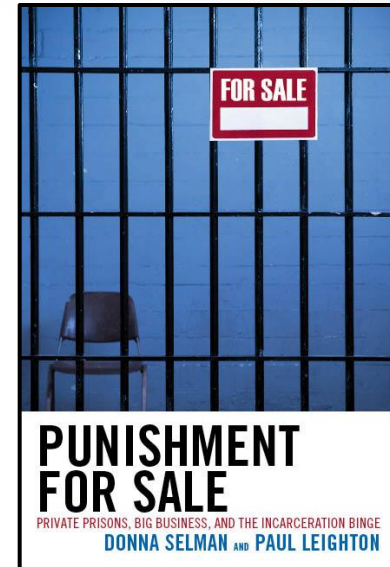


The Problems with Private Prisons



Dr. Paul Leighton
Eastern Michigan University

Presented at A Statewide Forum on Privatization of Prisons, Mass Incarceration and
Prison Reform in Michigan

Eastern Michigan University – April 13, 2013

Definition

- Nominal privatization: contracting for construction, food, medical care, education
- Operational privatization: private company *operates* a facility owned by the government and/or *manages* inmates in a prison that the company *owns*.



Both are real Estate Investment Trusts – pay no federal tax and distribute money to wealthy shareholders instead

Legitimacy

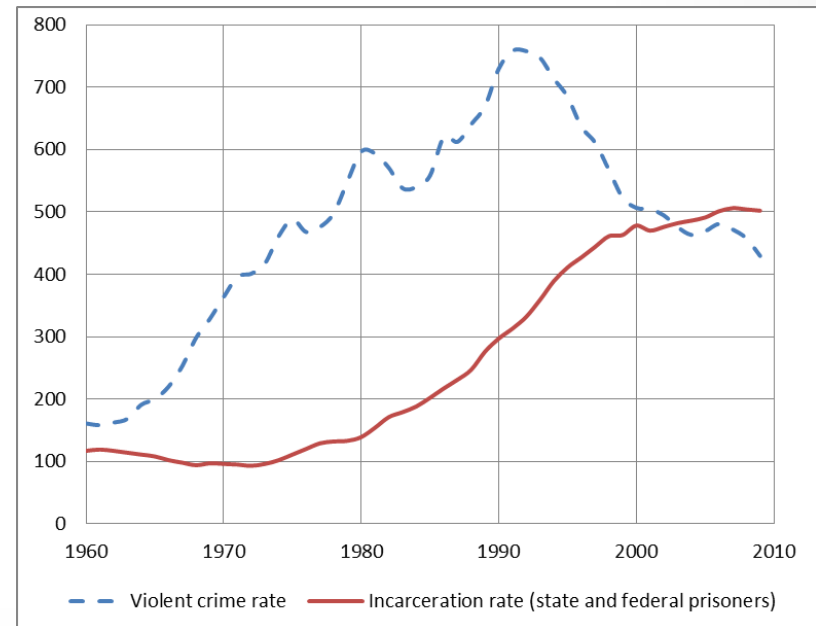
- No private police (power to arrest, use deadly force)
- No private courts
- Why are private prisons morally acceptable then?
- Would a privatized death row be acceptable?
- Contract out executions if it saved 10%?
- Have a contractor run whole state prison system?
- If NO, then why are we going down this road?



War on Crime/Drugs→ Incarceration Binge

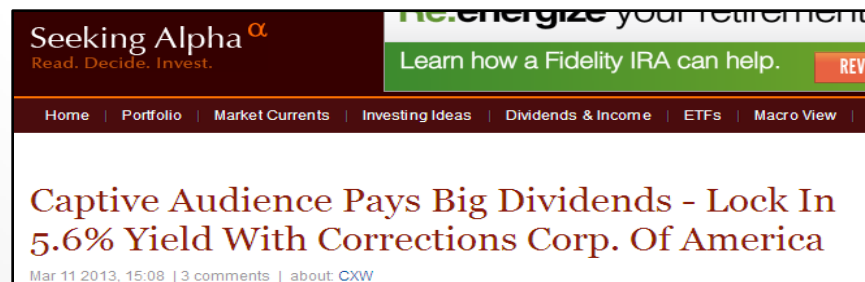
- Overcrowding, need more prisons while promising smaller govt/lower taxes
- Private prisons raised money from “public” [wealthy] to continue incarceration binge of poor and profit

Private prisons were born from unjust policy; they depend on its continuation for growth and profit – need “raw materials” and “Bodies destined for profitable punishment”



Add to Prison-Industrial Complex

- From General/President Eisenhower's warning of Military-Industrial Complex
 - New permanent armaments industry of "vast proportions"
 - "We must guard against the acquisition of unwarranted influence... The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes."
- Complex forms policy in own interest, minimizes outside scrutiny and accountability
 - "Iron Triangle" of legislators, bureaucrats and corp interests



The screenshot shows the Seeking Alpha website interface. At the top, there is a dark red header with the text "Seeking Alpha" and a small alpha symbol, followed by "Read. Decide. Invest." Below this is a green banner with the text "Learn how a Fidelity IRA can help." and a "REVIE" button. A navigation bar contains links: Home, Portfolio, Market Currents, Investing Ideas, Dividends & Income, ETFs, Macro View, and A. The main content area features a large headline in red: "Captive Audience Pays Big Dividends - Lock In 5.6% Yield With Corrections Corp. Of America". At the bottom of the article preview, it says "Mar 11 2013, 15:08 | 3 comments | about: CXW".

“Endanger democratic processes”

GEO Group, 2010 Annual Report “Risk Factors”:

- the demand for our services could be adversely affected by the relaxation of criminal or immigration enforcement efforts, sentencing or deportation practices, and the decriminalization of certain activities. For example, any changes with respect to the decriminalization of drugs could affect the number of persons arrested, convicted, sentenced and incarcerated, thereby potentially reducing demand for correctional facilities to house them.



Follow the \$

Overhead costs

- Executive pay, executive pay consultants
- Customer acquisition (lobbying, political donations)
- Lawyers for Securities and Exchange Commission filings
- Investor relations, shareholder lawsuits
- Consultants for mergers, acquisitions, reorganization
- Auditing (international operations)

How can they supposedly do it cheaper
and make a profit?

Promote Inequality: Top Wage in Public DOC v Private Prisons, 2007



State/ Company	Position	Salary	Inmates Under Supervision	Fiscal Responsibility (\$billions)
GEO	Chairman, CEO	\$2,926,813	54,000	\$1.0
CCA	President, CEO	\$1,887,951	72,000	\$1.5
California	Secretrary	\$225,000	172,365	\$5.7
Texas	Executive Director	\$165,000	153,489	\$2.9
New York	Deputy Commissioner	\$157,069	63,315	\$2.7
Michigan	Director	\$145,000	51,577	\$1.6
Georgia	General Counsel	\$131,908	47,717	\$1.2
Florida	Secretary	\$128,750	86,619	\$2.2
Ohio	Director	\$118,205	47,086	\$1.3



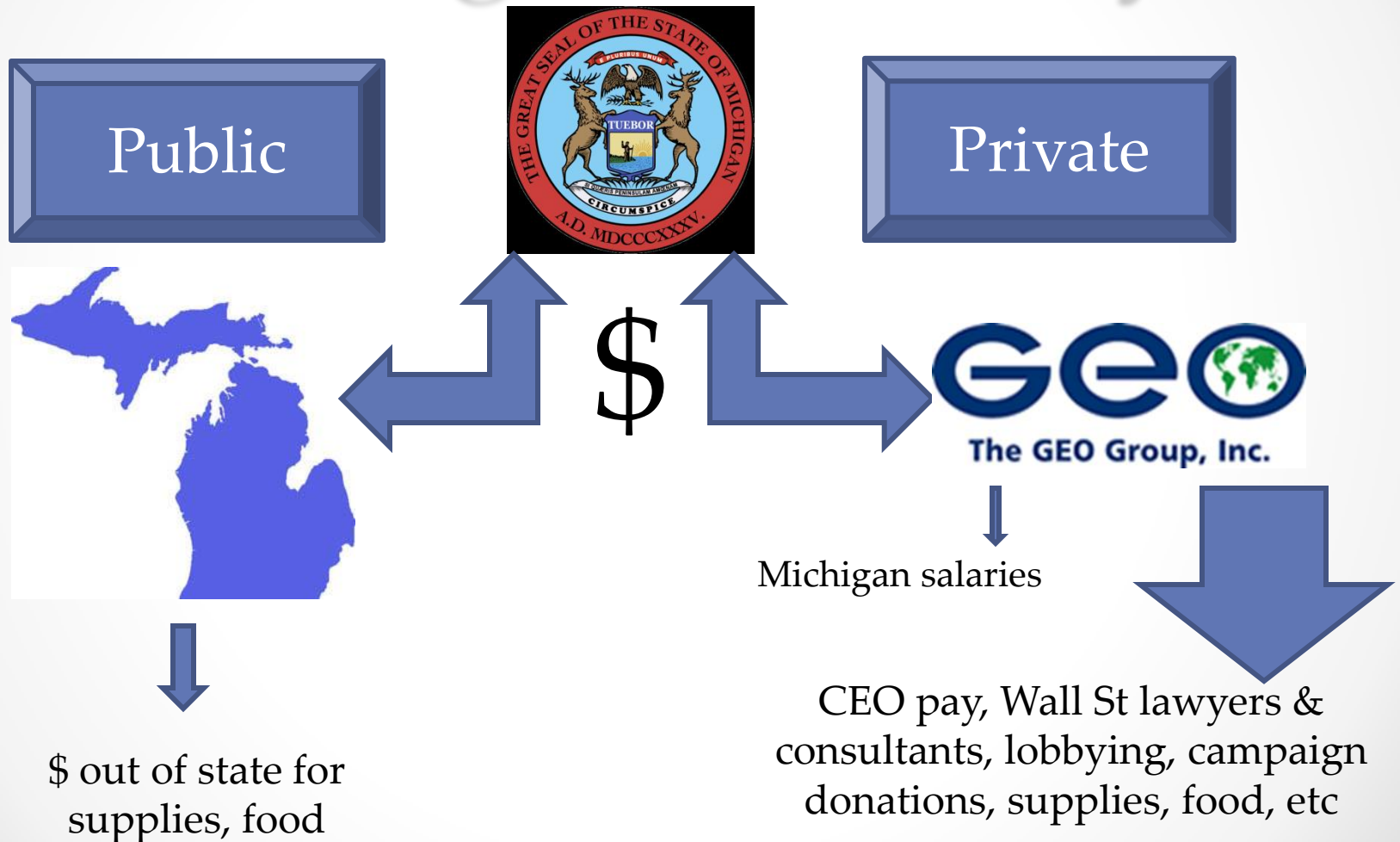
CEO salary excludes stocks and stock options. Inmates under supervision excludes probation and parole.
From Selman and Leighton, [*Punishment for Sale*](#) (Rowman and Littlefield, 2010)

Follow the \$

- Able to make profit and provide the same service with higher overhead costs by screwing the people who work in the prisons
- Median earnings in 2006 for correctional officers and jailers was
 - \$35,760 for government employees
 - \$25,050 for private prisons
- Lower wages = More employee turnover

Source: Bureau of Labor Statistics 2008–2009, quoted in Barak, Leighton & Flavin (2010) *Class, Race, Gender & Crime*

Save 5% but weaken Michigan economy



Next steps?

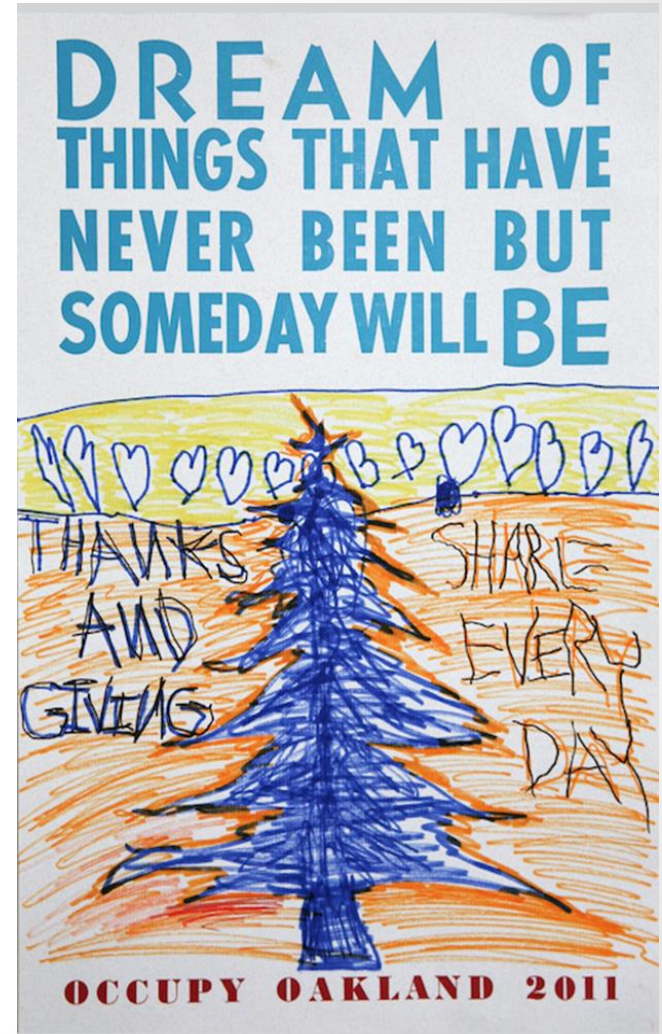
- Data about cost savings unclear, need to privatize more to get better data....
- Comparison based on daily rate for 90% occupancy, but if we are only using 86% occupancy, then actual cost per inmate is higher – NEED TO USE ACTUAL AMOUNTS PAID & NUMBER OF INMATES HOUSED
- Cost to state for privatization – prepare proposals, evaluate bids, negotiate contract, monitor. IF WE DID NOT HAVE PRIVATIZATION, THEN STATE WOULD NOT INCUR THESE COSTS

Contract Problems

- Weak and flawed systems of monitoring
- Companies deal with more contracts and better understand the profit-making potential of certain contractual language
 - Maintenance
- Few penalties for violating contract, insufficient for deterrence
- “Take or Pay”: Pay for 90 or 95% occupancy regardless of actual number of inmates
 - guaranteed revenue for corporation, questionable benefits for govt that pays for “ghost” inmates

Conclusion

- Questionable legitimacy
- Poor transparency (corp secrets)
- Poor contracts
- Little cost savings
- Add to inequality
- Weaken state economy
- Add to prison-industrial complex/vested interests in more unjust mass incarceration
- Corporate interests corrupt democratic policy- making about justice and public safety



Dr. Paul Leighton is a professor in the Department of Sociology, Anthropology & Criminology at Eastern Michigan University.

More information about him is available on his website,
<http://paulsjusticepage.com/paul/pauls-cv.htm>

See also:

Prison Privatization in the U.S. and Japan (2014)

http://www.paulsjusticeblog.com/2014/06/we_need_a_postwarehouse_prison.php

Why Private Prisons Do Not Save Money (2008)

http://www.paulsjusticeblog.com/2014/10/why_private_prisons_do_not_save_money.php