Setting the Record Straight
A Response to PCDI’s October Newsletter

When people really want something—be they citizens, board members, department heads, superintendents, congressmen, senators, or presidents—they tend to underestimate the costs and exaggerate the benefits, and then get really, really mad at anyone who insists on working out the details.

—Martha Quillen 1

A “special edition” of the Prowers County Development, Inc. (PCDI) newsletter, dated October 2004, claims to “answer questions raised about the building of a prison within Prowers County.” In actuality, the PCDI newsletter is riddled with misinformation, misleading quotes, and shoddy research—showing once again that the prison committee is trying to stifle public dialogue.

It is important to realize that just about any new business project will have some benefits (in the form of a few low-paying, low-quality jobs, if nothing else). The Private Corrections Institute (PCI) does not question that a private prison would bring some jobs to Prowers County. An intelligent dialogue with public officials would include questions like: are they good jobs, what are the total costs of the prison, and do the benefits exceed the costs? Unfortunately, the prison committee, Lamar City Council, and PCDI have fervently suppressed any discussion of the costs and benefits, preferring instead to focus (with a zealously which should concern any level-headed citizen) only on the supposed benefits. In early 2003, members of the prison committee called local officials in all of eastern Colorado’s prison towns and asked what the towns’ experiences had been. Some of the interviewees said good things, some said bad things. The prison committee never mentioned the negative information obtained in the interviews. 2

Instead of telling Prowers County residents the whole picture, the prison committee has stifled discussion of potential problems. The private prison issue is what the U.S. Supreme Court has termed a “matter of legitimate public concern.” In 1968, Supreme Court Justice Thurgood Marshall wrote that matters of legitimate public concern are questions “on which the judgment of the [government], cannot, in a society that leaves such questions to popular vote, be taken as conclusive. On such a question free and open debate is vital to informed decision-making by the electorate” (emphasis added). 3 The prison committee, city council, and PCDI have repeatedly said they are not trying to stifle discourse—a claim which is hard to take seriously given the fact that repeated requests for a public debate have been ignored, substantive answers to serious concerns have not been provided, and the City Council has filed a harassing lawsuit to intimidate local citizens who tried to put the issue to a vote. The misinformation contained in PCDI’s October newsletter is just another salvo in the propaganda campaign waged by prison supporters. The rest of this document consists of quotations from PCDI’s newsletter, followed by more accurate information which shows the campaign of misinformation that prison supporters are waging on local residents.

1 Martha Quillen, “A Letter from the Editors: Slip-Sliding Along” Colorado Central, n. 109 (March 2003), 27.
2 Notes from these interviews, along with many other documents related to the prison committee, were obtained by a PCI representative on January 14, 2004, in response to a Colorado Open Records Act request submitted to the City of Lamar on January 9.
**Misleading Statement 1**

April 2003 to Present – 25 separate meetings were held, all open to the public. Two were held at the Community Bldg. In accordance with regulations, three public zoning meetings and two readings at City Council were held with appropriate public notice given. No community members attended and no objections were registered at the meetings.

**The Full Story**

What does PCDI mean by “no objections were registered at the meetings”? Their statement makes it sound like no one made any objections at twenty-five separate meetings. The prison committee’s own minutes prove this assertion to be false, noting concerns and objections by community members. During the nine months from April to November 2003 alone, the following concerns were noted in prison committee minutes:

- **April 4, 2003** – a Prowers County resident expressed concern about a prison’s impact on schools and how much the local taxpayers would have to pay for infrastructure improvements.
- **April 9, 2003** – a committee member noted that when the prison was built in Sterling, “people were very disappointed because [construction] materials were brought out of Denver,” thus minimizing sales tax revenue during the construction phase.
- **May 7, 2003** – a visitor spoke extensively about problems with private prisons in general, including staff turnover and poor staff training.
- **May 28, 2003** – several local residents voiced concerns on topics including potential tax breaks or concessions for the operator, increased burden on social services, water use, and other potential problems with utilities.
- **June 20, 2003** – a local citizen mentioned evidence that suggests prisons do not economically benefit rural host communities; another resident expressed concerns about the process moving too fast without public input.
- **July 16, 2003** – local residents expressed concerns about the proposed location and said the committee was focused on increasing tax revenue at the expense of quality of life in Lamar.
- **July 30, 2003** – concerns were raised regarding the impact of a prison on utility infrastructure, growing public opposition to the prison, and specific sites. The minutes state that Jeff Anderson responded to some concerns by saying “this is a committee of citizens. We want to do the right thing for the City and for the County”—nice-sounding rhetoric which has not been backed up by corresponding actions.
- **August 13, 2003** – a local citizen presented a list of people opposed to the prison and related a conversation he had with a school principal who had heard of prisons having negative impacts on local schools. The minutes state “he felt the quality of life is sometimes more important than other things and asked if the prison is the best we can do?”

In addition, several objections were raised (and not directly answered) by audience members at the public meeting held on September 23, 2003; not to mention numerous anti-prison letters to the editor which have been published in the *Lamar Daily News*.

In conclusion, plenty of people from Prowers County have repeatedly expressed concerns and reservations at numerous different meetings. For the prison committee or PCDI to pretend...
otherwise is simply dishonest.

**Misleading Statement 2**

During October 2003, 524 signatures were collected on a petition stating that these residents favored having a correctional facility

**The Full Story**

PCDI fails to mention that one local resident single-handedly collected 476 signatures on a petition against the prison.

- The petition against the prison was presented to the board of county commissioners who said (correctly) there was no legal mechanism for citizens to petition a county-wide initiative onto the ballot.
- Unfortunately, nearly a year earlier City Administrator Jeff Anderson had given a local resident incorrect information about putting the issue on the ballot. At the prison committee meeting of June 20, 2003, a citizen asked how to put the question on the ballot. Committee minutes state “Jeff said contact the County Clerk and find out time frames and number of signatures required.” As a professional local government administrator, Mr. Anderson should have known that there is no way to initiate a county-wide ballot measure since the Colorado Supreme Court had clarified this point just three years earlier.
- When local citizens did organize to petition the question onto the ballot, the Lamar City Council sued the proponents, raising several legal theories of dubious legitimacy. In what appears to be a desperate attempt to deflect negative publicity, Lamar City Council member Beverly Haggard stated “We’re not suing anyone. We just have a difference of opinion and we are seeking an opinion from a neutral, third party.” If this is indeed an accurate report of what Ms. Haggard said, she must be shockingly ignorant of the legal process. The City of Lamar sued Concerned Citizens of Lamar (CCL) and the three individual residents who were trying to exercise their right to initiate a city charter amendment (a right guaranteed by the Colorado Constitution). The defendants are responsible for paying their own legal costs, and the city even had the audacity to ask the court to order the defendants to pay for the city’s legal costs.

**Misleading Statement 3**

The PCDI newsletter prominently lists the supposed economic benefits that a private prison would bring to Prowers County, including property tax revenue of $1.2 million, sales tax revenue of $58,000, and a payroll of $5 to 7 million.

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5 *Board of County Commissioners v. County Road Users Association*, 11 P.3d 432 (Colo. 2000).
7 See, e.g., *Speer v. People ex rel. Rush*, 122 P. 768 (Colo. 1912).
The Full Story

• Anyone who has taken an introductory business or economics class can tell that PCDI’s numbers are one-sided and useless. Quantifying benefits without doing the same for costs is an exercise in futility.
• CCL and PCI have distributed information questioning and/or opposing the prison in Lamar—these publications have provided information from a variety of sources and contain thorough documentation. In contrast, PCDI’s poorly researched newsletter quotes two written sources: a research paper by Christopher Setti, and one publication referred to only as “U.S. Dept. of Justice Nat’l Institute of Corrections Study” from 1987. Who is Christopher Setti and why is his research paper worth paying attention to? Even more concerning is why does PCDI relentlessly quote the National Institute of Corrections (NIC) study from 1987 when several more recent studies have been published? The answer probably lies in the fact that subsequent studies of the economic benefits of rural prisons have produced much less enthusiastic results than PCDI would like. For example:
  o A 2004 study published in Contemporary Justice Review found that most prison construction and procurement contracts are awarded to non-local businesses and “the record of performance of prisons on job creation is surprisingly mixed…One generally supportive study of prison buildings…concedes that in most cases prison recruitment yields only ‘modest boosts to the economy of towns that acquire new prisons.’”
  o In another 2004 study published in a peer-reviewed journal (Criminology and Public Policy), the authors noted “politicians and corrections officials have been making claims of the economic benefits of rural prisons without any supportive evidence beyond an assumption that the siting of a large facility would be a guarantee of economic growth…The results from the handful of studies that directly test the effects of a prison on the economic development of a host community are far from conclusive.”
  o A 2003 paper presented to the Rural Sociological Society Meeting researched the economic impacts of rural prisons in Iowa, finding that “new prison towns did not realize significant gains in tax revenue after the prison openings compared to the tax revenue changes over the same time period in matched non prison towns.”
  o A 2002 study by government researchers in California found that less than five percent of prison budgets are spent on purchasing taxable items—thus limiting the potential for increased local sales tax revenues.
  o A 2002 article published by the Federal Reserve Bank explored the role of prisons as rural economic development projects. The author remarked: “Overall, communities that weigh the pros and cons of becoming a prison town are likely to find that the former outweigh the latter, but not always and not by much. Towns

would do well to consider other economic development strategies and shouldn’t be too eager to offer free land or other concessions in order to host a shiny new lockup” (emphasis added).  

- A 1992 study published in *Crime and Delinquency* acknowledged that a prison is still considered a “locally unwanted land use” (LULU), and that “LULUs may determine, or at least, have a strong negative influence on the ‘symbolic quality’ of a community”—in other words, the label “prison town” can hurt quality of life and hamper future efforts to recruit business opportunities.  

Finally, a word is due concerning the NIC study that PCDI talks so much about. In reality it isn’t so much a study as a guidebook for public officials who are trying to site new prisons. In fact the preface to the publication instructs readers “We must learn better ways to manage public opposition” So, in case there’s any doubt, PCDI and the prison committee clearly are less interested in engaging citizens in an honest debate than they are attempting to “manage” (i.e., manipulate and suppress) public opposition. 

**Misleading Statement 4**  
Privately run prisons do not claim to be nor want to be managers of a high security facility.

**The Full Story**

PCDI makes it sound like it is totally impossible for maximum security inmates to ever be housed in a private prison.  
- First, small numbers of high security inmates are routinely housed in Colorado private prisons (see “Misleading Statement 6,” below).  
- Second, even though state law generally prohibits high security inmates from being housed in private prisons, this law could easily be changed, and the Capital Development Committee of the state legislature did discuss changing this law in 2003—the private prison company executives who were present during this discussion would not say one way or another if they would operate maximum security prisons in Colorado if the opportunity arose.  
- Third, Cornell Companies (the corporation that the prison committee has selected) has reported to the Securities and Exchange Commission, “The services offered within [Cornell’s] adult secure institutional services division include: low to *maximum* security incarceration” (emphasis added).  
- PCDI seems to imply that a medium security facility would not be dangerous.  All one has to do to counter that viewpoint is read the news of the recent riot in Olney Springs’ private prison. The Colorado Department of Corrections’ Inspector General’s report on the riot concluded that poor management at the prison contributed to the riot along with the fact that “high staff attrition rate and inexperience has contributed to lack of ability to

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16 Colorado General Assembly, Capital Development Committee hearing (February 11, 2003, 7:30 am).  
appropriately respond to emergencies. At this writing, 37 CCCF staff members have resigned or been terminated since the incident.”

**Misleading Statement 5**

*Colorado DOC contracts out to private business for this type facility because they can be run privately for less cost and with less staff…*

**The Full Story**

PCDI makes this astonishing claim without providing any evidence. The fact is that most studies showing that private prisons save money have been discredited. The Colorado General Assembly has recently directed the state auditor to perform an audit of the state’s private prison contracts—the first time such a study has ever been undertaken in Colorado. In fact, there is a growing body of research suggesting that private prisons do an inferior job and do not save money—or at the very least, there is no credible evidence to support the claims that private corporations can run quality prisons for less money than government agencies:

- The problems arising from cutting staffing and wages are mentioned in a 2000 report by the Federal Bureau of Prisons which concludes “there do appear to be some systemic problems that the private sector must address. Particularly regarding staffing, the rapid turnover of staff perpetuates the situation in which private prisons are operated by inexperienced staff. Experienced staff are essential in operating safe and secure prisons. The large numbers of escapes from private sector prisons, in comparison to [federal prisons], may be related to this phenomenon.”

- Researchers at the Federal Bureau of Prisons wrote in a 1999 study:

  Proponents of privatization invoke classic economic theory and argue that a free market introduces discipline and efficiency through the mechanisms of supply and demand, This is, of course, an idealized, hypothetical market operating in the long run. However, if we are to advance beyond the level of rhetorical appeal, then it is necessary to specify exactly how the specific prison market operates to produce these gains, in the long and the short term. Unfortunately, few proponents of privatization provide specific theoretical or practical arguments about how the market operates to discipline the organizational performance of private sector providers of prison services…

- The private prison industry’s claim of “efficiency” is basically a codeword for underpaying staff, a trend acknowledged by Douglas Clement, a writer for the Federal Reserve Bank who observed, “Prison corporations say their costs are lower because their facilities are managed more efficiently than state-run facilities. A more significant cost-savings, though, likely comes from their use of nonunion labor. Since labor costs

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account for about two-thirds of prison operating costs, lower wages can result in significant savings.”

- Although the private corrections industry (and other parties) have produced evidence to suggest cost savings through privatization, these studies have been largely discredited. In 1996, the U.S. General Accounting Office (GAO) released a report that reviewed existing studies on cost comparisons between public and private prisons. The GAO found the studies to all have such substantial methodological flaws that they “offer little generalizable guidance for other jurisdictions about what to expect regarding comparative operational costs and quality of service if they were to move toward privatizing correctional facilities.”

- The Florida Office of Program Policy Analysis and Government Accountability found in 1997 that despite a state law that mandated cost savings in private prison contracts, the cost comparisons between public and private prisons were still unreliable due to factors such as prison size, physical plant considerations, geographic location, quality and quantity of inmate programs, and inmate demographics.

- Perhaps the most comprehensive study of private prisons was published in 1998 to fulfill a mandate from the U.S. Congress. Attorney General Janet Reno was required to commission a study of issues and trends in the private correctional industry. The report, *Private Prisons in the United States: An Assessment of Current Practice*, was prepared by independent contractor Abt Associates. When addressing cost savings, Abt reviewed available literature and concluded the “survey of recent cost studies does not resolve the question of whether privately-managed prisons are cheaper than publicly-managed ones. The evidence is mixed, with the more detailed studies indicating the smallest cost savings from privatization.” More recently, the U.S. Department of Justice’s Office of Justice Programs echoed this view, saying “the cost benefits of privatization have not materialized to the extent promised by the private sector. Although there are examples of cost savings, there are other examples in which such benefits have not been realized.”

### Misleading Statement 6

**Maximum security prisoners would not be located here.**

### The Full Story

This statement implies that private prisons only house prisoners classified as medium security or less.

- First, there is no “maximum security” classification in Colorado. State law prohibits private prisons from accepting inmates who are classified above medium security, but

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sometimes an inmate in a private prison will have his classification raised and remain in the private facility until a higher security bed becomes available.\textsuperscript{26}

- If PCDI had bothered to read the Department of Corrections’ most recent population report, they would know that as of September 30, Colorado private prisons housed seventy-seven inmates classified at the close and administrative segregation custody levels (the two levels above medium security).\textsuperscript{27}

\textbf{Misleading Statement 7}

\begin{quote}
Any expense for improvements to the City’s wastewater treatment plant would be allocated to all customers of the wastewater system.
\end{quote}

\textbf{The Full Story}

This statement isn’t misleading so much as it is a change of tune on the part of prison supporters.

- In 2003, the prison committee distributed a publication called “Prowers County/City of Lamar Private Prison Project Frequently Asked Questions” which stated: “If there would be a need to enhance the Lamar Sewer System to accommodate a prison, the cost of those enhancements would be at the expense of the private company.”\textsuperscript{28} The prison committee appears to be back-peddling—improvements which they had previously said would be paid for by the private prison company are now going to be paid for by all ratepayers. What will prison supporters change their mind about next?

- The issue of water and wastewater infrastructure has been raised by citizens multiple times, but the prison committee won’t provide a clear answer about how much money will be required to upgrade Lamar’s system. They also haven’t mentioned that the informal survey they conducted in 2003 (see footnote 2) revealed utilities as an issue—Walsenburg’s finance director said “utilities have been a problem—Walsenburg did not have the necessary infrastructure…to handle the discharge” and local officials in Crowley County reported that they had to go into debt to solve sewer problems when the Arkansas Valley Correctional Facility first opened. Despite receiving these warnings, the prison committee has not acknowledged that a private prison in Lamar might overwhelm the local water and wastewater infrastructure.

\textbf{Misleading Statement 8}

\begin{quote}
[Question: Concerned Citizens of Lamar sited [sic] Bent County Correctional Facility as an example—that in the first four years, civil filings increased by 98%...Is the Prowers County court system able to handle a possible influx of that magnitude?]
\end{quote}

\begin{footnotes}
\item[26] Colorado Revised Statutes, §17-1-104.9.
\item[27] Colorado Department of Corrections, “Monthly Population and Capacity Report as of September 30, 2004” (October 5, 2004), 3.
\end{footnotes}
Bent County handles caseloads for two and one-half prisons including a DOC facility at Ft. Lyon. They had 3 full-time employees when the prisons were build and still have 3 full-time employees that manage the workload. (per Vickie Moreland, Bent CCR).

Crowley County employs one full-time employee and two half-time employees, same as before the prison was built and no undue hardships are reported. (per Michelle Terrones, Crowley CCR).

The Real Story
PCDI’s logic is flawed for several reasons:

• First, the cited increase in Bent County court filings came in the first four years after the private prison facility opened in 1993—eight years before Fort Lyon became a state prison.
• Second, there are two prisons in Bent County, not “two and one/half.” What is a “half prison” anyway?
• Third, PCDI says that Crowley County didn’t hire new court staff after the prison opened, but they conveniently omit the fact that physical improvements (at taxpayer expense) were needed at the jail and court room after the prison opened—a fact which was reported to the prison committee in a February 2003 interview with Darla Wyeno, clerk of the Town of Crowley.

Misleading Statement 9
Linda Fairbairn, Admin. Prowers Co. Social Services, received information from Kendra [sic] Mulch, Dir. Social Services in Kit Carson Co, regarding questions associated with increase in social service workers’ case loads.

Kendra Mulch cited no significant increase in the workloads for social service case managers once the prison was in place. The average income of prison workers with a family of 4 qualifies them for some type of assistance but there were only 2 cases cited in a 5-year period of any requests made for said assistance by prison employees. Health regulation complaints which are filed by inmates flow through social services but not enough volume to warrant the hiring of additional personnel.

The Full Story
This statement simply isn’t true. PCI obtained the email from Ms. Mulch (whose first name is “Kindra” not “Kendra”) to Linda Fairbairn (which is reprinted in full, below). What Ms. Mulch actually said differs from PCDI’s statement in the following ways:

• PCDI claims that there was “no significant increase in the workloads for social service case managers once the prison was in place.” Nowhere in Ms. Mulch’s email does she say anything about workloads, one way or the other. All she says is “We haven’t hired any additional staff.” This is not the same thing as saying workload has remained steady (e.g., the same number of employees could be handling an increased workload and thus providing lower-quality services).
• PCDI says “The average income of prison workers with a family of 4 qualifies them for some type of assistance but there were only 2 cases cited in a 5-year period of any requests

29 The interview notes were obtained on January 14, 2004 via a Colorado Open Records Act request, see footnote 2.
30 The email was obtained on January 14, 2004 via a Colorado Open Records Act request, see footnote 2.
for said assistance by prison employees.” This statement is pure fiction. Ms. Mulch’s email actually said “We’ve never tracked how many families we serve from any specific employer. I would tell you that the average salary paid @ our prison qualifies most people for WIC, Family Planning and Child Health Plan Plus, and in a few cases a small food stamp and child care allotment.” This information should be of great concern to people who think that private prison jobs are well-paying.

• So, if PCDI says that only 2 families applied for assistance over a 5 year period, what do they mean? What Ms. Mulch actually said was “To the best of my knowledge we’ve had 2 cases in Child Welfare of prison employees in the past 5 years.” “Child welfare” does not refer to public assistance programs, as PCDI seems to think, but instead refers to the office which handles allegations of child abuse and neglect.31

In case you’re wondering, table 1 (above) gives the income levels required to receive WIC, child health plan plus, food stamps, and child care assistance.

### Table 1. Eligibility Levels for Public Assistance Programs

<table>
<thead>
<tr>
<th>Type of Assistance</th>
<th>% of FPL</th>
<th>Family of 2</th>
<th>Family of 3</th>
<th>Family of 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care</td>
<td>130%</td>
<td>16,248</td>
<td>20,376</td>
<td>24,516</td>
</tr>
<tr>
<td>Child Health Plan Plus</td>
<td>185%</td>
<td>23,107</td>
<td>28,990</td>
<td>34,873</td>
</tr>
<tr>
<td>WIC</td>
<td>185%</td>
<td>22,422</td>
<td>28,231</td>
<td>34,040</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>130%</td>
<td>16,248</td>
<td>20,376</td>
<td>24,516</td>
</tr>
</tbody>
</table>

**Sources:** Child care: CRS §26-2-805(1)(a); CHP+: CRS §26-19-103(4)(a); WIC: Colo. Dept. of Public Health & Env. website (www.cdphe.state.co.us/ps/wic/wicqualif.asp); food stamps: 10 CCR §2506-1.4.4220.12

- **Full text of Kindra Mulch’s email**

From: Kindra Mulch [Kindra.Mulch@state.co.us]
Sent: Friday, August 15, 2003 3:24 PM
To: lfairbairn@prowerscounty.net
Subject: Re: Question

Linda, I’d like to know who must have misunderstood me? We haven’t hired any additional staff. Most of the people who work @ our prison were already living in the area, very few moved here to work. While construction was being done, we saw a few families we serve come and go but not since then. We’ve never tracked how many families we serve from any specific employer. I would tell you that the average salary paid @ our prison qualifies most people for WIC, Family Planning and Child Health Plan Plus, and in a few cases a small food stamp and child care allotment. To the best of my knowledge we’ve had 2 cases in Child Welfare of prison employees in the past 5 years. As for the prisoners themselves the only issues we’ve had are health regulation complaints, they have a lot of time to write letters of complaint, we address the best we can, let me assure you we haven’t hired any additional staff for this. Of course you can quote me! Just let me know what I said, ha Let me know if you need anymore info.

Kindra.

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31 Title 26, Article 5, Colorado Revised Statutes.