Prison Privatization: A Multi-State Comparison

Content Analysis

by

Richlynn Young

Submitted in Partial Fulfillment of the Requirements

for the Degree of

Master of Science

in the

Criminal Justice

Program

YOUNGSTOWN STATE UNIVERSITY

May 2011

Prison Privatization: A Multi-State Comparison
Content Analysis

Richlynn Young

I hereby release this thesis to the public. I understand that this thesis will be made available from the OhioLINK ETD Center and the Maag Library Circulation Desk for public access. I also authorize the University or other individuals to make copies of this thesis as needed for scholarly research.

Signature:

Richlynn Young Date

Approvals:

Dr. John Hazy, Thesis Advisor Date

Dr. Christopher M. Bellas, Committee Member Date

Dr. Christian Onwudiwe, Committee Member Date

Peter J. Kasvinsky, Dean of School of Graduate Studies and Research Date

ABSTRACT

This thesis project measured the effectiveness of prison privatization at a multi-state level. A content analysis of existing data on a convenience sample of seven states that have a large percentage of their prisons privatized: Arizona, California, Colorado, Florida, Ohio, Texas, and Oklahoma was compared to seven non-or-low privatized states that do not have a large percentage of their prisons privatized: Louisiana, New York, Wisconsin, Minnesota, Alabama, Maryland, and Illinois. A convenience sample was taken of public and private states on available data supplied by the Bureau of Justice Statistics which was used to ascertain differentiating factors on both the public and private levels.

There are three factors that led states in this project to privatize its prison system. Results indicate that most states have made the decision to privatize for three reasons: lower cost; to reduce over-crowdedness, and consent decree. Several states have enacted laws that mandate either some sort of cost savings through privatization or simply an increase in quality standards by the private vendor operating the institution. In examining the cost per inmate among all fourteen states, it appears that the low-to-non privatized states spend the least amount of money per inmate to house its prisoners.

In addition, many states have specific positions within their departments that monitor and maintain privatization standards. Monitoring privatization consisted of on-site monitoring, facility inspections and the oversight and monitoring of contracts. As private prisons are studied in the future, researchers should take a regional look at other aspects affecting privatization such as recidivism, turnover, and number of escapes.

Acknowledgements

Without the support of the following people, the completion of this project would not have been possible. I extend my deepest admiration and gratitude.

Dr. John M. Hazy, my Thesis Advisor, for his support, knowledge, encouragement, and statistical expertise, without your assistance this project could not have been completed. Thank you.

Dr. Christopher M. Bellas for his guidance and support throughout this study.

Dr. Christian Onwudiwe, for providing me with the information needed to accurately complete my research.

The Graduate School for allowing me the opportunity to partake in this study.

My family for their unconditional support of all my plans. Throughout this process, you all have made me realize that no task is too big to conquer and that "I can do all things through Christ who strengthens me" Philippians 4:13. You are the reason I succeed and without you I would be nothing. Thank You and GOD Bless.

Table of Contents

List of Tables

CHAPTER ONE

Introduction

Privatization Defined

Research has suggested that private companies who managed and run privatized institutions such as jails, prisons and other community corrections facilities, which provide security for inmates, have the ability to build facilities that are more cost effective, respond better to correctional needs and can be built at a faster rate while increasing incarceration capacity than the public sector (Shichor, 1995). The purpose of this study is to assess the impact prison privatization has on a multi-state level.

Types of Privatization

The general definition of privatization is "the shift of active ties from the state to the private sector or more specifically, any shift from public to private for the production of goods and services" (Shichor, 1995, p. 1). Privatization in the field of criminal justice is categorized by three forms that include: *private financing and construction of prisons*; *private industry involvement; and management and operation of the whole correctional facility by a private contractor* (Shichor, 1995). Government debt and voter control limits each states ability to finance prison building; therefore *private financing and construction of prisons* becomes a viable option lessening the need for governmental funding and voter approval of any new bond issues. One of the downfalls of this measure is its unpredictability because of its high reliance on voter support and time constraints. For some, obtaining private financing for the construction of facilities is faster and simpler than securing funds through public entities. Private companies can finance and build an entire prison in fewer months than the public can (Shichor, 1995). Secondly, *private industry involvement in prisons* encompasses the belief that the private sector can better provide inmates with the skills they need to reintegrate back into society. Skills include developing work habits, establishing discipline so that inmates once released have a better potential to succeed. This is the most common form of privatization seen in juvenile facilities and community-based programs. The final most traditional area of privatization is *rendering services to the prison by private contractors*. Under this form the government maintains full control over the management of the prison while private contractors provide good and services to inmates covering meals, education and medical services, (Shichor, 1995).

There has been significant debate over whether or not prison privatization is a viable option in the attempt to minimize correctional spending while maintaining proper correctional security, becoming one of the most conflict-ridden issues in public policy. According to Byron Eugene Price (2006), "fiscal pressures, increased correctional costs, and prison overcrowding coagulated and led to health issues and increased violence in prisons, which highlighted the importance of the prison privatization issue to the public" (p.11).   From both ends of the spectrum, there have been questions as to whether or not private contractors can better manage and operate prisons.

Advantages of Privatization

There are several suggested advantages of prison privatization. In the realm of fiscal crisis, people were looking for ways to save money and maintain the correctional system. Some contend that privatization subsequently increases the amount of inmates in each facility partly because they are able to build facilities more efficiently than the public can (Shichor, 1995).

The shift towards privatization stemmed from budgetary concerns, to remedy this problem advocates of privatization promised states that they could manage prisons more cheaply, build them faster and operate them better (Price, 2006). Beyond that, is the belief that because public prisons operate under monopolistic condition they are limited in terms of "*choice*" which promotes competition (Price, 2006). According to Price (2006), "Choice results in cost savings because private operators are competing for their services." (p.16). Shichor (1995), further adds to this point by stating "The private sector is competitively motivated, thus in a free market system, it is dedicated to provide maximum satisfaction to its customers and clients at a minimum cost" (p.16). The public sector is less likely to be motivated by free enterprise and maintaining efficiency because they are not rewarded by performance; rather they are rewarded by size and budget of their agency. Their sole motivation is "empire building" (Shichor, 1995). Private companies are less concerned with efficiency and more focused on appealing to the public as a way of gaining support of their political agenda. Proponents of privatization, claim that the government's role has become too intrusive making it very difficult to run a successful correctional system. (Price, 2006).

Disadvantages of Privatization

As discussed above there are several arguments that support prison privatization, this section will focus solely on points made against the movement. As private companies try to reduce management cost, issues of profitability arise. As a result, private companies turn to alternative measures such as lobbying for public policy changes. Lobbying efforts like mandatory sentencing requirements allow prisons to remain full, labor to be consistent and profits rising. Mandatory sentencing requirements subsequently helped private companies to gain and maintain their profit margins, through decreasing state budgets, higher correctional costs and prison overcrowding (Price, 2006).

Other arguments against privatization, counters the point that the private sector can run prisons in a more efficient manner. They suggest that because of the lack of evidence to support this notion, it's difficult to determine whether private run institutions are more efficient. Scholars point out one drawback of privatization is its inability to partake in activities that better society. As privatization becomes more prevalent, it is said that the government's role is reduced and the public's involvement becomes less of a priority. Public interest is threatened as citizens are denied their input in the government's decision making processes. Furthermore, the ability of the public to measure job effectiveness is limited because they are less able to access the private records, thus inhibiting their ability to partake in the decision making process and policy process (Price, 2006).

As public involvement becomes less important, others question the government's role in administering punishment and private involvement. Many feel the task of locking up individuals should be left to the government not private companies. They argue the importance of separating the "choice to punish and the administration of punishment". Those in support of privatization feel it's alright for the government to share their prison responsibilities with private parties including the administration of punishment. Critics of correctional privatization feel private companies are more concerned with gaining profits than with prisoner rights and well-being of inmates (Price, 2006).

Lastly, because private companies gain profits based on the inmate capacity, it is said they have less incentive to reduce recidivism rates. According to Price (2006), “Lowering the recidivism rate through educational programs and various rehabilitation programs would end up lowering future revenues for these private contractors” (p.20). Therefore private entities have less motivation to provide and maintain rehabilitative programs for inmates. Inmates rely on special programs to increase their potential for success once released. However, the fact remains privatization has a growing need in our correctional system.

The Need for Privatization

The ultimate goal of prison privatization is to save money and run more efficiency and effective institutions. As outlined in the above section, there are relevant arguments both for and against privatization. Some of the key benefits for privatization include: cost savings, quality institutions, time effective building and response to emerging need; and increased accountability. On the other hand, opponents argue its constitutionality focusing on delegation of powers; rule making; discipline and liability; and prisoner rights (Shichor, 1995). In addition, others state privatization centers are built around a profit motive which acts as a scapegoat to cut corners leading to others correctional concerns on the political, financial and ethical levels (Austin, J, & Coventry, G, 2001). It is necessary to explore both sides of the debate to gain a better understanding of how privatization practices have affected the criminal justice system, public policy and the life of the general public.

Goals of the Research Project

The primary goal of this project is to help determine whether or not privatization is necessary and effective, by analyzing existing evidence both for and against the issue. To accomplish this goal, it is necessary to take a qualitative look at individual items in various states affecting prison privatization.

By measuring the effectiveness of prison privatization on a multi-state level, the information may be used, not only to address state concerns on the issue but also provide a qualitative look of each state as a whole. These states were chosen based on their own unique history with privatization and measures each state has enacted to control their prison population and cost. The comparison will be performed to assess any differences in the manner in which they privatize.

Through this research, I will outline specific pros and cons in regards to operation standards such as efficiency and effectiveness. This information may be used by public and private correctional institutions, researchers, and policymakers, and may also serve a guide for further research in the field. Looking at the impact privatization possesses statewide is monumental and whether or not that impact is advantageous towards each state's cost saving efforts is worth exploring.

Summary

This chapter addresses the goals of the research project, details definitions encompassing privatization, the need for correctional privatization, the influence privatization plays from the public and private sectors and lastly how privatization has helped the criminal justice system.

Chapter Two briefly outlines the historical aspect of prison privatization in the United States and will also focus on factors that have contributed to privatization, such as conceptual aspects of punishment, incarceration, legal, economic, organizational and political problems of the subject. The next chapter will also explain why specific states made the decision to privatize and how privatization has affected both public and private prisons in various states.

CHAPTER TWO

Literature Review

Privatization has been a controversial yet lucrative movement in our criminal justice system. According to Martin P. Sellers (1993), “The privatization of public services is a matter of interest to private and public managers, analysts, and theorists” (p.13). The public was demanding change in spending, as government expenditures and tax revenues saw an all-time high. Along with the rapid growth of the prison population, came financial hardship. Correctional costs rose to an alarming rate between 1980 and 1990. The average operation expenditure for federal prisons was $14,456 and state prisons $15,604. Development costs for building new prisons in 1988 was between $71,000 per bed for maximum-security state prisons to $30,000 per bed for minimum-security state prison (Bureau of Justice Statistics, 1988; and Shichor, 1995). According to Shichor (1995), “correctional expenses between 1971 and 1985 rose faster than any other category of government spending…operating costs nationwide increase to about 470%” (p.12). In 1987, approximately 3,122 per 100,000 inmates out of 3.5 million inmates were confined in private corrections facilities in the United States (Stephan, 2001).

Between the 1980s and 90s the number of prisons in the United States grew by 134%. By the 1990s, nearly 400,000 people were incarcerated in local jail facilities with a small proportion being state prisoners being housed in local facilities due to overcrowding. The United States achieved the distinction of having the highest number of people incarcerated per capital in the world. The cost of incarceration skyrocketed as well. In 1984 the total state expenditures on correctional institutions was about $6 billion, whereas in 1990 it was approaching $20 billion, a growth of $233% in 6 years (Shichor, 1995).

Overcrowding became a major cause for concern in our prison system. Facilities were not equipped to withstand such changes. In turn, the courts were forced to set capacity requirements limiting the number of prisoners allowable in each facility. When facilities could not keep up with such mandates they were held in contempt and the early release of prisoners as a solution soon came. This early release counteracted the philosophies of the 1980s and 1990s. Instead of locking up offenders to protect society and deter further crime, the United States made deals in the form of “good time credits” and “accelerated parole hearings” as a way of relieving the overcrowding problem (Shichor, 1995).

In the 1990s, correctional costs were on the rise as the government experienced cutbacks. At the forefront of budget cuts were services likes public education, child care, welfare, healthcare, and other services. Due to the push for increased accountability and stiffer penalties, taxpayers, officials and politicians urged for longer prison sentences resulting in more offenders and also the financial burden this placed on the correctional spending. As cost went up, so did the public’s cause for concern. To remedy the problem, many states like New York, Michigan, Oregon and California tried to pass bond initiatives for prison construction which failed because legislatures were not ready to take on the financial burden (Shichor, 1995).

In 2001 states spent $29.5 billion for prisons about $5.5 billion more than what was spent in 1996. Prison operations consumed approximately 77% of the State correctional cost. The annual operating cost per state in 2001 was $22,650 or 62.05 per day (Stephan, 2004). In a national census conducted by the Bureau of Justice Statistics entitled "Census of State and Federal Correctional Facilities" reflected that from (2008), "June 2000 to December 2005 the number of state and correctional facilities increased by 9% and the number of prisoners rose by 10%" (p.1). Private facilities under contract with the Federal Bureau of Prisons saw the biggest increase up to151 during the same time frame (Stephan, 2008). From 2000 to 2005, private facilities increased from 16 % (264) to 23% (415) in which two-thirds was under contract to state authorities (Stephan, 2008). Eighteen states saw an increase in private facilities including Ohio (up 25) and Connecticut (up 30) that had the largest. Thirteen states had fewer private institutions in 2005, California (down 27) and Texas (down 16). Approximately two in three inmates held in private facilities were held in six states Texas, Oklahoma, Colorado, Florida, Mississippi and Tennessee (Stephan, 2008). From 2000 to 2005, the number of private facilities increased by 57% from 264 to 415 of all institutions. Two thirds of the private facilities were under contract to state authorities. (Stephan, 2008)

Historical Perspective

During the Middle Ages in England, private parties were hired to handle criminal prosecutions. At this time, victims had full control over how criminals were brought to justice. The use of private prosecutors limited the amount of power delegated to those in control. This practice remained in practice until the 19th century. In the American Colonies, victims used private prosecution as a preferred method for criminal restitution. Because the court system was decentralized it was difficult for citizens to travel long distances to capital cities to settle cases. Through private practices, victims had more control and were able to have restitution paid directly to them rather than to the government (Shichor, 1995). Crimes were viewed as offenses against victims rather than society. It was not the government's responsibility to enforce the law. Individual citizens either paid for the assistance sheriffs, attorneys and prosecutors or took on the sole task of pursuing, apprehending and prosecuting offenders (Shichor, 1995).

Europe and Privatization

In 1752, England passed an act that controlled crime and limited the financial hardship placed on victims for the prosecution of crimes. The act gave prosecutorial power to the courts who ordered the county to pay for prosecuting felony cases (Shichor, 1995). Jails were operated by private citizens who charged fees for services rendered. Jailers profited through special accommodations such as housing prisoners in private quarters, beer, liquor, tobacco, and family visits. They took advantage of every opportunity to make money. During this time, workhouses were used as a mechanism of labor for profit. Offenders were put to work providing various goods and services where a portion of earned money was used to offset the cost of incarceration (Shichor, 1995).

America and Privatization

The American colonies mimicked English practices. The use of private prosecutors was considered less costly than public prosecution. Unlike the English practice of victims carrying out acts of justice, America realized this practice was not efficient. Development of penitentiaries in the 18th century carried on the idea of repentance, penitence and rehabilitation. Prison labor, although first used for repentance and discipline, became the main source of prison profit by the government. Private entrepreneurs and the government were contracted under a "lease system" where private contractors took over control of the institution maintenance and discipline (Shichor, 1995).

During the 20th century, the American penal system saw a lot of changes. Throughout the Progressive Era, rehabilitation was the foremost goal to assist offenders. It wasn't until the 1970s that this philosophy was starting to fall by the wayside. Crime rates, during this time, saw an all time high. Rehabilitation measures came under scrutiny for its inability to effectively reduce crime and change criminals. As the public's positive outlook on rehabilitation waned, many scholars in the field began to realize that new penal policies were needed. The new revelation of these scholars was that "rehabilitation does not work….it should not be a major purpose of punishment". The rehabilitation approach was replaced by the get tough approach on crime (Shichor, 1995, pp.9 &10). Locking up wayward criminals became the norm as citizens demanded reform.

In 1980 Reagan's campaign platform focused on improved government efficiency and decreased government involvement (Sellers, 1993). To bring privatization to the forefront, the Reagan administration created and commissioned the President's Private Sector Survey on Cost Control (PPSSCC) headed by Peter Grace and W.R. Grace Corporation also known as the "Grace Commission". The goal of the commission was to assess the potential of the private sector in producing new and improved cost effective products/services. The Grace Commission found through research that contracting out services was the most common and fruitful method of privatization when it comes to federal goods and services such as waste management and medical facilities (Sellers, 1993).

The federal government’s solution was to limit the amount of money allocated to each state (Sellers, 1993). Among those states affected by the federal governments cost restrictive action included: New York and California. Bearing the burden of fiscal crisis, these states in the seventies were at the forefront of the privatization push. For instance, New York was hit hard by fiscal hardship as they cutback on spending across the board revamping services and employees. New York’s focus turned towards enhancing productivity with services and shifting fiscal accountability to the private sector (Sellers, 1993).

In lieu of New York City’s privatization push, the state of California saw its own movement towards a more cost efficient government. Taxpayer’s in California demanded lower property taxes which reached alarming rates exceeding national production growth. In addition to the tax hike, Californians complained of government spending. In response to these issues, the state developed Proposition 13. Passed in 1978, Proposition 13 was the first mandate to control government spending through lower local property taxes and placing constraints on public service expenditures. To follow suit, Michigan and Massachusetts developed their own propositions targeting tax initiatives. In the late 1970s, Californian taxpayers saved over $30 billion, making way for an increased private sector job market creating over 900,000 jobs (Sellers, 1993). The history of private prisons in the United States came into existence when the United States Immigration and Naturalization Service became the first federal agency to contract for private correctional services to detain illegal immigrants pending hearings or deportation, some of whom had finished terms in state or federal prisons, in secure confinement facilities (McDonald and Patten, 2003).

Previous Studies on Privatization

Most recent research on privatization has generated controversy on its effectiveness. There have been numerous articles published that compared public and private facilities. Other research analyzed cost and quality as key indicators for effective privatization such as the study conducted by researchers at the University of Utah which provided a head-to-head comparison between private and public prisons comparing cost and quality of confinement, and concluded privately managed prisons provide no clear benefit and does not have a cost savings guarantee (Lundahl, Kunz, Brownell, Harris, & Vleet, 2009). Lastly, in a study performed by Barbara Ann Stolz, U.S. General Accounting Office cites as "changes occur in the participants, the goals and stakes sought, the techniques used to influence, the access and decision points and the overall subsystem dynamics….such changes have implications for government monitoring of these private facilities and the accountability of public officials" (1997).

Corrections Corporation of America (CCA) and Wackenhut Corrections Corporation (WCC)

At the forefront of this debate are the private companies who operate in the United States. The first private prison was opened in 1984, between the Corrections Corporation of America (CCA) and Hamilton County, Tennessee. Soon after, the first state contract was signed between Kentucky and the United States Corrections Corporation (McFarland, McGowan, & O'Toole, 2002).

The largest private firms, CCA and Wackenhut Corrections Corporation (WCC) expanded business in the 1980s. These companies combined provide security for more inmates in the United States than any other system. In 1998 CCA and WCC were the two main private companies in operation representing approximately 75% of the business. There were 158 private facilities operating in 30 states with Texas, California, Florida and Colorado leading the way (Austin, J, & Coventry, G, 2001). In 1999, private prisons held 5.3% of the 1.3 million inmates under the state and federal government. Also during this time, CCA held 37, 244 inmates in 45 prisons totaling 53.8% of the number of inmates in private prisons. WCC held another 19,001 inmates in 26 prisons representing a 27.4% total of private prisons. CCA had the ninth largest prison and WCC was the nineteenth largest provider of private adult beds (Camp and Gaes, 2001). Private companies like the two discussed above have had a growing impact on multiple state prison systems in the United States.

CCA is the fifth-largest corrections system in the nation, behind only the federal government and three states. CCA houses approximately 75,000 offenders and detainees in more than 60 facilities, 44 of which are company-owned, with a total bed capacity of more than 80,000. CCA currently partners with all three federal corrections agencies (The Federal Bureau of Prisons, the U.S. Marshals Service, and Immigration and Customs Enforcement), nearly in half of the states, CCA manages more than 50 percent of all beds under contract with such providers in the United States. Headquartered in Nashville, Tennessee, CCA employs nearly 17,000 people nationwide (CCA, 2008).

American Corrections Association (ACA) Accreditation

Many correctional institutions are looking to uphold public safety while maintaining secure and quality facilities. The American Correctional Association (ACA) is a national organization which sets standards for the effective operation of correctional systems throughout the United States. Many correctional institutions seek accreditation through this organization as a way of ensuring their correctional facilities are properly run and maintained. According to the ACA, this professional standard “helps institutions to address services, programs and operations essential to good correctional management, including administrative and fiscal controls, staff training and development, physical plant, safety and emergency procedures, sanitation, food service, and rules and discipline……… that safeguard the life, health and safety of staff and offenders” (ACA, 2010).

Privatization has played a significant role in the way states have chosen to privatize its prison system. Seven states: Florida, California, Ohio, Colorado, Texas, Oklahoma and Arizona are a representation of states that have a long history with prison privatize. Each state will be discussed in detail outlining the affect privatization has played.

<u>Florida</u>

Florida in 1981 became the first state to contract out the entire state prison industry to private management that would result in lower costs to taxpayers and higher levels of effectiveness. Child welfare services, concessions in state parks, food services and student transportation in some school districts, and human resource management functions for state agencies are some functions that have been privatized in Florida. (Florida Center for Fiscal and Economic Policy, 2010).

The first attempt to privatize came in 1982 when a contract was given to the Eckerd Foundation, a nonprofit drugstore chain and manufacturer, to operate the Florida School for Boys in Okeechobee. Soon after in 1985, the first adult contract was given to Corrections Corporation of America by Bay County commissioner to manage the county jail. Also in 1985, the legislature tried to pass statute Chapter 944.105 which required the contract between the state and private company to result in a cost savings to the department as well as maintain quality standards. The statute failed partly because the Department of Corrections did not support the statute. It required correctional officers to be certified, employees to receive the same quality training as other employees and made private vendors liable for the care and custody of inmates. In 1993, the Florida legislature passed Chapter 957, the Correctional Privatization Act, to counteract the failed statute. This law requires a 7% cost savings, emphasizes reducing recidivism and calls for innovation of facilities. (McDonald and Patten, 2003).

The rate of incarceration increased as the rate of crime decreased between 1989 and 2008. Between 1992 and 2008, the number of individuals incarcerated in state prisons in the US rose by 78%, and in Florida by a much higher 109.3%. Florida's rate of incarceration was 3.6 inmates per 1,000 state residents in 1992 and 5.4 per 1,000 in 2008. The Florida Department of Corrections in 2009 spent $52 per day, or $18,980 per year, for those incarcerated in its prison facilities. Today, six of Florida's prisons, Bay, Gadsden, Graceville, Lake City, Moore Haven and South Bay, are all operated by two companies- CCA and the GEO Group, Inc (formerly known as the Wackenhut Corrections Corporation). In 1998, the average cost per year to house inmates was $133/yr or $17,216 per inmate (Florida Center for Fiscal and Economic Policy, 2010).

California

The State of California's prison count increased during the 1980s. Since 1980, California has passed over 1,200 pieces of criminal justice legislation, many of which lengthened sentences and created new crimes. California has increased its incarceration rate by over 350 percent. In 1980 the corrections budget was $675 million but by the 1999 - 2000 budget year, that amount had grown to $4.6 billion. The budget crisis caught the attention of private prison companies. These companies contributed more than a quarter-million dollars to California candidates in 1998 than candidates in other states (Sarabi and Bender, 2000).

California's correctional system is in crisis nearly doubling the state inmate population threshold. With a 70% recidivism rate and capacity crisis the state's total prison spending skyrocketed. The California Department of Corrections and Rehabilitation (CDCR) estimates that the state had approximately 167,000 people in correctional facilities in 2009 at a cost of approximately $47,000 annually per inmate. California's daily cost per inmate is $133 (Gilroy, Summers, Randazzo and Kenny, 2010).

In 2006, Governor Schwarzenegger proclaimed an emergency in corrections. Until this point, California had only seen a limited use of private institutions in its corrections system. The state had primarily used Public-private partnerships (PPPs) for privately operated community corrections facilities and various contracted services, including education, vocational training and substance abuse treatment. PPPs were used as a way to address California's corrections crisis. PPPs helps to address the state's needs for more prison beds, lower operating costs in state prisons and expanded capacity in community corrections would give policymakers a powerful tool to help address severe prison overcrowding, reduce future operational costs, and deliver needed new correctional system capacity (Gilroy, Summers, Randazzo and Kenny, 2010).

Governor Schwarzenegger's 2006 emergency proclamation allowed the California Department of Corrections and Rehabilitation (CDCR) to contract with out-of-state private prisons to temporarily house state inmates, solving an immediate need to ease severe overcrowding, help the state avoid running out of inmate beds and improve safety conditions for both inmates and prison guards. Since CDCR began partnering with Corrections Corporation of America (CCA) in 2006 to house 1,000 inmates out-of-state in facilities in Arizona, Mississippi and Oklahoma. The contract was amended to accommodate a tenfold increase in out-of-state contracted beds to cover over 10,000 inmates by 2010. Relocating these inmates out of state has helped California take necessary steps to address overcrowding and house these inmates at nearly half the cost the state spends on housing inmates in its own facilities (Gilroy, Summers, Randazzo and Kenny, 2010).

Further, California's average in-state cost per inmate is more than double the amount it spends itself to house its inmates in out-of-state, privately run facilities. Transferring an additional 25,000 low- to medium-security inmates to lower-cost, privately operated facilities out of state—5,000 per year for five years—would result in an estimated savings of between \$111 million and \$120 million for the first year of the prisoner transfer plan, and between \$1.7 billion and \$1.8 billion in savings by the end of the fifth year (Gilroy, Summers, Randazzo and Kenny, 2010).

Ohio

The State of Ohio has made its own mark on the privatization issue. Like most states, reducing the cost of services is at the forefront of Ohio concerns. The Ohio Department of Rehabilitation and Corrections (ODRC) has seen a profound increase, in finances over two decades from $167.72 million in 1972 to $1.29 billion in 2000. There is a direct correlation between the increase in numbers of prisoners and the rise in cost during this time. The number of prisoners since 1975 quadrupled from 11,000 to 48,000. Facilities went from just 8 to 34 during that time as well (Hallett & Hanauer, 2001). In an effort to contain this drastic increase in population, the state responded by building a new "Supermax" prison which took on the task of providing mental health, drug and other specialized programs further stretching the deficit.

During this time, Ohio was faced with tremendous financial hardships and was searching for ways to save money. The need to save money brought on new measures to remedy budget woes. The response was privatization. The first bid to privatize was centered around a cost savings of 14.5% on an $11 million annual contract thus saving $8.2 million over a four-year span. Ohio opened three private prisons: Northeast Ohio Correctional Facility (1998); North Coast Correctional Treatment Facility (2000); and the Lake Erie Correctional Institution (2000). All three institutions have seen its share of controversy over the years surrounding issues concerning prison escapes; contract violations and safety issues. The goal of privatizing these three facilities was to save money through reduction in inmate cost per day and other services provided by three private companies: Corrections Corporations of America (CCA), CiviGenics, and Management and Training Corporation (Hallett & Hanauer, 2001).

Colorado

Since the 1980s Colorado's inmate population has exceeded prison capacity while operated by the Department of Corrections. The state has enacted several measures to deal with the issue such as housing inmates in county jails, other state prison, and private institutions. In the 1980s the Department of Corrections contracted with other states to house Colorado inmates. By 1993, most inmates were housed in private facilities. Colorado built its first private prison in 1994. The state currently houses 2,800 of its 18,000 inmates in six private prisons. In 2004, the Department of Corrections spent more than $53 million to house inmates in private prisons (Hill, 2005). Funding for incarceration is based on per year rates of approximately $18,100 per inmate (Hill, 2005).

Texas

During the 1970s, as a result of a federal lawsuit between prisoners against the Texas Department of Corrections (TDC), a judge ordered the state to reorganize its prison system bringing it up to constitutional standards. Prisoners sued over harsh conditions such as overcrowding, housing and feeding issues, labor operations citing excessive work hours to support the TDC, and improper medical treatment. The court found TDC violated the constitutional rights in six areas: (1) space per inmate; (2) security and supervision; (3) healthcare; (4) disciplinary procedures; (5) access to legal services; and (6) sanitation and safety. A consent decree was drawn up that outlined the terms of needed improvements. Like other states, Texas had a major overcrowding problem. In 1987, Senate Bill 251 was enacted which gave the state the right to contract with private companies or with a county for the financing, construction, operation, maintenance or management of its facilities. The first 500-bed private prisons were opened in 1989 with two private companies, the Wackenhut Corrections Corporation and the Corrections Corporations of America (McDonald and Patten, 2003). By the year 2000, government - operated facilities held the majority of the prison population approximately 163,500 prisoners. During this time, TDC's budget had grown to $2.3 billion where 9% of the prisoners were housed in private facilities (McDonald and Patten, 2003).

Oklahoma

Between the 1980s and 1990s, Oklahoma turned to privately operated prisons to relieve overcrowding issues relying entirely on private facilities for the additional bed space. Between 1978 and 1988 prison population grew from 4,200 to 8,900 and to 14,800 over the next years. Taxpayers had the burden of paying for imprisonment. Having one of the highest incarceration rates in the world, Oklahoma's rate of incarceration was 653 per 100,000 citizens compared to 468 for the nation (McDonald and Patten, 2003). In the 1980s, Oklahoma's oil industry suffered and the public was against state spending on more prisons to relieve overcrowding. In 1984 and 1993 laws were passed which restricted the inmate capacity. The laws required the Department of Corrections to request the governor to issue a state of emergency whenever inmate capacity exceeded 95% for a thirty day period. When this occurred, non-violent and medium to low inmates were issued time credits in 60 day blocks up to 360 days granting immediate release for some inmates. Oklahoma also utilized other early release programs to reduce the population. Although, the state saw some improvements, the prisons were still overcrowded. In 1995, the capacity reached an excess of 120%. Public support for early release programs stopped completely in 1996 (McDonald and Patten, 2003).

Instead of releasing inmates to relieve crowding, the state looked to other states to house their inmates. Oklahoma, in 1994, contracted with county jails to house prisoners. In 1995, Oklahoma acquired 560 medium security beds in fours privately operated facilities in Texas. Oklahoma developed intergovernmental agency agreements to transfer custody over prisoners to local sheriffs. The sheriff's transferred custody to the private company rather than negotiating direct contracts with the private facilities (McDonald and Patten, 2003).

Through the late 1990s, the department created the Private Prisons Administration unit to manage its privatization movement. This unit continued to pursue in-state and out-of-state contracts. By 1997, the Department of Corrections held 2,708 inmates in eight private facilities. Over 55% of those were housed in out-of-state facilities. Oklahoma recognized the lost potential and decided to procure private partnerships within state boundaries (McDonald and Patten, 2003). By 2000, Oklahoma contracted with seven facilities for 6,204 beds within the state. Prisoners in these facilities made up 28% of the states total population (McDonald and Patten 2003).

Arizona

In 1978, judges had a lot of discretion over the sentences of inmates. Presumptive sentencing was one way judges controlled sentencing. This form requires sentences to be increased or decreased based on mitigating and aggravating factors. Arizona also adopted mandatory sentence requirements in 1978 that pushed for harsher penalties for offenses. In 1993, the truth-in-sentencing abolished parole, requiring all inmates to serve 85% of their sentence. Arizona began its first contract with a private facility in 1994 and currently operates ten prisons with a capacity of more than 33,400 beds and has contracts with five private prisons and one out-of-state prison (Davenport, 2010).

The states population doubled in the last 30 years. Arizona's inmate population increased tenfold from 3,377 inmates in June 1979 to 40,477 inmates in June 2010. This growth was the highest of all states between 2000- 2008. By 1980, 1 in every 749 Arizonans was in prison compares to 1 in every 179 in 2008. This caused the Department of Corrections to be given roughly $9.49 million of the General Fund for expenditures. To deal with the growing population problem, Arizona, constructed new prisons, expanded current facilities with new and temporary bedding, and contracted private facilities. The state expects the population to grow nearly 50,000 by 2016 (Davenport, 2010).

Summary

In looking at all seven states, it's evident they have had unique challenges in terms of maintaining the goal of privatization without any issues. The impact that privatization has is monumental and whether or not that impact is advantageous towards each state's cost saving efforts is worth exploring. Most research has been limited to areas encompassing quality in confinement; arguments for and against private prisons; and issues surrounding costs and benefits in both the public and private sectors.

Chapter Three presents the design of the research project, discusses how the states were chosen and elaborates on different issues affecting each prison system in the public and private sectors and why each state has decided to privatize. Private and public prison facilities can be compared on many different levels as a measure of effectiveness and efficiency. The method of collecting state public and private facility information will also be discussed.

CHAPTER THREE

Methodology

Research Design

There is limited research on the effectiveness and efficiency of prison privatization particularly from a multi-state perspective. Since the 1980s, privatization of various services has been a controversial topic expanding from privatization of goods and services to the corrections industry. Since much focus has been placed on the prison industry, many scholars are trying to determine the impact it plays on cost, ethics, and quality of confinement. Many states using the private sector for prisons has offered solutions that the public sector has had difficulty solving. Prison privatization has offered a multitude of solutions, particularly on problems of over-crowding, cost constraints and quality of the institution. A report prepared by Abt Associates Incorporated on private prisons, Bureau of Justice Statistics and various research articles provide the most current, thorough and accurate information on the topic. Recent textbooks also offer necessary information on the subject of private prisons, specifically concerning on going and emerging issues that surround the topic. Because not much is known comparatively on the subject, this project seeks to understand: How do states that are highly privatized differ from states that are low-to-non privatized? What measures has each state enacted to make privatization successful?

This research project design is based on a content analysis of existing data on a convenience sample of seven states that have a large percentage of their prisons that privatized: Arizona, California, Colorado, Florida, Ohio, Texas, and Oklahoma. These seven states will then be compared to seven non-or-low privatized states that do not have a large percentage of their prisons privatized. Non-or-low privatized states include: Louisiana, New York, Wisconsin, Minnesota, Alabama, Maryland, and Illinois (McDonald, D, Fournier, E, Einhourn, R, & Crawford, S, 2008). The research project will also provide a qualitative look at these prisons focusing on several areas: size, problems with overcrowding, cost, inmate/staff ratio and legal statutes. Information used included statistical data on correctional facilities such as: number of facilities, facility capacity, court orders and consent decrees; inmate-to-staff ratios, cost per inmate; operating cost per state, legal statutes enacted; implications for contracting; operational goals, monitoring compliance. A convenience sample was taken of public and private states on available data supplied by the Bureau of Justice Statistics. A content analysis was used to ascertain differentiating factors at both public and private levels.

In order to determine the effect that privatization has on state prisons and also to address issues of over-crowding and quality confinement, the following questions must be answered:

- What are the factors that lead a state to privatize its prison system?
- What legal standards have been put in place that support and maintain privatization?
- In terms of cost, are private prison states saving more money per inmate per day than non-to-low privatized states?
- How do staffing levels compare statewide?
- How do states monitor privatization?

- What measures have been taken to correct the issues of the past in terms of maintaining ethical standards in regards to quality confinement?
- What has each state done to improve upon these standards and is it helping?
- In addition, this research will serve to determine whether privatization is in the best interest of the public in focusing on what one public facility has done in terms of operations and cost savings.
- From that, we can determine whether the push for "total" state privatization is necessary.

Hypotheses

This study aims to test the following hypotheses:

1. There are specific reasons why states choose to privatize.
2. Cost savings is the main reason why states in the private sector chose to privatize one or more prisons.
3. Privatization produces more desirable outcomes.
4. Legal statutes play an important role in whether or not privatization is maintained.
5. Operating costs are significantly lowest in privatized states than public states.
6. Public prisons have a higher inmate-to-staff ratio than private ones

Inclusion Criteria

Determining which states would be included in a content analysis is critical to the overall outcome of the study. States that have a long standing history with privatization were chosen, partly because they would yield the most historical information and offer the most insight on the subject in terms of evaluation. States that yielded limited research on privatization were excluded from the states selected for this study. It was equally important to include a comparison group of non-to-low privatized states in the study. The non-to-low privatized group serves to provide an alternating view of the prisons. Literature from all the states chosen for this study is selected from existing public data that offer a qualitative stance on prisons. Literature for this study was limited to reports, publications, journals available through electronic resources and other government reference materials. In order to identify and retrieve relevant literature on this study two methods were used: electronic databases and government publications representing the most current information from 2001 to 2005.

Dependent Variables

To help answer the research questions and test the hypotheses, the following methods will be used. A total of fourteen states were chosen based on their affiliation with the private sector. A number of variables will be grouped in order to add organization to the analysis. These variables will include:

- Operational costs
    - Fiscal Budgets
    - Costs per inmate
    - Total number of prisoners
- Monitoring Guidelines and Legal Statutes
- Prevalence of court orders and consent decrees

- Inmate-to-staff ratio
    - Number of inmates
    - Number of correctional employees
    - Inmates per correctional officer
- Over-crowdedness
    - Design capacity
    - Percentage of capacity occupied
- Number of facilities

The above criterion was then examined to determine how the public and private sectors compare.

Summary

The above section gives a concise overview of how public and private state prison data was collected and how it was used for this research project. The following chapter, will provide descriptive information of each sampled and a breakdown of all public and private states that were chosen. Lastly, Chapter Four will present results from statistical procedures used to answer the research questions and determine whether or not the hypotheses were supported.

CHAPTER FOUR

Data Analysis and Findings

The goal of this chapter is to provide more detailed information on the data that were used for this research project and how the analysis was done. This chapter will also outline which factors lead a state to privatize its prison system? What legal standards have been put in place that support and maintain privatization? In terms of cost, are private prison states saving more money per inmate per day than non-to-low privatized states? How do staffing levels compare statewide? How do states monitor privatization? What measures have been taken to correct the issues of the past in terms of maintaining ethical standards in regards to quality confinement? What has each done to improve upon these standards and is it helping? In addition, this research will serve to determine whether privatization is in the best interest of the public in focusing on what private facilities have done in terms of operations and cost savings. From that, we can determine whether the push for "total" state privatization is necessary.

To decipher among the data, the information will be divided into two groups: Privatized States and Low-to-Non Privatized States. These two groups were then broken down into specific variables based on size; problems with overcrowding; recidivism rates, cost; inmate-to-staff ratio and legal statutes. These specific variables will be presented per state presenting a side-by-side state comparison in each category.

First, highly privatized states were considered and will be described. Information regarding seven states will be presented: Arizona, California, Colorado, Florida, Ohio, Texas, and Oklahoma.

Texas has the highest number of private prisons rounding out the group with seven private prisons total. Colorado, Florida, and Oklahoma all have six private facilities each, with Arizona, Ohio and California having the least amount. California contracts with out-of-private facilities which houses 3,000 of its prisoners.

In terms of numbers of prisoners housed in private facilities, Texas has the highest number and Ohio has the least. Statewide, California and Texas both have over 170,000 prisoners each which also amounts for the highest percent of inmates incarcerated as well as the highest fiscal budgets (See Table 1).

Table 1

Privatized State

Budget, Number of Prisoners, Number of Facilities

	Number of Private Facilities	*Number of Prisoners in Private Facilities	*Number of inmates total by state	*Percent of all inmates	Fiscal Budget
Arizona	3	5,318	34,864	15.3%	$20.9 Million (2000)
California	0	3,000 Housed in Out-of-state private facilities	175,115	1.7%	$9.6 Billion (2009)
Colorado	6	4,362	22,145	19.7%	$53 Million (2004)

Florida	6	6,285	91,001	6.9%	$2.4 Billion (2008)
Ohio	3	2,080	47,494	4.4%	$1.27 Billion (2008)
Texas	7	18,220	172,899	10.5%	$3 Billion (2010)
Oklahoma	6	5,926	23,935	24.8%	$72.6 Million (2006)
Averages	4	5,456	81,065	11.9%	$12.7 Billion

*These numbers were taken from the Bureau of Justice Statistics Report on *Prison and Jail Inmates Midyear 2006*

Among the seven states chosen, there were four states that have private prisons which are accredited by the American Correctional Association (ACA), Colorado, Florida, Ohio, and Oklahoma. 50% of the privatized states were accredited by the ACA (See Table 2).

Table 2

Privatized State

American Corrections Association (ACA) accredited

States	ACA Accredited (yes or no)
Arizona	No
California	No
Colorado	Yes
Florida	Yes
Ohio	Yes
Texas	No

Oklahoma	Yes
% of states accredited	50%

In regards to inmate-to-staff ratios, Colorado (4.7) and Florida (4.9) have similar ratios; where staff levels are relatively higher compared to the amount of inmates. Ohio (5.5) and Oklahoma (8.8) have an equal representation of inmates per staff. Lastly, California has the most alarming inmate to staff ratio of 6.1 where the amount of inmates nearly quadrupled the amount of correctional staff (See Table 3)

Table 3

Privatized State

Inmate to Staff Ratio

	*Number of inmates	Number of corrections officers	Inmates per corrections officer
Arizona	32,855	6,519	5.0
California	169,988	27,803	6.1
Colorado	20,842	4,394	4.7
Florida	86,705	17,827	4.9
Ohio	44,717	8,167	5.5
Texas	163,556	27,737	5.9
Oklahoma	25,149	2,871	8.8
Averages	77,687	13,617	5.8

*These numbers were taken from the Bureau of Justice Statistics *Census of State and Federal Correctional Facilities 2005*

In 2001, California spent the most money on salary, wages and benefits by state compared to other privatized states. Oklahoma spent the least amount in this category. In reference to expenditures for 2001, California spent the most money in operating expenditures of more than $4.1 million (See Table 4).

Table 4

Privatized State

Total Operating Expenditures &

Salaries, Wages and Benefits by State in 2001

States	Salaries, Wages and Benefits	Total Operating Expenditures
Arizona	$408,558	$609,910
California	$2,873,065	$4,107,844
Colorado	$275,095	$435,037
Florida	$955,791	$1,453,799
Ohio	$760,668	$1,201,269
Texas	$1,343,459	$2,270,959
Oklahoma	$189,432	$377,378
Averages	$972,295	$1,383,263

California's out-of -state cost per inmate per day is $72.00, representing the highest cost per day among all seven states (See Table 5).

Table 5

Privatized State

Cost per inmate

States	Cost per inmate per day
Arizona	*$32.98
California	$72 out-of-state
Colorado	$49.58
Florida	$47.16
Ohio	$37.48
Texas	$49.40
Oklahoma	*$27.50
Averages	$45.15

*These figures were calculated by taking the average cost per day of $34.33-$41.04 and adding $1.79 for private prisons in Arizona. Oklahoma's cost per day was calculated by taking an average of $24-$31.

Five states Arizona, California, Colorado, Ohio and Oklahoma are operating over the amount of designed capacity (See Table 6).

Table 6

Privatized State

Over-crowdedness

	Design capacity	Percentage of Capacity Occupied
Arizona	30,591	107%
California	95,562	178%
Colorado	19,388	107%
Florida	87,861	99%
Ohio	30,506	157%
Texas	170,232	96%
Oklahoma	23,399	107%
Averages	65,363	122%

All of the seven states evaluated had specific reasons why they have decided to privatize and were under court order or consent decree to limit their population in 2005 (See Table 7).

Table 7

Privatized State

Reasons States Chose to Privatize

	Over-crowdedness	Court Order Consent Decrees	Cost
Arizona	x	x	x
California	x	x	
Colorado	x	x	
Florida		x	x

Ohio	x	x	x
Texas	x	x	
Oklahoma	x	x	
Average % of states who privatized due to over-crowdedness, court order/consent decree or cost	85%	100%	43%
Average % of states who did not privatize due to over-crowdedness, court order/consent decree, cost	15%	0	57%

Yes = x No= blank

The importance of cost and the belief that privatization can provide such has spurred a number of states to mandate in statute that privatization must deliver a cost savings to the state (See Table 8).

Table 8

Privatized State

State Statutes

	Statute Code	Description
Arizona	Arizona Revised Statute 41-1609	Allows the Department of Corrections to contract for prisons if doing so offers a cost advantage to the State while providing comparable levels of protection and service
California	NA	NA
Colorado	Statute: 17-1-202 CRS	Must provide dental, medical, psychological, diet, education, work programs at least equivalent to services and programs provided by the Department of Corrections in state facilities
Florida	Florida Statutes: Chapter 957	Bureau of Private Prison Monitoring is responsible for contracts for the design, construction and operation of facilities; private contracts must provide a 7% cost savings over the Department of Corrections Assigns legal custody of all Florida

	Chapter 944	inmates in-state and private prisons to the DOC includes Discipline, gain time and release
Ohio	State law	Requires private facilities to be paid 5% less per inmate per day than the state's estimated cost to oversee inmates
Texas	State Law	Cost savings of not less than 10 percent
Oklahoma	Title 57 502 Definition Title 57, Sec 563.2 & 563.3	Authorizes the Board of Corrections to contract with private prison contractors and public trusts for the operation of a prison Directs of the DOC to inspect and oversee private prisons

Six states with the exception of California have specific methods for monitoring privatization. Below gives a detailed example of how each state carries out this function (See Table 9).

Table 9

Privatized State

Monitoring Privatization

	Position	Description
Arizona	Department Administrator & 15 Department Employees of the Department of Corrections	Responsible for all private projects; monitor contract compliance and carry out functions Ex: Classification and Discipline of Inmates; work on-site at private prisons
California	NA	NA
Colorado	Executive Director of the Department of Corrections	Required by statute to monitor private prisons; Established by the Private Prisons Monitoring Unit; on-site monitoring 10 hours per week; target audits
	Dual system: Department of Management Services (DMS)	Procurement/contract management includes: onsite presence; field contract monitors work full-time to ensure

Florida	Department of Corrections (DOC)	contract compliance; ensures 7% cost of operating Randomly inspects private prisons to ensure security standards are met
Ohio	Correctional Institution Inspection Committee (CIIC)	Monitors all facilities Conducts inspections, reports, and recommendations; has no decision making authority over private vendors; inspects 1 every 2 years
Texas	Private Facility Contract Monitoring/Oversight Division (PFCMOD) Operational Review Program	Oversight and monitoring of contracts include substance abuse and treatment services Monitor adherence to agency policy at each facility; perform monthly reviews at the unit level; performs reviews every 3 years at division level
Oklahoma	Director of the Oklahoma Department of Corrections Private Prison Administration Unit	Responsible for monitoring private prisons; Responsible for procurement, proposal development, contract development contract monitoring

New York has the highest number of prison facilities (77) compared to Maryland and Minnesota who have the least amount (18). New York's prison population nearly doubles that of Wisconsin, Alabama, Maryland and Louisiana. Minnesota represents the least amount of prisoners by state of 9,680.

Alabama, Illinois and New York did not have any private facilities in-state; whereas Alabama represents the only state to house 320 inmates in out-of-state private facilities. In terms of budget New York has the highest fiscal budget of $2.8 Billion (See Table 10).

Table 10

Low-to-Non Privatized States

Budget, Number of Prisoners, Number of Facilities

	Number of Facilities	*Number of Prisoners total by state	Number of Private facilities	*Number of inmates in private facilities	*Percent of all inmates	Fiscal Budget
Louisiana	23	20,344	2	2,954	8.1%	$479,260
Illinois	28	44,669	0	0	0	$1.28 Billion
Maryland	18	22,613	4	135	0.6%	$17.6 Million
Alabama	33	23,174	0	320	1.1%	$228,871
Minnesota	18	9,680	6	940	9.6%	$465 Million
Wisconsin	41	22,174	2	27	0	$709,292
New York	77	63,855	0	0	0	$2.8 Billion
Averages	34	29,501	2	625	2.7%	$3.1 Billion

*These numbers were taken from the Bureau of Justice Statistics Report on *Prison and Jail Inmates Midyear 2006* and *Census of State and Federal Correctional Facilities 2005*

Out of the low-to-non privatized seven states studied, Louisiana, Minnesota and New York are the only three states accredited by the ACA (See Table 11).

Table 11

Low-to-Non Privatized States

American Corrections Association (ACA) accredited

States	ACA Accredited (Yes or No)
Louisiana	Yes
Illinois	No
Maryland	No

Alabama	No
Minnesota	Yes
Wisconsin	No
New York	Yes
% yes	43%
% no	57%

Alabama has the highest inmate to staff ratio among all seven states; where the number of inmates triples the amount of corrections officers. Illinois has the second highest inmate-to-staff ratio in low-to-non privatized states of nearly 20% of inmates over the amount of staff. Minnesota and Wisconsin have an adequate amount of staff per inmates; whereas Louisiana and Maryland have inmate levels slightly above staff (See Table 12).

Table 12

Low-to-Non Privatized States

Inmate-to-Staff Ratio

	Number of inmate	Number of corrections officers	Inmates per corrections officer
Louisiana	20,344	4,710	4.3
Illinois	44,669	8,771	5.1
Maryland	22,613	5,384	4.2
Alabama	23,174	2,489	9.3
Minnesota	9,680	2,131	4.5
Wisconsin	22,181	4,950	4.5
New York	63,855	21,331	3.0
Averages	29,502	7,109	4.9

*These numbers were taken from the Bureau of Justice Statistics *Census of State and Federal Correctional Facilities 2005*

In terms of total operating expenditures, New York pays over $2.5 million and over $1.9 million in salaries, wages and benefits the most of all seven low-to-non privatized states (See Table 13).

Table 13

Low-to-Non Privatized States

Total Operating Expenditures

Salaries, Wages and Benefits by State in 2001

States	Salaries, Wages and Benefits	Total Operating Expenditures
Louisiana	$196,078	$459,686
Illinois	$713,339	$996,738
Maryland	$351,870	$632,749
Alabama	$153,077	$221,774
Minnesota	$159,981	$239,953
Wisconsin	$330,025	$599,080
New York	$1,969,750	$2,547,452
Averages	$553,446	$813,919

In reference to cost, Louisiana and Alabama both spent the lowest amount per inmates in low-to-non privatized states (see Table 14).

Table 14

Low-to-Non Privatized States

Cost per inmate

States	Cost per inmate per day
Louisiana	$35.48
Illinois	$59.85
Maryland	$72. 30
Alabama	$41.42
Minnesota	$83.95
Wisconsin	$78.42
New York	$100.92
Average cost per day	$67.47

Alabama has the highest percentage of over-crowdedness in reference to design capacity representing 189.8% of capacity occupied by the state. Illinois, Wisconsin, and Maryland all have significantly high capacity percentages as well (See Table 15).

Table 15

Low-to-Non Privatized States

Over-Crowdedness

	Design capacity	Percentage of Capacity Occupied
Louisiana	19,395	105%
Illinois	28,978	152%
Maryland	16,063	141%
Alabama	13,403	189.8%
Minnesota	9,184	105%
Wisconsin	16,324	136%
New York	57,705	111%
Averages	23,007	134%

All of the low-to-non privatized states have specific departments or divisions that oversee operational standards (See Table 16).

Table 16

Low-to-Non Privatized State

Monitoring and Compliance

State	Position	Description
Louisiana	Commission on Correctional Standards	Ensure compliance; protect the health, safety and welfare of citizens, correctional staff, and inmate population
Illinois	Director of the Illinois Department of Correction (IDOC)	oversees all areas of IDOC including policy, procedure and operations.
Maryland	Maryland Commission of Correctional Standards	enforce through regular on-site audits, the regulations for all adult places of confinement to determine levels of compliance.
Alabama	Governor's Task Force on Prison Overcrowding	Conducts sentencing reforms of the Sentencing Commission guidelines

		through alternative sentencing; created a statewide Community Corrections System
Minnesota	Challenge Incarceration Program (CIP) Department of Corrections	Goal is to punish and hold offenders accountable; protect society, treat the chemically dependent; prepare offenders for reintegration and reduce recidivism responsible for inspecting and authorizing the operation of local correctional facilities (i.e., public/private jails, workhouses, halfway houses, residential treatment facilities, etc.). The DOC also inspects and certifies out-of-state facilities that house Minnesota delinquents.
Wisconsin	The Division of Adult Institutions (DAI)	oversees 20 adult correctional facilities and three bureaus; responsible for the administration of the Wisconsin Correctional Center System, center staff work closely with probation and parole agents in the transition of inmates back into the community
New York	Department of Correctional Services (DOCS) and the Division of Parole (DOP) merged to form the Department of Corrections and Community Supervision (DOCCS).	The merger streamlines departmental functions, eliminate duplication of effort, achieve better outcomes for more offenders and enhance public safety, while simultaneously reducing expenditures and saving taxpayer dollars.

<u>Comparative Information of Private and Low-to-Non Private States</u>

There are many ways in which the fourteen states chosen compare in terms of budget, cost per inmate; number of private facilities, inmate-to-staff ratio and design capacity. Below Table 17 will present all fourteen states in each category.

Table 17

Private and Low-Non Private States Comparison

	Fiscal Budget	Cost per Inmate	#of private facilities	Inmate to staff ratio	% of capacity occupied
Arizona	$20.9 million	$32.98	3	5.0	107%
California	$9.6 billion	$72.00 out- of-state	0	6.1	178%
Colorado	$53 million	$49.58	6	4.7	107%
Florida	$2.4 billion	$47.16	6	4.9	99%
Ohio	$1.27 billion	$37.48	3	5.5	157%
Texas	$3 billion	$49.40	7	5.9	96%
Oklahoma	$72.6 million	$27.50	6	8.8	107%
Louisiana	$479,260	$35.48	2	4.3	105%
Illinois	$1.28 billion	$59.85	0	5.1	152%
Maryland	$17.6 million	$72.30	4	4.2	141%
Alabama	$228,871	$41.42	0	9.3	189.8%
Minnesota	$465 million	$83.95	6	4.5	105%
Wisconsin	$709,292	$78.42	2	4.5	136%
New York	$2.8 billion	$100.92	0	3.0	111%
Averages	$1.49 billion	$56.31	3	5.0	128%

Highest Fiscal Budget: California $9.6 Billion

Highest Cost per Inmate: California $72 out-of-state

Most private facilities: Texas with 7 private facilities

Highest Inmate-to-Ratio: California which has a 6.1 ratio

Highest % of capacity occupied: Alabama running at a 189.8% above design capacity

Summary

Based on data from the content analysis in this study, there are significant areas in which states compared on the private prison issue. Comparing highly privatized states to low-to-non privatized states yielded varying results in many categories. California ranked highest among many areas analyzed, topping three categories with the highest inmate to staff ratios, budget and cost per inmate. All of the highly privatized states, except California, have specific standards and legal statutes they have enacted to monitor and maintained their private facilities. Many states seek accreditation by the American Correctional Association which aims to promote professional standards by helping institutions to address operations essential to good correctional management.

Chapter Five covers the conclusion of the content analysis. The next chapter will also detail how this analysis contributes to the private prison issues, limitations and suggestions for future research. Insight on whether or not privatization is in the best interest of the public will be provided and if the push for "total" state privatization is necessary will be discussed.

CHAPTER FIVE

Conclusion

This research project focused on how states that are privatized differ from states that are non-to-low privatized and the measures each state has enacted to make privatization successful. In order to accomplish the goal, a content analysis was performed on fourteen states. These states were separated into two subgroups: highly privatized states and low-to-non privatized states. In order to ascertain differentiating factors on both the public and private levels and to determine the effect that privatization on state prisons and also to address issues of over-crowding and quality confinement, the following questions were answered based on the research analyzed:

- *What are the factors that lead a state to privatize its prison system?*

  Among the data considered it is apparent that most states have made the decision to privatize for three reasons: cost savings; reduce over-crowdedness and court order/consent decree

- *What legal standards have been put in place that support and maintain privatization?*

  Several states have enacted laws that mandate either some sort of cost savings through privatization or simply an increase in quality standards by the private vendor operating the institution.

- *In terms of cost, are private prison states saving more money per inmate per day than low-to-non privatized states?*

In examining the cost per inmate among all fourteen states, it appears that the low-to-non privatized states spend the least amount of money per inmate to house its prisoners.

- *How do staffing levels compare statewide?*

  Among all fourteen states, the inmate-to-staff ratios seem relatively similar among the nine states (Colorado, Florida, Ohio, Texas, Oklahoma, Louisiana, Maryland, Minnesota, and Wisconsin). New York, Alabama, California, Illinois and Arizona have the highest ratios among both groups examined.

- *How do states monitor privatization?*

  Many states have specific positions designated to monitor and maintain their correctional facilities. These positions required a specific department or employee to perform duties such as: auditing, classification, discipline of inmates, on-site monitoring, inspections and reports.

- *What measures have been taken to correct the issues of the past in terms of maintaining ethical standards in regards to quality confinement?*

  Half of the states examined have sought accreditation by the American Corrections Association as a way of providing professional quality institutions.

In order to ascertain differentiating factors on both the public and private levels and to determine the effect that privatization has on state prisons, and also to address issues of over-crowding and quality confinement, the following hypothesis were tested:

1. *There are specific reasons why states choose to privatize.*

Supported-The following reasons are why states chose to privatize: Cost savings and combating over-crowding.

2. *Cost savings is the main reason why states in the private sector chose to privatize one or more prisons.*

   Partially Supported-In some instances cost savings is the main reason some states chose to privatize; however there is not enough evidence to support whether privatization actually produces a cost savings for the state.

3. *Privatization produces more desirable outcomes.*

   Not supported- Logically privatization has its benefits; however when put into motion it does not produce desirable outcomes.

4. *Legal statutes play an important role in whether or not privatization is maintained.*

   Supported- Every privatized state except California have mandated specific guidelines that detail how facilities should be maintained and operated.

5. *Operating costs are significantly lowest in privatized states than public states.*

   Not Supported- total operating costs are highest among privatized states.

6. *Low-to-non privatized prisons have a higher inmate-to-staff ratio than private ones.*

   Not Supported- There is not enough difference among the two groups to accurately determine whether or not low-to-non private prisons have the highest inmate-to-staff ratio.

Contribution to the Discipline

This research project offers a multi-state perspective on prison privatization. These results can be used as a guide for others looking to expand upon the topic. It also provides many details as to why many states chose to privatize and how each state maintains it efforts. Hopefully, others studying this topic will gain some forethought on why privatization is important and needed to maintain our correctional system. The main push for privatization was to save money as a solution to the public's dissatisfaction with government spending on correctional services. Not much is known as to whether or not privatization truly presents a cost savings. The fact remains that many states rely on private companies to operate their facilities as a remedy for overcrowding and maintaining operations standards. The results of this project can be beneficial on every level serving as a guide on how state's can learn from one another.

Limitations

There were a few limitations to this study. First, some information obtained for this study was not up-to-date which made it difficult to accurately compare each state. Secondly, data for each state are not centralized. It was difficult to gain enough data, on states that were low-to-non privatized.

In evaluating previous research to use for this project, it was difficult to obtain state-to-state information because most research of the past was done based on specific, individual public and private facilities.

This study attempts to provide a better understanding of how states compare on privatization. However, it does not cover every aspect in which states can be evaluated such as recidivism, turnover, and escapes.

Lastly, because of the complexity of evaluating cost, most data in this study did not assess every contributing factor to facilities financial status.

Future Research

As mentioned previously, further research should be geared to other aspects that affect prison populations such as recidivism, turnover rates, and number of escapes. Through this project, it was shown that California lead the way in terms of highest inmate costs per day, highest fiscal budget and highest inmate to staff ratio. Further research should be done to determine how this state will address these issues and determine if in-state privatization is a viable option. Finally, additional research could also focus on how state with private prisons compare on a regional basis.

Summary

The findings of this research project provide a multi-state guide as to how privatization has made its mark. Privatization is a complex issue that warrants further research. This project in no way provides a concrete solution to issues of overcrowding and cost. It’s evident that this study reinforces that notion that privatization is as viable option in some states when compared to others. However, we must realize and accept states may differ in terms operational requirements. The push for privatization may not be in the best interest of the public and in some ways only serve to provide a temporary fix to rising incarceration rates and financial cost within our correctional system. With governments constantly searching for ways to save money and uphold public trust, privatization of our correctional facilities becomes second to none regardless of its potential success in combating issues.

REFERENCES

American Corrections Association (ACA). (2007). *Standards & Accreditation*. Retrieved from http://aca.org/standards/2007/search.asp https://aca.org/standards/faq.asp

Alabama Department of Corrections. (2009). *Fiscal Year 2009 Annual Report*. Retrieved from http://www.doc.state.al.us/docs/AnnualRpts/2009 Annual Report.pdf

Austin, J, & Coventry, G. US Department of Justice, Bureau of Justice Assistance. (2001). *Emerging issues on privatized prisons* (NCJ181249). Retrieved from http://www.ncjrs.gov/pdffiles1/bja/181249.pdf

Benekos, P, & Merlo, A. (Ed.). (1992). *Corrections:dilemmas and directions*. Cincinnati,OH: Anderson Publishing Co.

California Department of Correction and Rehabilitation. (2010). *CDCR Budget*. Retrieved from http://www.cdcr.ca.gov/Budget/Budget_Overview.html

Camp D S, & Gaes G. (2001, September, 21). *Growth & Quality of U.S. Private Prisons: Evidence from a National Survey*. Federal Bureau of Prisons. Office of Research and Evaluation. Retrieved from http://www.bop.gov/news/research_project/published_reports/pub_vs_priv/orpres_note.pdf

Department of Management Services. (2011). Bureau of Private Prison Monitoring. Retrieved from http://dms.myflorida.com/business_operations/specialized_services/bureau_of_private_prison_monitoring

Department of Management Services - State of Florida, (2011). Bureau *of private prison monitoring*. Retrieved from http://www.dms.myflorida.com/business_operations/specialized_services/bureau_of_private_prison_monitoring

Florida Center for Fiscal & Economic Policy. (2010). *Are Florida's Private Prisons Keeping Their Promise? Lack of Evidence to Show They Cost Less and Have Better Outcomes than Public Prisons*. Retrieved from http://fcfep.org/attachments/2010040--Private%20Prisons

Florida Department of Corrections. (2008). *Budget Summary*. Retrieved from http://www.dc.state.fl.us/pub/annual/0809/budget.html

Gilroy, L, Summers, A, Randazzo, A, & Kenny, H. (2010, April). The Reason Foundation. *Public-private partnerships for corrections in California*. Retrieved from http://reason.org/files/private_prisons_california.pdf

Hallett, M, & Hanauer, A. (2001, May). Policy Matters Ohio. *Selective Celling: inmate population in Ohio's private prisons*. Retrieved from http://www.policymattersohio.org/pdf/Prisrpt.pdf

Illinois Department of Corrections. (2002). Retrieved from http://doc.state.il.us/subsections/director/default.shtml

Justice Center The Council of State Governments. (2010, July 26). *Justice Reinvestment in Ohio Summary Report of Analyses*. Retrieved from http://reentrycoalition.ohio.gov/doc/ohio_conference_reports%5B15D.pdf

Levin, Marc. *Texas Public Policy Foundation Legislator's Guide to the Issues. Corrections Budget &Prison Operations*. Retrieved from http://texaspolicy.com/pdf/2011-PrisonOp-CEJ-ml.pdf

Louisiana Department of Public Safety & Corrections. (2010). *Corrections Services Overview*. Retrieved from http://www.doc.louisiana.gov/view.php?cat=19&id=220

http://doc.la.gov/pages/correctional-facilities/facilities-map/

Lundahl, B, Kunz, C, Brownell, C, Harris, N, & Vleet, R. (2009). *Prison privatization: a Meta-Analysis of cost and quality confinement indicators.* Research on Social Work Practice, 19(4), 383-394.

Maryland Commission on Correctional Standards. (2009). *2009 Annual Report*. Retrieved from http://dpscs.state.md.us/publicinfo/publications/pdfs/MCCS_FY09_Annual_Report.pdf

McDonald, D, Fournier, E, Einhourn, R, & Crawford, S. (2008, July 16). *Private prison in the united states: assessment of current practice*. Abt Associates Inc. Retieved from http://www.abtassociates.com/reports/priv-report.pdf

McDonald, D, & Patten Carl. (2003, September). *Government Management of Private Prisons*. Abt Associates Inc. Retrieved from http://www.ncjrs.gov/pdffiles1/nij/grants/203968.pdf

McFarland, S, McGowan, C, & O'Toole, T. (2002, December). Prisons*, privatization, and public values*. Retrieved from http://government.cce.cornell.edu/doc/html/PrisonsPrivatization.htm

Minnesota Department of Corrections. (2010). *Facility Information*. Retrieved from http://doc.state.mn.us/facilities/cip.htm

Office of Program Policy Analysis & Government Accountability. (2008, December). *While DMS has improved monitoring, it needs to strengthen private prison oversight and contracts*. Retrieved from http://www.oppaga.state.fl.us/reports/pdf/0871rpt.pdf

Office of Program Policy Analysis & Government Accountability OPPAGA. (2008 December). Retrieved from http://www.oppaga.state.fl.us/reports/pdf/0871.rpt.pdf

Oklahoma Department of Corrections. (2010). Private prisons. Retrieved from http://www.doc.state.ok.us/field/private_prisons/privates.htm

Oklahoma Department of Corrections.(2006). *Annual report field operations private prison, jail and safety administration*. Retrieved from http://www.doc.state.ok.us/field/private_prisons/FY%202006%20Annual%20Report%204-12-07.pdf

Sarabi, B, & Bender, E. (2000, November). *The prison payoff: the role of politics and private prisons*. Retrieved from http://www.safetyandjustice.org/files/Prison_Payoff_Report_WPP_2000.pdf

Segal, G, & Moore, A T. (2002, January). Reason Public Policy Institute. *Weighing the Watchmen: Evaluating the Costs and Benefits of Outsourcing correctional services*.

Sellers, M. (1993). The *history and politics of private prisons: a comparative analysis*. Cranbury, NJ: Associated University Press.

Shichor, D. (1995). *Punishment for Profit*. Thousand Oaks: Sage Publications.

State of New York Department of Corrections and Community Supervision. (2011 April). *Merger of Department of Corrections Services & Division of Parole*. Retrieved from http://docs.state.ny.us/FactSheets/DOCS-Parole-Merger.html

Stephan, J. Bureau of Justice Statistics, US Department of Justice. (2004). *State prison expenditures* (NCJ 202949). Office of Justice Programs: Retrieved from http://bjs.ojp.usdoj.gov/content/pub/pdf/spe01.pdf

Stephan, J. Bureau of Justice Statistics, U.S. Department of Justice. (2008). *Census of state and federal* (NCJ 222182). Office of Justice Programs. Retrieved from http://bjs.ojp.usdoj.gov/content/pub/pdf/csfcf05.pdf

Stolz, B. (1997). *Privatizing corrections: changing the corrections policy-making sub government*. The Prison Journal, 77(1), 92-111.

United States General Accounting Office. (1996, August). *Private & Public Prisons Studies Comparing Operations Costs and/or Quality of Service*. Retrieved from http://www.gao.gov/archive/1996/gg96158.pdf

Wisconsin Department of Corrections. (2010, August). Retrieved from http://www.wi-doc.com/index_management.htm