inmates had a greater hazard of recidivism in all eight models tested, six of which were statistically significant.”