Private prison companies thrive as thousands of immigrants detained

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The Trump administration’s attack upon immigrants has resulted in windfalls for private prison companies, which are rapidly changing their business model in order to exploit incarceration.

More and more, detention centers and prisons are being funded, not by municipal bonds or federal monies, but with private investment. Companies such as CoreCivic and GEO Group have increasingly used so-called “public-private partnerships” to shift from the role of independent contractors and managers to that of prison landlords.

A report by research group In the Public Interest (ITPI), published in June, outlines the ways that CoreCivic and GEO Group have begun to push both federal and individual state governments to use private equity to purchase facilities from the companies, as opposed to building them with bonds or earmarked funds.

Both CoreCivic and GEO became Real Estate Investment Trusts (REITs) in 2013, a move that required them to derive most of their profits from real estate and to distribute the majority of their income to shareholders each year. According to the report, REIT status allows the companies to avoid corporate taxation; GEO Group, for example, was granted $44 million in tax benefits in 2017 because of its REIT status.

Contracts made through CoreCivic and GEO can involve the companies either constructing and financing the prison facilities, then leaving the management of those companies to the public sector, or acting as a turn-key service that constructs, finances, and runs a facility for an agreed-upon price per prisoner. “In both these variations,” the report specifies, “the private company owns the facility, but, unlike with speculative prisons built in the past, they are guaranteed occupancy for the life of the contract.”

This stipulation has serious implications for public policy, not only for immigrants, but for the American public at large. Perhaps most alarmingly, it gives the government a greater incentive to incarcerate people. “Private prison contracts can contain perverse incentives to fill as many beds as possible,” states ITPI, and the contracts “directly work against efforts to reduce prison populations.”

The CoreCivic-run Trousdale Turner Correction Center in Tennessee provides an egregious example of this. Tennessee state government, forbidden by law from operating more than one state penitentiary, yet anticipating an increase in felony convictions, jumped at an opportunity to purchase land from CoreCivic for the construction of a prison that CoreCivic would build, operate, and maintain. Tennessee agreed pay CoreCivic for 90 percent occupancy for the life of the contract, regardless of the actual incarceration rate.

With a high-interest loan to pay off, states are driven to fill the prisons up to maximum occupancy. Both CoreCivic and GEO Corp have spent millions of dollars lobbying for harsher penalties at both the state and federal levels, supporting, for instance, mandatory sentencing and three-strike laws. They also push for greater funding for Immigration and Customs Enforcement (ICE) and the Department of Homeland Security (DHS), which are well known for hounding, harassing, and abusing immigrants.

Additionally, the report says, “Public-private partnerships limit the government’s flexibility to respond to changing correctional needs.” These contracts can last for 20 years or more, during which time correctional needs are bound to change; yet a government’s response is limited due to the specifications of the contract.

Private prison corporations, the ITPI report points out, have a history of failing to adequately maintain prisons, a failure that can have deadly consequences for both prisoners and facility staff. When CoreCivic, operating as CCC, was charged with operating Hernando County Jail in Florida, the company “failed to repair rusted doors, replace damaged windows, seal cracks in the walls and floors, fix damaged ceiling tiles, and patch leaks in the roof, even though maintaining the facility was a requirement in its agreement with the county,” says ITPI. When management of the jail reverted to the sheriff’s office, a county report detailed about $1 million worth of maintenance costs caused by CoreCivic’s negligence. The profit-driven nature of these businesses encourages such malfeasance, prioritizing shareholder dividends over maintenance expenses.

GEO Group's mismanagement of the East Mississippi Correctional Facility highlights similar failures. An Occupational Safety and Health Administration (OSHA) investigation of the facility in 2011 resulted in citations against GEO Group for maintenance-related violations. Cell doors, for example, were not properly maintained, leading to broken locks that allowed prisoners to unlock their cells while preventing prison staff from opening them. The OSHA investigation found "plain indifference to worker safety and health" at the prison, and also cited GEO Group for three "serious" hazards, indicating that OSHA found "substantial probability that death or serious physical harm from a hazard about which the employer knew or should have known."

The report details just a few egregious examples of both CoreCivic and GEO Group's "extensive records of human rights abuses." For example, a 2012 lawsuit filed on behalf of Idaho Correctional Center prisoners asserts that, in order to cut down on staffing costs, CoreCivic (operating as CCC) turned control of the facility over to prison gangs. Another lawsuit, filed in 2010, contends that understaffing led to such egregious acts of violence that the prison became known as "the gladiator school."

In another instance recounted in the report, GEO Group's mismanagement of Walnut Grove Juvenile Detention Center in Mississippi resulted in what federal District Judge Carleton Reeves called "a picture of such horror as should be unrealized anywhere in the civilized world" and "a cesspool of unconstitutional and inhuman acts." A 2012 Department of Justice report details accounts of sexual abuse by guards, beatings of children while they were handcuffed, and excessive use of pepper spray.

All of these glaring abuses of public funds and human beings should serve to bring private prison companies and public-private partnerships under intense scrutiny. However, these groups are enjoying a golden era at the expense of the working class. In 2017, ICE awarded GEO Group a contract for the construction and operation of a detention camp in Conroe, Texas with an occupancy of 1,000. The camp is expected to bring profits of $44 million a year to GEO Group. The facility, which is not yet completed, is already filled to overflowing. Moreover, the Trump administration has detailed plans for increasing detentions and for building even more detention centers. Such human warehousing is bound to gratify the portfolios of GEO Group's and CoreCivic's shareholders; their record, however, indicates a dire state of affairs for the men, women and children rounded up into these facilities.

The private prison companies are sharing some of the loot with the Democratic and Republican politicians who have helped make this profiteering possible, contributing large sums of money to the 2016 election campaigns of both the Democratic and Republican parties. GEO Group was the largest campaign contributor to three Texas congressmen: Republicans John Carter of Round Rock and John Culberson of Houston, and Democrat Henry Cuellar of Laredo, where one of GEO's prisons is located.

CoreCivic CEO Damon Hininger, in recent remarks to investors, characterized the attacks on immigrants and other workers as "the most robust kind of sales environment we've seen in probably 10 years, not only on the federal side with the dynamics with ICE and [US] Marshals, but also with these activities on the state side."

The costs for this "sales environment" will be paid for by the working class, who will increasingly become little more to the government than a "bed" to fill to make a prison more profitable. The interest rates on these private loans, the inevitable lawsuits, and the operation fees for negligent prison operators will come with deep cuts to education and social welfare programs such as Supplemental Nutritional Assistance Program (SNAP), Medicaid and disability insurance.

The Trump administration has jumped full-bore on the devious anti-immigrant rhetoric more subtly embraced by the Democrats, posing immigrants as the manifest enemy of the American worker, a menace stealing across the border to steal jobs and benefits that rightfully belong to citizens.

As these public-private partnerships make clear, however, it is the American ruling class that is most heavily invested in gutting the living conditions of workers. Companies such as CoreCivic and GEO Group have targeted all workers as potential profit generators, and their partnerships with state governments and federal agencies can only serve to corrode democratic freedoms and social conditions.