

Profits Before People: The Effect of Prison Privatization on U.S. Incarceration Rates and Recidivism

By

Vardui Kirakossyan

A Senior Honors Thesis Submitted to the
Department of Political Science
University of California, San Diego
March 30 2015

Acknowledgements

First and foremost, I would like to thank my advisor, Professor Peter Galderisi, for his incredible assistance and guidance throughout these two quarters. Without his insight and expertise, this paper would not have been made possible.

I would also like to thank the UCSD Staff, including Professor Peter Smith and Tom K. Wong, for ensuring all participants remained on track and for answering our endless questions.

My thanks to the statisticians at the Bureau of Justice Statistics who took the time to reply to every single one of my emails and provide information when I had difficulty obtaining them.

A special thanks to Annelise Skylar, the UCSD librarian, for her ability to accommodate my last minute requests.

I would finally like to thank my friends and family for their continuous support and encouragement these past months.

*In loving memory of
Bella Kirakossyan*

Table of Contents

Chapter 1: An Introduction to the Prison System and Incarceration Rates	5-8
1.1 Literature Review- Overview	8-11
1.2 Design of Research	11
Chapter 2: Incentive of Private Prisons	
2.1 Requirements of Private Contracts	12-17
2.2 Political Gimmicks: Follow the Money	17-21
2.3 Past Cases of Profit Motives	21-24
2.4 Salaries of Executives	24-26
Chapter 3: Private Prison Conditions and Recidivism	
3.1 Comparative Analysis: Minnesota	27-31
3.2 Reported Issues	31-36
3.3 Incentive to Recidivate	36-37
Chapter 4: Results:	
4.1 Thesis and Design Redefined	38-43
4.2 Research Moving Forward	44-45
Chapter 5: Conclusion	45-47
References	48-49

CHAPTER ONE: INTRODUCTION

America: the land of the free, home of the brave, and the nation with the highest rate of incarceration. It may come off as a revelation to most people when they discover that the country that advocates and is renowned for individual freedom and liberty, houses the highest proportion of its own residents in federal and state prisons than any other country. The prison system has been a significant component in American history for centuries, gaining widespread development since before the American Revolution. It serves many imperative purposes, the most crucial being public safety. By isolating potentially dangerous individuals from society and deterring others from committing acts of disobedience, prisons serve the critical function of maintaining peace and security. But one wonders what it is that makes our prisons so populous and overcrowded.

The United States amounts to five percent of the world's population, yet houses a quarter of the world's prisoners, according to *the Economist*. State and federal prison populations have expanded fourfold between 1980 and 2008, increasing from half a million in 1980 to more than 2.3 million in 2008 (Selman and Leighton 21). Figure 1.1 demonstrates the progression of incarceration rates dating back from 1925. The trend was relatively stable, up until the 1970's, when America saw an inflation that only continued to expand. Figure 1.2 illustrates the sudden rise of the sentenced prison population from the late 1970's up to 2012. For this reason, it is no surprise that these figures have led to serious issues of overcrowding and instability in American prisons.

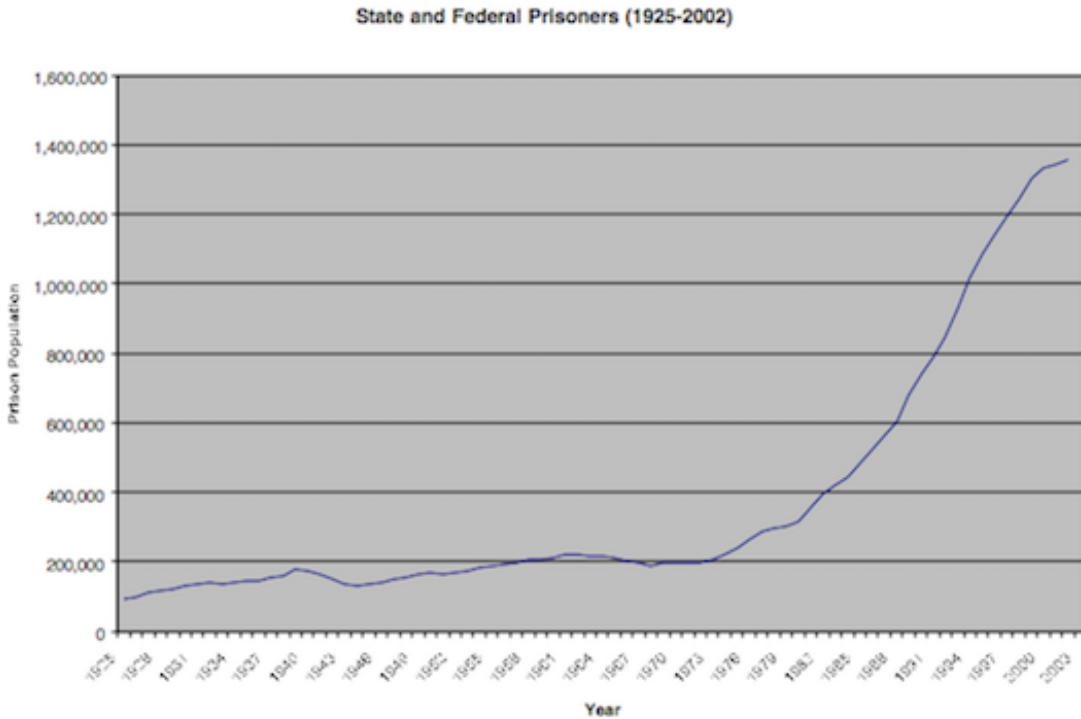


Figure 1.1

Harrison, P.M. & Karberg, J.C. (2003). *Prison and Jail Inmates at Midyear 2002*. Washington, DC: Bureau of Justice Statistics



Figure 1.2

Source: Bureau of Justice Statistics, National Prisoner Statistics Program, 1978–2012. The calculations are based on prisoners sentenced to at least one year. The data does not include transfers, escapes, and those absent without leave.

American prisons reached such high levels of overcrowding that the security and management of the prison systems were threatened. Prison conditions were harshened and inmate riots began to emerge. Cases like *Costello v. Wainwright* (1975,1980) and *Pugh v. Locke* (1976) are just a couple cases of inmates challenging the problems caused by overcrowding such as conditions of confinement, security issues and lack of sanitation (Selman and Leighton 41). It is not difficult to understand how limited room can lead to impactful circumstances for inmates.

Due to the overcrowding and increased costs of incarceration, private prisons were established as a solution. They offered alternative spaces that state prisons no longer had and administered services in accordance with already existing public facilities. But many argue that they come with profit motives and incentives that aim to keep incarceration rates high. When prisons became overpopulated, investors saw this as an opportunity to create a business out of the prison system, thus creating the prison industrial complex. Private prisons are now given joint responsibility in the extremely complex duty of protecting the safety of both their inmates and of society.

By understanding the underlying causes of our nation's high rate of incarceration, figuring out effective solutions becomes more feasible. Evaluating private prison management can also provide insight on the quality of these institutions and further open the door for scholars to make a conclusion about its pros and cons. In order to achieve prison reform and revoke America's reputation of excessive incarceration, the treatment of inmates as business objects needs further investigation. The central question then becomes: does the privatization of the prison system play a role in the heightened rate of U.S. incarceration and recidivism? The incentive to arrest, to hold in longer captivity, to

create disincentives for rehabilitation and thus increase recidivism, and to minimize spending as much as possible, are key driving forces in optimizing profits. Since potential inmates are the form of revenue that is required for private prisons to stay in business, I argue that privately owned/operated prisons have a primary goal of obtaining the highest number of inmates they can. Increasing or maintaining high recidivism rates is essential because that means incarceration rates are also staying high or increasing. Preventing the decline of recidivism ensures the promise for potential inmates. The simple rationale therefore becomes, the more inmates incarcerated, the more profits acquired.

Research has been conducted on the effect of state and federal prisons on society and crime rates, yet there is limited research on the effects that the private prison system has on recidivism and incarceration rates. In this research, I aim to begin an investigation of the causal role that private prisons play in expanding these rates. In particular, I will hypothesize that recidivism rates are higher for prisoners that were housed in private than in public prisons, especially when controlling for the different mix of types of crimes committed by inmates in different types of facilities.

1.1 LITERATURE REVIEW-OVERVIEW

The prison industrial complex, “a set of bureaucratic, political, and economic interests that encourage increased spending on imprisonment, regardless of the actual need” (Schlosser), has led to a rapid development of prison facilities in the United States. The \$35 billion spent each year on corrections is not deemed as excessive or burdensome on American taxpayers, but is considered as a profitable enterprise:

Currently, there are approximately 100,000 individuals held in private prisons in nearly 102 privately operated or owned facilities in the United States (Coyle, Campbell, and Rodney 39). The rapid expansion of the private corrections industry demonstrates troublesome consequences that affect society as a whole. Current debate surrounds the notion of harsher sentencing laws leading to increased incarceration, but what has failed to be mentioned is the incentive behind harsher sentencing laws. The profit motive of private prisons could be at least partially responsible for stricter sentencing laws, especially for lower offences, in order to convict more inmates and thus lead to a high rate of incarceration. Private prison corporations and political officials have aligned interests in keeping incarceration at high rates through harsher sentencing laws in order to save money and make profits. Because private prisons contract with states on the basis of being more cost-efficient, states agree to invest in these facilities in order to save money. Prominent legislation such as the Comprehensive Crime Control Act and the Sentencing Reform Act, which were passed by Congress in 1984, eradicated federal parole and instituted mandatory minimum sentence laws for various drug offenses (Coyle, Campbell, Rodney 42). By revoking judges' discretion in making sentencing decisions for crimes, private prisons end up determining the availability of their potential "customers".

Literature on private prison contracts exemplifies the essentials and requirements of what these corporations need to reach a binding decision. The mutual agreement to invest in the privatization of the prison system plays a key role in illustrating the rationale behind the decision-making. The dilemma is that private companies demand the inflated rates of incarceration and overcrowding in order to remain and strive in business (Selman

and Leighton 92). One of the most profitable and leading private correctional companies, Corrections Corporation of America, states in their annual reporting that their growth is dependent on a number of uncontrollable variables, including sentencing routines in diverse jurisdictions. According to the language of their 2008 annual report, “any changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted, and sentenced.” By examining the language behind the contracts and reports of these private corporations, the influencing factors behind profit maximization become more recognizable. If the growth of prisoners creates growth of revenue, then it is only logical that a company will aim to achieve an economically sufficient number of arrests and rearrests.

An area of this field that requires more emphasis is the management of private prisons. The use of empirical evidence to compare public and private management of prison facilities has been. A large part of the problem, as I have discovered, is the lack of a long term and consistent database from which to test causal effects. The first privatization of prisons did not occur until 1983 and a systematic study of recidivism rates has never been conducted.

An essential duty of prison facilities is to rehabilitate inmates in hopes of allowing them to return to their communities as functioning members of society, and prevent those inmates from returning into the system. Yet there are a limited number of contributions by economists on the direct evaluation of rehabilitation programs (Avio 152). Evidence exists that the finances required for rehabilitation and to prevent recidivism has been reduced systematically by prison firms. Yet studies that examine the effects of decreased

investment in rehabilitation, particularly in private facilities, is limited and their results are often contradictory.

1.2 DESIGN OF RESEARCH

In this study, both the assumptions behind my hypothesis that the incentives inherent with privatization lead to increased incarceration and, in turn, recidivism rates, and the link between privatization and recidivism will be examined. The assumptions will mainly be studied through a detailed review of the existing literature on incentives and how they are carried out. To test the hypothesized link, a more consistent statistical analysis will be employed.

Chapter 2: Incentives of Private Prisons

2.1: Requirements of Private Contracts

A vital way of understanding the intent and of private prisons is by focusing on the contracts they enter with states to house inmates. Since contracts represent a mutual agreement, they allow readers to understand the underlying goals and incentives directly through the language of these private prison corporations. Under practically all contracts, private prisons acquire a fixed sum per inmate per day. This fee is referred to as 'per diem' and the per diem for a single inmate is referred to as compensated man-day (Selman and Leighton). Evidently, revenue and profits are at a maximum when prisons have full occupancy. The IPO of Wackenhut, America's largest private security company, explained, "Under a per diem rate structure, a decrease in occupancy rates could cause a decrease in revenue and profitability" (Cornell 1994). With this business logic, inmates are treated as customers, who are essential for the continual operation of these privately owned corporations. Similar to an ordinary business model: the more customers, the more revenue. Thus, the more prisoners private prisons house, the more revenue they generate.

Compensation

Getting hands on private contracts made with states is a task that requires a great deal of time and the seeking of formal requests, thus making an on time delivery for this paper impossible. Luckily through literature, contract analysis can still be achieved to some extent. One of the most essential components of private prison contracts is that of compensation. The norm has become a guaranteed minimum payment to private prison corporations, regardless of the actual amount of inmates (Selman and Leighton). This

means that regardless if a bed is filled or not, a mandatory amount of inmate compensation must be provided on behalf of the state. It is logical to assume that since states are paying for the prison space anyway, they would want to utilize it, or at least would not feel compelled to prevent using it. The usual occupancy rate is about 80% and even extends to a full 100% in many cases. Three prison contracts in Arizona have mandatory occupancy rates of full 100%. Oklahoma has three contracts guaranteeing 98% occupancy rates (Kroll 2013). When applying economics of scale, the rise of occupancy rates is accompanied with lower operating costs per resident, according to Cornell's 2008 annual report (Selman and Leighton). Not only do more inmates lead to more revenue, but also to a reduced cost of operation per inmate. This means that private prisons depend on government for more inmates since those are the terms of the contract.

When examining earlier contracts made with states, they usually lasted around two to three years. After each year, compensation per diem increased anywhere from two and a half percent to six percent (Selman and Leighton). At first, adjusting for compensation was based on fluctuations in prices for all goods and services in the U.S. economy, also referred to as implicit price deflator (IPD). In 1994, these circumstances began to change. Contracts demanded a period of five years on average and required annual increases of three to four percent; they no longer used IPD as a measure. Dating back as early as 1988 up until 2005, we even saw private prison companies using strategic methods to achieve their profit incentive. They determined a way to eliminate competition amongst other private facilities and even government agencies. CCA created a new clause indicating that when officers decided to house an inmate in their local public jail when an open bed was available in a private institution, even if it is just for a

single night, the county would have to compensate to the company as if occupancy rate of the company was completely full.

These strategic clauses made their way into the norm of private corporations and state contracts as states became more and more invested into privatization. Language explicitly written in contracts with CCA states, “The County agrees it will not house inmates eligible for commitment to the CCA, so long as the Detention Facility operated by CCA is not at capacity...If additional Detention facility capacity is constructed for the County, both CCA and the County shall have the option to add the management of such additional capacity to this contract” (1998, 2005). This means that any extra construction of prisons will have to be shared amongst both the County and the private prison. Direct quotes from these contracts illustrate the incentive these companies have to make money and demonstrate the risks involved if suddenly less Americans were arrested.

Government must work alongside with private prisons in order to keep up with contractual agreements. Fortunately for them, they found a way to control for these potential risks by securing the minimum guaranteed compensation clause, which initiates the county to pay regardless of the amount of inmates housed. Counties now have interest in sending arrests to private facilities to avoid paying a fee and keeping up with the arrangements.

Facility Maintenance

Straying away from rental proceeds, another important aspect of contracts that portrays the primary rationale of profits is facility maintenance. Logically, if businesses can reduce costs, they can increase profits. This business reasoning is evident with private prisons as they promise to offer a less costly method for housing inmates. Facility

maintenance is a major component when operating prison facilities, which is why private prison companies appeal to states by asking for a lower per diem maintenance fee than would be necessary in a public prison facility. What ends up happening at times however, is companies overcharging government and spending less of their appropriated sum on facility maintenance. In a contract between CCA and Florida, CCA only spent \$175,000 out of the billed \$645,000 annually on facility maintenance. Over a five-year period, the company ended up overbilling the government approximately \$2.85 million (Selman and Leighton, 116). Accordingly, we see facilities being neglected, like the case of Tulsa County in 2005. In this predicament, CCA's contract was terminated due to poor facility maintenance, which required a minimum of \$250,000 in repairing costs. Situations such as these demonstrate the primary motive of private prisons, which is operating in a manner of maximizing profits regardless of the consequences it may impose on society.

Moreover, contract monitors are a crucial aspect in contract agreements. Contract monitors are responsible for facility inspections, whether they are on-site or frequent visitors. Contract language promotes monitors to pay close attention to the companies they are assigned to, but it does not ensure complete compliance. How is this so? Discovering examples of breaching monitoring duties explain how contract compliance is not a top priority for many prisons. For instance, a private juvenile prison in Texas, operated by GEO group, had high reports of prison mismanagement and harsh conditions (further described in the next chapter). After closer examination, it became evident that seventy-five percent of the contract monitors for the prison site were actually former GEO employees. The obvious conflict of interest that prevails in this situation benefits the company because low maintenance can be considered acceptable for a period of time,

until the violations get discovered of course. When prison owners are still compensated for unsatisfactory treatment of facilities, it becomes obvious that the comfort of inmates is not of primary concern.

Staffing

Finally, agreements for staffing of private companies exist within all contracts signed by state and private prisons. These requirements vary with background checks, minimal number of mandatory staff, and training standards. The purpose of having staff members is to promote stability, safety, and order in these especially dangerous settings. Disappointingly, we see cases of understaffing, overbilling, and increasing “ghost employees” (Selman and Leighton, 120). Ghost employees refer to “billing a state for vacant positions” (120). Generally, staff is hired based on a staff per inmate ratio. It is in the clear interest of companies to hire less staff per inmate as a method of saving money and overbilling as a method for making money. Even the language within these contracts does not guarantee compliance to background checks. Specifics about what is and is not acceptable is not transparent and private companies obtain great amount of discretion in their hiring process, unlike public institutions. An audit conducted from 2003 to 2005 on a GEO corporation revealed about one hundred employees being hired without underdoing a criminal background check (Selman and Leighton, 120). Having low barriers of entry for employees allows inexperienced staff members to perform the difficult tasks that require experience and skill. It goes without being said, monetary greed is the basic root of essentially all decisions made by private prison corporations.

Private prison and public state contracts portray how little the public is actually involved in the decision-making process, which seems ironic since it is the public that is

being housed in these facilities. With no care for inmate input, accountability is imaginary and incentive for change is nonexistent. The strategic thought processes that exist with private prison corporations are all geared towards reducing costs as much as possible, to save as much as possible, and essentially profit as much as possible. It is surprising how America can allow for companies with great discretionary powers, minimal oversight, and low accountability to exert such huge influence on society.

2.2 Political Gimmicks: Follow the Money

Political Endorsements

After analyzing the private and public partnership within the contracts of prisons and government, we see how an environment behind closed doors is created, where the public has no say and probably no knowledge of what is actually occurring. What ends up being created is an “iron triangle”, where government, key legislative members, and the interests of greedy corporations are safeguarded from external pressures and dependability. “When the members of the iron triangle get together, a sub-government is established that has the capacity to create public policy that is distant from public scrutiny” (Adams 1984). Just picture the amount of influence three extremely powerful figures working together can have on society in terms of economic, political, and social issues. Sentencing policy can be shaped primarily on a cycle of figures that represent the monetary interests of private prison corporations.

This produces a system where the government benefits from lower operational costs of housing inmates, private prisons benefit from extensive profits, and legislatures receive political donations and campaign contributions, while the public faces a greater risk of mass incarceration. The unification of these major parties: government and private

corporations, leaves minimal room for public or third party influence. This partnership is evident by simply viewing the annual reports of private prison corporations. GEO group, one of the world's leading providers of correctional housing and services, has its top executive members as former government employees. For example, Norman A. Carlson, member of the board of directors at GEO, is a former director of the Federal Bureau of Prisons. Ann N. Foreman, also a member of the board of trustees, is a former Under Secretary in the United States Air Force (2012 GEO Annual Reporting). The board chairman and Chief Executive Officer at CCA, a leading private prison corporation, was once the Commissioner of Finance for Tennessee.

As long as private prisons operate in society and contract with states, lobbying will only become more and more frequent. For example, Betty Anderson, political lobbyist for Correctional Corporations of America, was wife of Speaker of the House in Tennessee General Assembly. Also, Governor Donald Sundquist's former chief of staff had been advising the Governor on prison privatization while simultaneously a CCA stockowner (Selman and Leighton, 97). From 1994 to 1996, Tennessee had a statute that permitted only one private prison operating at a time. Controversially, Governor Sundquist endorsed a scheme for CCA to contract for construction of another private prison, financed with state bonds of \$47 million. What can be a reasonable explanation behind this decision-making? Well, this endorsement took place after a donation amount of \$60,491 was given to Tennessee lawmakers by the founders of CCA, \$38,500 of which was donated to the reelection campaign of Governor Sundquist. This is just a single example of corporate owners lobbying their way to achieve means of mass incarceration by paying their way to get what they want, profits.

CCA Funds Spent on Federal Lobbying⁹⁰

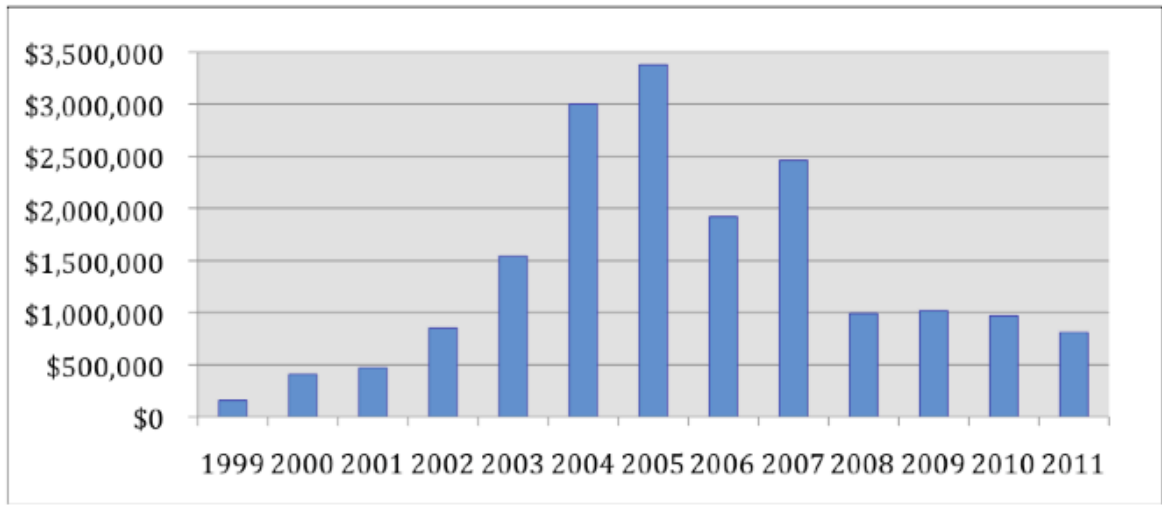


Figure 2.1. CCA Funds Spent on Federal Lobbying (Sentencing Project)

Since 1999, CCA has spent an average of \$1.4 million on in-house lobbying each year and since 2004, CCA's political action committee has contributed over \$130,000 on average for each election cycle on federal candidates. Private prison corporations use a strategic business model for generating profits, and in turn use that money to lobby and create incentive for legislatures to work with them as a team, in order to make even more money. Routinely, CCA and other private prison corporations have favored donating to Republicans, primarily for their conservative take on crime and punishment. Interestingly enough, CCA's scope of influence still extends to Democrats who have received about twenty percent of the company's federal contributions.

Teaming Up With Lawmakers

Although private prisons argue that they do not endorse longer sentencing policies, it would be naïve to simply believe their line of defense. The interest private prisons have in influencing legislation becomes evident when we see them forming

relationships with legal associations. For example, The American Legislative Exchange Council, an organization for conservative legislatures advocating free markets and individual liberty has also teamed up with CCA. This corporate lobby and private business partnership introduces dangerous possibilities to society, where both parties can make an exchange in light of pursuing their own interests. Paying councils a sum of money for “ghost writing” legislation in favor of their businesses becomes a plausible expectation (Selman and Leighton). By being a member of ALEC, private prison owners can discuss the benefits of their prison system to state lawmakers, who in essence can administer laws that are skewed towards the private interests. This basically means that the process of administrating criminal justice law takes place behind closed doors and most importantly, far away from public scrutiny. What is even more surprising is that private businesses can pay for a seat on ALEC’s Criminal Justice Task Force, which creates “model” bills on criminal punishment. Tracking the progress of this task force illustrates the tough on crime agenda that is promoted by the organization. The most important model bills that were created in this sector include three-strikes laws, the Habitual Juvenile Offender Act, The Truth in Sentencing Act, and mandatory minimum sentencing laws. Logically, private prisons have an incentive to lobby for harsher sentencing laws for petty/non-serious crimes. If non-serious crimes become associated with stricter sentences, then the demand for private prisons would increase since the number of arrests would also increase. It is simpler to amend laws for nonviolent or non-serious crimes since there is a consensus on harsher punishment for serious crime violations

These laws have become widespread across many states where criminal offenders have started to receive little leniency for their violations. Although this seems unfair to the public, who may receive an extraordinarily long sentence in accordance to minor drug violations, it is still beneficial to corporate executives who now have more inmates to house. Some may argue that the increased rate of incarceration has led to the need for private prisons, but once these facilities are established, there is a new incentive to keep incarceration rates high instead of reducing them. For this reason, this paper focuses on the concept that prison privatization plays a role in maintaining the inflated rates of incarceration in the US. Incarcerating more people can be perceived as reducing crime on streets, but it is also another way of reducing business risks for these corporations and increasing profits. “The problem is that companies need the current elevated rates of incarceration and overcrowding to continue indefinitely” (Selman and Leighton). If incarceration rates decreased and public prisons began to have vacancies, private prisons would lose their business due to reduction of demand. The prison-industrial complex has become a system of pursuing greedy interests at the expense of the citizens who make mistakes with the law.

2.3: Past Cases of Profit Motives

Cash for Kids Scandal

To the general public, the details of corruption and bribery are generally not heard of. With further research, one will discover the various cases of how private corporations can influence even the most powerful figures into acting on behalf of business interests. A very relative and astonishing case is referred to as the “Cash for Kids” scandal. In this

2009 case, Pennsylvania Judge Mark A. Ciavarella, sentenced over two thousand adolescents to jail for petty crimes. One of those minors was Hillary Transue, a fourteen year old teenager who created a fake MySpace page of the vice principal of her school. Another was Justin Bodnar, who was sentenced to juvenile detention for cursing at the mothers of another student. There was also Ed Kenzakoski, a seventeen year old that was diagnosed with ADD before the age of ten and began drinking at the age of fourteen. As a way of scaring Ed and putting him on the right track, his father with the help of two officers, placed a marijuana pipe in the boy's truck so when officers pulled him over he would be scared enough to turn his life around. After getting caught, even though Kenzakoski did not do anything himself, he was still sentenced to juvenile by Judge Ciavarella (Getlen 2014).

The unforeseen aspect of this case was that Judge Ciavarella was paid over \$2 million from the builders and owners of private prison facilities as a reward sentencing minors to that facility. Over two thousand children had their lives drastically altered for the worse in exchange for greedy profits of a single judge and a private corporation. Judge Ciavarella received twenty-eight years in prison for his crimes. As this case grew widespread awareness, a documentary was created to better inform the public called "Kids for Cash". At the end of the documentary, powerful statistics were displayed indicating that, "Two million children are arrested in the US, and 95% are for nonviolent crimes". Also "66% of children who have been incarcerated never return to school" and finally, "The US incarcerates about five times more children than any other nation in the world". This is a clear example of how increasing incarceration rates is incentivized by private prisons and also depicts the means these corporations will go through in order to

achieve such high rates. This controversial case raises awareness about what takes place behind closed doors of private corporations. If it were not for the thousands of children that were sent to prison, the bribery present in this case would have gone undetected. Just imagine all the small-scale instances that occur but go undetected. It is a dangerous concept to allow the prison system to enter the free market where the interest of profits overpowers the interest of appropriate punishment.

Bribery and Money Laundering

A more recent case in Mississippi involves a former state assembly member and current businessman Cecil McCrory and former chief of Mississippi prisons, Christopher Epps. In 2013, Epps was indicted on forty-nine counts of bribery and money laundering with his co-conspirator McCrory. Epps received approximately \$1 million worth of bribes in exchange for granting contracts to McCrory for the various private prisons that he operates. While Epps, an entrusted public official and head of the prison system, was collecting his generous share of money, the private prison system in Mississippi was deteriorating. The East Mississippi Correctional Facility, which housed mentally ill prisoners, is the primary focus because inmates reported extreme human rights violations taking place.

Accordingly, a civil class action suit was filed shortly after to the Mississippi Department of Corrections for the inhumane treatment of these prisoners. Instances include unlocking cell doors, security guard-to-prisoner assaults, unsanitary cells covered in blood, refusal of providing necessary medical treatments, and lack of attention given to inmates who attempted to commit suicide in the facility (American Civil Liberties Union). To go into greater detail, expert reports indicate a patient that had brain tumor

but was denied a prompt CT scan along and a visit to a neurosurgeon. Another prisoner lost total eyesight when he did not receive his glaucoma medication. It does not stop there. Expert reporting also informed us that a prisoner who attempted to commit suicide, found with a rope around his neck and explicitly stated that he had no reason to live, was dismissed from mental counseling. Apparently, his mental condition was not of enough concern to the counselors hired for the purpose of providing mental assistance to these inmates. This inmate later passed away from a heart condition that was not taken earnestly by the staff members. Finally, the cells of solitary confinement were reported as atrocious and equivalent to torture according to international human rights standards. According to a report written by Doctor Terry A. Kupers, “They press the outer bounds of what most humans can psychologically tolerate” (American Civil Liberties Union). They lacked sanitation, lighting, and any sort of visit for weeks at a time. (Further emphasis on private prison conditions will be described in the next chapter).

This case is a clear depiction of what we see when we follow the money: corruption, bribery, and the pursuit of greedy interests. While prisoners suffering from psychiatric disabilities were treated unconstitutionally and inhumanely, the prison system was collecting generous sums of money in exchange for granting contracts to the company that runs these brutal prisons for profit (Gates 2015).

2.4 Executive Salaries

As discussed, the process of capitalizing prisons comes with mindset that lavish profits will be earned. One way to get a better understanding of the benefits that come alongside operating private prisons is to look at compensation received by key executive

members. Figure 2.2 illustrates the annual compensations obtained by executive members of GEO Group. The most recent figures from 2013 represent no less than a million dollars of compensation for the top six members of GEO Group. These figures not only represent the profitable incentives of private facility operators, but also the success of prison corporations.

Key Executive Compensation GEO		See Salary, Bonus, and Pay details for Jobs at GEO ↗				
Name/Title [?]	2009	2010	2011	2012	2013	
▶ Key Executive Compensation	6,831,741	7,079,224	11,174,992	11,486,300	9,288,537	
▶ George C. Zoley/Chairman of the Board and Chief Executive Officer	4,253,096	3,484,807	5,734,949	5,976,604	4,621,496	
▶ Brian R. Evans/Senior Vice President and Chief Financial Officer	791,947	915,669	1,390,367	1,485,004	1,290,383	
▶ John M. Hurley/Senior Vice President, GEO Detention and Corrections Services	929,893	976,507	1,513,955	1,478,544	1,281,222	
▶ John J. Bulfin/Senior Vice President, General Counsel and Secretary	856,805	837,974	1,168,003	1,156,052	1,083,291	
▶ Jorge A. Dominicus/Senior Vice President, GEO Community Services	-	864,267	1,367,718	1,390,096	1,012,145	

A publicly-traded company is only required to disclose information concerning the amount and type of compensation paid to its CEO, CFO, and the three other most highly compensated executive officers in a given year. Information about compensation for these individuals may be unavailable in prior years if they were not in their current roles or did not qualify as among the most highly compensated officers at the time.

Figure 2.2: Compensation for Executives of GEO Group, 2009-2013 (InsiderMoney)

Figure 2.3 depicts similar compensations for CCA. With every passing year, compensation for each member increased. In the case of the President and Chief Executive Officer Damon T. Hininger, his compensation increased almost twofold from 2009 to 2013. If the heads of these private prisons continue to make high salaries and profits, then the reasoning for altering their behavior is slim to none. With the knowledge

that more inmates lead to more revenue, more profits, and thus more compensation, prison executives will continue to pursue their ambition for monetary success.

Key Executive Compensation CXW		See Salary, Bonus, and Pay details for Jobs at CXW ↗				
Name/Title [?]	2009	2010	2011	2012	2013	
▶ Key Executive Compensation	3,876,737	6,387,206	7,266,885	6,792,510	9,315,698	
▶ Damon T. Hininger/President and Chief Executive Officer	1,733,547	3,266,387	3,696,798	2,772,435	3,282,460	
▶ Todd J. Mullenger/Executive Vice President and Chief Financial Officer	1,096,535	1,593,448	1,835,048	1,415,655	1,675,986	
▶ Anthony L. Grande/Executive Vice President and Chief Development Officer	1,046,655	1,527,371	1,735,039	1,318,900	1,554,861	
▶ Harley G. Lappin/Executive Vice President and Chief Corrections Officer	-	-	-	1,285,520	1,514,706	
▶ Steven E. Groom/Executive Vice President and General Counsel	-	-	-	-	1,287,685	

A publicly-traded company is only required to disclose information concerning the amount and type of compensation paid to its CEO, CFO, and the three other most highly compensated executive officers in a given year. Information about compensation for these individuals may be unavailable in prior years if they were not in their current roles or did not qualify as among the most highly compensated officers at the time.

2.3. Executive Salaries for Corporate Corrections of America, 2009-2013 (InsiderMoney)

CCA has also seen its revenue expand by more than 500 percent in the last twenty years. However their achievements do not stop there. In 2012, CCA made propositions to forty-eight governors to buy their state funded prisons (Kroll 2013). Of course these contracts came with the essential clauses of mandatory occupancy rates regardless of fluctuating crime rates.

Chapter 3: Private Prison Conditions and Recidivism

3.1: Comparative Analysis: Minnesota

As a promise by the early emerging private prison corporations, higher quality services with greater affordance were the premise for development. Research demonstrating operational costs of private prisons have been insufficient in measurement, inconclusive and have often been contradictory (Selman and Leighton, and Coyle, Campbell, and Neufeld). Although private prisons assure low operating costs when proposing contracts with states, the cost-effectiveness of their systems is extremely difficult to measure. There have been many cases of misreporting, exaggerating, and overbilling from the private sector. A great part of measuring prison performance however, is based on the delivery of correctional services and the treatment of the inmates. By comparing data from operational records and thorough interviews with prisoners, a qualitative method of research can be conducted.

A study conducted regarding private and public prisons in Minnesota provides some insight about the differences of each sector. This research plan matched a set of prisoners from three medium-security prisons run by Minnesota Department of Corrections (public sector) with a medium-security prison run by CCA called Prairie Correctional Facility to compare services and programs. The interview questions were outlined to signify prisoners' perception about prison operations such as healthcare, counseling services, educational and treatment programs, work assignments, recreation, routine daily activities, and prison safety and security (Greene, 56). The questions were standardized by available options of true and false or a graded response of 1-5, where standard statistical methods were employed to test the significance of their responses.

A number of significant differences were revealed between the facilities that primarily favored the public prisons operated by the state's Department of Corrections as opposed to the private prison operated by Corrections Corporation of America. The results indicated that medical delivery was approximately the same in both systems. Only three percent more prisoners had seen medical staff in public prisons versus private ones. Dental care however, was significantly in favor of public prisoners. Each public prisoner had on average 3.3 sessions with dental staff, while each private prisoner had on average 1.6 sessions. In addition, health information regarding sexually transmitted diseases was offered to about seventy percent of public prisoners whereas no private prisoner was given education on said issues.

General education and employment classes were provided to both forms of prison systems, but the difference existed in certification levels of the teachers. All teachers in the public system were state-certified and received audits to guarantee compliance to state standards and availability to all interested students. Three out of six education teachers in the private prison held state certification. Thus, although both sectors provided education to their inmates, the content and credibility of the educational courses clearly differed. Public prisoners were also reported to be twice as likely to be given satisfactory opportunity to prepare themselves for employment post-release (Greene). Even the span of the educational courses was longer lasting in the public prisons than the private prisons, which only engaged in part-time instruction. Most importantly, the public facilities generated significantly more GEDs annually than the Prairie Correctional Facility.

Similar results applied to vocational services provided by both facilities. The DOC system invested in full-time instruction with state-certified teachers, while PCF engaged in part-time instruction with zero state-certified instructors. This made it much easier for releases from the DOC system to be better equipped for employment and academics after release since they were able to receive classroom credits that are eligible to be transferred and certificates from Minnesota's technical college system. Inmates from PCF on the other hand, only had the opportunity to acquire an institutional certificate that was authenticated by CCA. In addition, inmates in both types of facilities admitted to inadequate preparation for life after release but this problem was much more prominent in the private prison. Only six percent of prisoners interviewed claimed that planning for release was a mandatory activity, while thirty-five percent of prisoners in the public facilities reported this as a mandatory task. These findings indicate that better services need to be offered to both the public and private sector in order to effectively treat criminals and prepare them for life after punishment. They also indicate that lack of care prevails to a much greater extent in a prison operated by a private corporation, whose executives have an underlying incentive to create profits.

Substance abuse has been a major issue for prisoners in Minnesota, yet there is a huge disparity in treatments between the public and private prisons. Treatment programs in the DOC prisons complied with Minnesota licensing requirements and included high levels of treatment that were available for all inmates who needed it. Chemical dependency treatment programs were also full day sessions that were available five days a week. Two-thirds of those interviewed in the survey reported that their experiences were "very helpful" (Greene). Contrary to Prairie Correctional Facility, a full-time

chemical dependency treatment program was never established, even though the contract mandated it. This also demonstrates the difference in levels of compliance between private and public facilities. Other programs for substance abuse were simply composed of weekly Alcohol Anonymous or Narcotics Anonymous meetings along with infrequent sessions of “drug education” (Greene). Both prison systems had high proportions of prisoners with substance abuse problems.

Finally, reporting on security levels reveal that a higher average rests with the public prisons versus the private facility. The disparities were reporting as “significant and disturbing” (Greene). Here is an example of the difference in responses, verbatim, to the security questionnaire:

“I like the independence I have here- they give you enough rope to hang yourself- but they shouldn’t bring younger prisoners to a place like this- the staff aren’t adequately trained to prevent the most obvious problems” - PCF

Versus:

“Minnesota DOC staff are more professional, more qualified, better trained- if private prisons are going to be used, they should be just as good as the public side.” -DOC

Although a single study in one state cannot dictate the entirety of public and private prison performance in general, each research finding plays a valuable role because there are so few studies conducted on this issue. The Minnesota study’s use of empirical evidence confirms, “that privatization significantly *lowers* the level of correctional effectiveness, facility security, and public safety compared to what is now provided by the public system” (Greene). It is important to understand the differences in correctional services offered by both sectors because it demonstrates the logic behind private prisons: effective treatment of prisoners would reduce the likelihood of

recidivism, thus reducing the potential likelihood for returning “customers”. Also, delivering minimal amount of treatment options and services, although required by contracts, reduces operational costs and contributes to the essential business model of maximum savings for greater profits.

3.2: Reported Issues

Besides private prison facilities, we have also seen an emergence of private subcontractors taking over services like providing food and medical care to publicly operated prisons. Aramark, a renowned service provider, advocates, “With Aramark, you can expect more-more savings!” (AramarkCorrections.com). At this point, the general public is aware that food is not of the best quality in public prisons, so what happens when private subcontractors take over? Here are a couple reported issues from Aramark alone:

Food Supply

In Ohio, reports obtained by the Associated Press indicate that there have been sixty-five occasions where Aramark failed to provide food to Ohio inmates. In addition, there have been five cases where maggots were present during the preparation process (NBC24). According to the Inmate Food Audit conducted in 2001, Aramark altered their food recipes to include cheaper, often below the required standard, ingredients. Audits conducted in Florida and Kentucky found that Aramark would bill states for meals they did not serve. It indicated that Aramark was compensated for about six thousand additional meals a day that it not distribute (Smyth 2013).

Health Care

Food distribution aside, subcontractors have also privatized health care. Arizona is just one state that agreed to try this method. Its prison system is currently operated by Corizon health, which is the largest private prison healthcare provider in America. Regan Clarine, was a newly pregnant woman sentenced to prison for possessing a narcotic that was up for sale. When nine months had gone by and the baby still had not arrived, a caesarean section was performed on her even though she did not want one. The worst part is that when Clarine returned to her cell after having her baby, her C-section wound reopened, wide enough to fit her fist in she admitted (Leonard and May 2014). After finally meeting with a doctor two weeks later, she mentioned that the doctors told her “she was lucky to be alive”. What is even more disturbing is the medical treatment that was performed on Regan Clarine. “They decided to use sugar...like McDonald’s sugar”, she said in an interview, “They would open it and pour it inside [the wound] and put gauze over and tape it up. And I had to do that for like three weeks” (Leonard and May 2014).

Staffing and Medical Treatments

In Mississippi, the assault rate in private prisons was three times higher than for inmates in public prisons (Newkirk and Selway 2013). The most violent being Walnut Grove Youth Correctional Facility, a private prison facility run by GEO Group, which had twenty-seven assaults for every one hundred offenders in 2012. A court filing in April demonstrated shortcomings of staff members, inappropriate relationships between inmates and prison guards, and high numbers of violence as common practices in this privately operated detention center. After a thorough investigation, the Department of

Justice released investigative findings on the Walnut Facility. The Department announced that Mississippi violated the eight-amendment requirement of protecting detained youth from harm and providing them with sufficient medical and mental health care (Department of Justice, Office of Public Affairs 2012). In another case, the General Council of New Mexico's corrections department admitted that the state filed a lawsuit for \$2.4 million against GEO Group due to a large number of staff vacancies in three prisons. According to state and federal data, private prisons have a lower ratio of both pay and staffing when compared to public prisons (Newkirk and Selway 2013).

Of course when asking GEO Group to provide a response to these findings, they will claim that focusing on just the faulty institutions illustrates an unbalanced interest of the company. On a brighter note, let us bring awareness to the first Governor's Savings Award issued to GEO Group.



Publicly made available on the GEO website, Florida's Governor Rick Scott issued this award to GEO Group in 2012 for "implementing bold and innovative cost-saving practices". A government issued award cannot possibly be deemed untrustworthy right? The general public would be disappointed to find out that Rick Scott is one of the major supporters and advocates for prison privatization in the state of Florida. Private prisons have contributed almost \$1.5 million in support of Scott's 2014 elections. His "Let's Get to Work Committee" also received a minimum of \$365,000 from GEO and other for-profit prisons (Fernandez 2014). In return, Governor Scott has supported legislation, although unsuccessful, that would privatize one-third of Florida's prison system. Even though corporations argue that shining the light on troubled institutions is not fair, it becomes easy to undermine their credibility when the "achievements" they are recognized for are also bought.

Moreover, a former patient care technician for Corizon, Teresa Short, reported about the inadequacies prevalent in Corizon. A specific case she remembers vividly was regarding an inmate with dialysis who had a vascular catheter in the vein of his arm, which is used for repeated access for treatments. This patient did not understand what the catheter was for so he had a problem with constantly playing with it. After Short advised staff members to pay additional attention to him, he was sent to his cell alone. When Short went to check up on him around five in the morning, she found him dead in a room pervaded with his blood. The patient had unplugged his catheter and bled out in no time (Leonard and May 2014). It is extremely upsetting to think about the lives that could have been saved or the proper treatments that could have been provided for inmates if there were sufficient amounts of experienced staff members.

The credibility with these disclosures lay with the fact that medical spending in prisons have decreased by about \$30 million while levels of staffing have plunged since the privatization of prison health care (American Friends Services Committee). Cutting costs of critical necessities has resulted in a number of barbaric instances. In the first eight months of 2013, it was reported that fifty inmates had passed away in custody of the Arizona Department of Corrections. The last two years combined had a total of thirty-seven deaths. Dan Pochoda, the legal director for the American Civil Liberties Union in Arizona, stated, “People are often sent to prison for two-year, three-year sentences that have turned into death sentences because of the absence of the basic minimal care” (Leonard and May 2014).

In another instance, an inmate by the name of Tony Brown had less than a year of his ten-year sentence left in an Arizona private prison, when the institution ran out of his prescribed morphine. Brown had esophageal cancer and morphine was necessary to control the pain. The prison started providing an alternative, weaker drug that did not do much to help Brown tolerate his pain. In a video released by “America Tonight”, prison guards caught on film Brown’s intolerance to his pain while being handcuffed to a gurney. Although guards informed the nurses that his condition was exacerbating, there are no records of medical staff checking in on Brown within the following two days. When his cell was finally paid a visit, guards found him face down on his bunk and barely showing any movement. Nurses performed CPR and an ambulance was called after a long delay of forty minutes. The next day Brown was reported dead in a hospital. His medical records identify his cause of death as complications with cancer, but his

family sued on his behalf allocating the blame on inadequate medical care from the Wexford private prison.

A report published in 2013 by AFSC, entitled “Death Yards: Continuing Problems with Arizona's Correctional Health Care”, exemplifies the improper and inhuman treatments that prisoners in the private facility of Corizon have undergone. These examples further demonstrate the lack of incentive and care private prisons have to turn inmates into potential functioning members of society. If harsher treatments are determined to lead to higher rates of recidivism (Chen), then it comes to no surprise as to why private prisons have such high rates of reported issues.

3.3 Incentive to Recidivate

When a company's profits are based on people, the basic rationale becomes the more people, the more profits. Especially since economics of scale applies, where increasing number of inmates reduces operational costs by an even greater percentage, private prison companies will aim to create as much demand as possible. If inmates have a greater likelihood of recidivating, returning to a previous pattern of criminal behavior, then demand will be preserved. If inmates have a greater likelihood of repeating offenses, and therefore returning to prison, private facilities will be needed for housing and thus continuing their profit-driven business. In a recent investor presentation, Corrections Corporation of America referred to prison privatization as a “Unique Investment Opportunity” and mentioned that the nation's high rate of recidivism makes the jailing of people a wise financial idea (Wishon). This simple phrase is a way of easing investors about any worries they may have of decreasing demand. It reassures possible investors that high recidivism should be an encouraging factor to invest more into privatizing our

nation's prison system. If recidivism is considered an investment pitch, what incentive do private executives have to adequately rehabilitate prisoners?

Dr. Fran Buntman, a criminologist at George Washington University, argues, "turning the imprisonment of people into profit leads to the over-criminalization of America and deemphasizes rehabilitation" (Wishon). For each released inmate, a new bed opens up. This newly vacant bed becomes a liability for either the state or the prison, depending on the lock-up quotas within that particular contract.

In his book, *Recidivism*, Michael Maltz explains the weaknesses in previous studies, particularly one conducted by Lanza-Kaduce and Maggard (2001), where variables of gender, classification level, offense, race, prior record, and age category were recorded to determine recidivism rates among inmates from both public and private prisons. This study received criticism due to the omission of two variables: length of sentencing terms and custody levels. The results of this Florida study indicated that private prison releases were more successful than public prison matches (Gaes, Camp, Nelson, and Saylor 25). However, there is an inevitable circumstance that may skew the accuracy of data results, which is the transfer from one institution to another. This sort of selection bias can undermine the validity of the reported results.

M. Keith Chen from Yale University and Cowles Foundation has conducted a study entitled, "Do Harsher Prison Conditions Reduce Recidivism?." His research suggested that harsher prison conditions lead to more post-release crimes. The study was based on security levels as the independent variable to determine harshness of prison conditions. Yet little is determined about public versus private prison facilities.

CHAPTER FOUR: RESULTS

Thesis and Design Redefined

My research goal is to show how privatization of the prison system has led to the inflated rate of incarceration by focusing on recent recidivism rates in the United States. Since private prisons have the ultimate goal of making profits, it would be reasonable to assume that there would be greater interest to have inmates recidivate, similar to the business concept of returning customers. My initial plan was to obtain data on recidivism broken down by each state and separated between public and private prisons. This would be able to provide a clear distinction of releases between these two types of institutions and create a stable basis for comparison of recidivating inmates. Unfortunately, after spending a great deal of time trying to get my hands on these data, The Bureau of Justice informed me that there is no data released that separates these two factors, and instead private and public institutions are calculated together. The Bureau of Justice has conducted a study regarding the patterns of the recidivism of prisoners in thirty states from 2005 until 2010. The Bureau of Justice Statistics plans to release this data next year, so consequently that information cannot be used for this paper. Since this data is not available, I had to rely on an alternative design.

The BJS did provide data on the proportion of private prisoners in each state over several years. Additionally, a study conducted by The Pew Center on the States, an organization dedicated to generating effective solutions for critical issues facing states, titled “State of Recidivism: The Revolving Door of America’s Prisons”, identifies state prison releases and recidivism rates for almost all fifty states. This study conducts a three-year follow up of prisoner releases in the year 1999 until 2002 and compared it to

another three-year follow up case of prisoners released in the year 2004 and followed up until 2007.

Combining that available data on the proportion of private prisoners by state from the Bureau of Justice Statistics and the Pew Center data on recidivism rates by state, I determined that an analysis could be done utilizing a secondary design approach. If recidivism rates are higher for incarcerated of private versus public prisons, then two aggregate hypotheses could be tested. In each, the unit of analysis is the state:

- Hypothesis 1: The higher the proportion of prisoners in private prisons during any given year, the higher the recidivism rate in that state in the subsequent 3 year period (the analytical assumption used by the BJS).
- Hypothesis 2: The higher the increase in the proportion of private prisoners in any given state between two time periods, the higher the increase in subsequent recidivism rates in that state.

Several tests were conducted to confirm these hypotheses. Regressions were run to determine the effects of differences in degree (Proportion of private prisoners). Means comparison tests were run to determine differences in kind (states with and states without private prisoners). The results of these tests, as with the literature on the subject generally, are mixed:

Hypothesis 1: The higher the proportion of prisoners in private prisons during any given year, the higher the recidivism rate in that state in the subsequent 3 year period.

- Test 1: In each year tested, the subsequent recidivism rate will be related to the proportion of private prisoners within in state in a positive and linear fashion.

- Test 2: In each year tested, the mean subsequent recidivism rate will be higher in states with private prison populations than states without. States were only considered to have private prison populations if the proportion of prisoners was greater than or equal to .01%.

Results:

- Test 1: A regression was run with the recidivism rate as the dependent variable, the proportion of the prison population in private facilities as the independent variable.

1999: This first regression produced results minimally opposite of expectations. For every 1% increase (from state to state) of private prisoners, there was a predicted .229% (unstandardized beta) decrease in subsequent rates of recidivism. The R-square value was, however, extremely small (.028, adjusted = -.004) indicating no apparent relationship between the two variables. Although one could argue that significance tests are not suitable for non-random samples, the significance level of that slope (as compared to guessing the mean recidivism rate for all states) is .359. The small sample size for that year (32) is obviously a contributing factor.

2004: The results were in the hypothesized direction, but, again, the extent of the relationship was minimal at best (R-square=.086, Adjusted=.061). The unstandardized slope coefficient, however, was significantly different from the mean ($p=.070$) in spite of the small sample size (39).

- Test 2: An independent samples t-test was run comparing the means of states with private prisoners ($> .01\%$) with states without.

1999: The results were in the hypothesized direction. States without private prisoners had a mean subsequent recidivism rate of 37.94%. States with private prisoners had a recidivism rate of 42.68%. The one-tailed (directional) significance level of the difference is $<.10$.

2004: The means are fairly identical (39.35% vs. 39.73%) with an insignificant difference between the two.

Although the results of these tests were mixed, they should not be outright dismissed. Part of the problem may lie with the fact that private and public prisons incarcerate different proportions of prisoners categorized by crimes. Although it is currently impossible to determine the effects of these differences for every state, a few existing studies do indicate the interactive nature of these differences. Some Florida studies, for example, indicated that recidivism rates were lower for prisoners incarcerated in private facilities because private prisons were more likely to house prisoners who, because of the crimes committed, were less likely to recidivate (Gaes, Camp, Nelson, and Saylor 25). If this were true in every state, then finding differences in the hypothesized direction would be made difficult.

Not only may the types of prisoners incarcerated at public and private prisons be different, but these differences may vary across states. In order to attempt to control for this possibility, a second, similar set of tests were run comparing differences within each state across time.

Hypothesis 2: The higher the increase in the proportion of private prisoners in any given state between two time periods, the higher the increase in subsequent recidivism rates in that state.

- Test 1: The change in the proportion of private prisoners within each state across the two time periods should be positively and linearly related to the change in recidivism rates in each state.
- Test 2: States with an increase in the proportion of private prisoners will have a higher mean increase in recidivism rates than states with a decrease in that proportion.

Results:

- Test 1: A regression was run with the recidivism rate change as the dependent variable, the change in the proportion of the prison population in private facilities as the independent variable.

The results trended slightly against the anticipated direction posited ($b = -.012$) but the R-square is basically 0 (.005, adjusted = -.029). The significance level of the slope is .714.

- Test 2: An independent samples t-test was run comparing the means of states with an increase in the proportion of private prisoners with states that witnessed a decrease.

Recidivism rates declined across all states during the two time sequences in question.

However, the decline was, as posited, *greater* in states with a decrease in the proportion of private prisoners than those in states with an increase. The difference (-.975 vs -.231) was, however (for those who consider the use of significance tests with non random samples valid) not significant. Of course, the number of cases within each (8 and 13 respectively) would make it difficult to find inferentially significant results.

Additionally, in those 8 states where the private prison population decreased, the

recidivism rate decreased 5 times (62.5%). In those 13 states where the proportion increased, recidivism rates decreased 7 times (53.8%).

At the end of this project, this research aims to confirm that the privatization of prisons has played a role in the increasing rate of incarceration and recidivism because of the profit motive that is created from the prison industrial complex. If more data was available regarding the proportion of each crime in each state in both public and private prisons, a more solid prediction of recidivism could be created using other data that is made currently available. In order to achieve the timeline of this paper however, that option must be reserved for future research and reliance on the previous methods I mentioned is the best alternative for now.

4.2 Research Moving Forward

As mentioned, the problem of much of this analysis is that one is often forced to compare apples and oranges. Demographic and criminal categories have much to do with recidivism rates and the proportions of both may be different between private and public prison facilities. Additionally, the division of types of prisoners between private and public prisons may differ among states. By 2016, data may become available that will allow me to give a more accurate assessment of the relationship between private prisons and recidivism and be able to control for among crime and among state differences.

The BJS has stated that it will produce recidivism statistics by type of institution by the end of 2015. That will allow for a more valid aggregate analysis of recidivism differences between private and public facilities. More importantly, by 2016, a new and more complete (more states) edition of “Recidivism of Prisoners [United States]” will be released by the Bureau of Justice Statistics. That study, a series of state survey of *individual* inmates, should allow me to break down recidivism rates for different demographic groups and different types of committed crimes.¹

¹ At worst, the levels of offenses and their associated rates of recidivism, can be segregated between serious and non-serious crimes. These types of crimes differentiate with their sentence lengths. Generally, non-serious crimes are eligible for early release without parole supervision (CDCR). Non-serious crimes include: burglary, motor vehicle theft, arson, stolen property: buying/receiving/possessing, vandalism, weapons: carrying/possessing/etc, prostitution and commercialized vice, sex offenses (besides forcible rape and prostitution), drug abuse violations, gambling, driving under the influence, drunken-ness, disorderly conduct, vagrancy, and curfew/loitering law violations. Serious crimes include: murder/non-negligent manslaughter, forcible rape, robbery, aggravated assault, other assaults, forgery and

With the combination of these data, one should be able to develop estimates of recidivism by type of crime and demographic group, and within each state. Those estimates can then be used to project recidivism rates, for each state, for both public and private incarcerates. Those projections would then be compared against the *actual* public/private recidivism rates provided by the BJS. If my hypothesis is correct, recidivism rates for privately incarcerated inmates will be higher than projected and those for public facilities will be lower. Much of the “apples and oranges” dilemma can be resolved.

CHAPTER FIVE: CONCLUSION

Ultimately, private prisons are a concept involving minimal research since they have become institutionalized fairly recently and substantial data have not been collected thus far. However, it is important to draw attention to America’s prison system, Many people are not aware that private prison facilities even exist; yet these corporations have paved their path to making millions off incarcerating individuals. The prison system has been operating for years by the control and authority of the government, but we have now started to see states contracting with private corporations to take on the job that has historically belonged to the government. Although these corporations promise to deliver the same or better results while operating at a lower cost, research into the actual impacts private prisons impose on society is very critical for accurate assessment.

counterfeiting, fraud, embezzlement, and offenses against the family and children (Uniform Crime Reports, FBI database).

Emphasizing contractual agreements made between states and private prisons allows readers to get some sort of insight on an otherwise opaque system. It is important to focus on contracts as they clearly state the requirements of both parties, while demonstrating the hidden motives. The difficulty in obtaining these contracts also conveys the lack of transparency within the system. The need for public oversight and scrutiny is exhibited through the increased cases of political lobbying and bribery. When the money is followed, we often see the pursuit of greedy interests by private prisons who show no regard to consequences. We saw this exemplified through cases of judges sending juveniles to prison in exchange for money, politicians supporting harsher punishment for campaign donations, and public officials increasing contracts with private prisons in exchange for millions. Being informed about the salaries of executives is simply another method of acknowledging the generous profits that are accumulated by the top leaders of these highly profitable corporations. Research into the prison industrial complex spreads awareness about the profit motive that prevails among these investors. This includes but is not limited to stricter sentencing laws that will increase the number of arrests and thus increase business growth. We see this directly through the language of CCA itself:

“

“The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, leniency in conviction or parole standards and sentencing practices or through the decriminalization of certain activities that are currently proscribed by criminal laws.”

”

(American Civil Liberties Union)

Although businesses are vital for a striving economy, running prisons as a business creates a set of harmful conditions. They often come alongside harsh conditions due to the lack of care for inmates, which are correlated with making profits. Since the objective of private prisons is to save money, this often comes with negligence of sanitation, security, and delivery of services to inmates. On the surface, being cost-efficient seems advantageous to society, but with further research and in depth analysis of what goes on inside these prisons, the internal realities demonstrate the opposite effect. Reported issues of injuries, formation of improper relationships, lack of necessary treatments and counseling, and even death cases bring light to the operational methods of private prisons. When these conditions enter the limelight, there will be more opportunity to think of effective solutions, which might include putting an end to prison corporations.

Finally, accepting that private prisons often fail to provide adequate self-improvement services due to the lack of incentive to rehabilitate, it becomes clear as to why private prisons may play a role in increasing recidivism rates. Understanding the consequences that arise from private prison investment can help make other citizens care. Once other citizens begin to show more concern regarding the current prison system, prison reform develops the possibility of becoming more successful. If research in this topic does not prosper, we will continue to see what occurs when profits are prioritized before people.

References:

AVIO, KENNETH M. "The Economics of Prisons." *European Journal of Law and Economics*. Kluwer Academic Publishers, 1998. Web. 04 Dec. 2014.

Bureau of Justice Statistics. *Recidivism of Prisoners Released in 1994: [United States]*. Ann Arbor, Michigan: Inter-university Consortium for Political and Social Research, n.d. PDF.

Carson, Ann E. *Prisoners in 2013*. N.p.: U.S. Department of Justice, Sept. 2014. PDF.

Chen, M. K., and J. M. Shapiro. "Do Harsher Prison Conditions Reduce Recidivism? A Discontinuity-based Approach." *American Law and Economics Review* 9.1 (2007): 1-29. Web. 6 Dec. 2014.

"Civil Rights Advocates Take Action to Protect All Prisoners at East Mississippi Correctional Facility." *American Civil Liberties Union*. N.p., 26 Sept. 2014. Web. 04 Mar. 2015.

"Corrections Corp of America." *CXW Executive Compensation*. MorningStar, n.d. Web. 12 Mar. 2015.

Coyle, Andrew, Allison Campbell, and Rodney Neufeld. *Capitalist Punishment: Prison Privatization Human Rights*. London: Zed, 2003. Print.

Fernandez, David. "Rick Scott: Prison Profiteer | Fight For Florida." *RSS*. N.p., 1 Oct. 2014. Web. 09 Mar. 2015.

Gaes, Gerald G. *Measuring Prison Performance: Government Privatization and Accountability*. Walnut Creek, CA: Altamira, 2004. Print.

Gates, Jimmie E. "Former MDOC Commissioner Chris Epps Fooled Us All." *The Clarion Ledger*. N.p., 28 Feb. 2015. Web. 04 Mar. 2015.

GEO 2012 Annual Report. Florida: The GEO Group, Inc., n.d. PDF.

Getlen, Larry. "Corrupt 'Kids for Cash' Judge Ruined More than 2,000 Lives." *New York Post*. N.p., 13 Feb. 2014. Web. 03 Mar. 2015.

Harrison, P.M. & Karberg, J.C. (2003). *Prison and Jail Inmates at Midyear 2002*. Washington, DC: Bureau of Justice Statistics

"Justice News." *Department of Justice Releases Investigative Findings on the Walnut Grove Youth Correctional Facility in Mississippi*. Department of Justice, 21 Mar. 2012. Web. 08 Mar. 2015.

Kroll, Andy. "This Is How Private Prison Corporations Make Millions Even When Crime Goes down." *Mother Jones*. N.p., 19 Sept. 2013. Web. 03 Mar. 2015.

Leonard, Abigail, and Adam May. "Whistleblower: Arizona Inmates Are Dying from Inadequate Healthcare." *Occupy.com*. N.p., 16 June 2014. Web. 08 Mar. 2015.

"Maggots in Food Among New Prison Food Complaints." *NBC24*. N.p., 15 July 2014. Web. 08 Mar. 2015.

Maltz, Michael D. *Recidivism*. Orlando: Academic, 1984. Print.

Newkirk, Margaret, and William Selway. "Gangs Ruled Prison as For-Profit Model Put Blood on Floor." *Bloomberg.com*. Bloomberg, 11 July 2013. Web. 07 Mar. 2015.

"New Report: Prison Health Care in Arizona Worsens under Private Prison Company Corizon." *New Report: Prison Health Care in Arizona Worsens under Private Prison Company Corizon*. N.p., 04 Nov. 2013. Web. 07 Mar. 2015.

Schlosser, Eric. "The Prison-Industrial Complex." *TheAtlantic*. The Atlantic Monthly Group, n.d. Web. 02 Dec. 2014.

Selman, Donna, and Paul Leighton. *Punishment for Sale: Private Prisons, Big Business, and the Incarceration Binge*. Lanham, MD: Rowman & Littlefield, 2010. Print.

"Serve Solutions. Expect More from Food Service." *Aramark Corrections*. N.p., n.d. Web. 7 Mar. 2015.

Smyth, Julie Carr. "Audits: Prison Vendor Charged for Unserved Meals." *Audits: Prison Vendor Charged for Unserved Meals*. N.p., 14 July 2013. Web. 08 Mar. 2015.

Urahn, Susan K. *State of Recidivism: The Revolving Door of America's Prisons*. Philadelphia: PEW CENTER ON THE STATES, Apr. 2011. PDF.

Wishon, Jennifer. "Christian Broadcasting Network." *Nation of Criminals: Selling Prisons 'for Profit'* CBN News, 12 July 2012. Web. 08 Mar. 2015.

"Why Does America Have Such a Big Prison Population?" *The Economist*. The Economist Newspaper, 14 Aug. 2013. Web. 08 Dec. 2014.