Do Private Prisons Use Unethical Tactics In Order To Create Revenue

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Do Private Prisons use unethical tactics in order to create revenue?
Do Private Prisons Use Unethical Tactics In order To Create Revenue

By

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Submitted to The Department of Economics

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Date:

I hereby recognize and pledge to fulfill my responsibilities as defined in the Honor Code and to maintain the integrity of both myself and the College as a whole.

Stefan K. Edmiston
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Abstract

The private prison industry brings millions of dollars in revenue every year and is continuing to grow at a rapid rate. Private prisons companies cut costs and use unethical tactics that affect the livelihood and well-being of their prisoners, which makes these tactics unethical and inhumane. For example, instead of spending more money towards better living conditions for the prisoners or paying them fair wages towards the labor they do on a daily basis private prisons use their revenue towards aspects they feel will help their company grow, such as expansion and lobbying. This investigation expands upon the existing literature by examining when private prisons spend money towards certain aspects like lobbying contributions to politicians and building a prison in a high population of Black people with the assumption they will receive a high amount of prisons by doing so, and seeing how it effects the average number of prisoners within that year. As a result we look towards seeing what unethical areas private prison companies use in order to create more revenue and increase the prison population.
**Introduction**

My topic is the connection between higher incarceration rates and private prisons revenue. Private prisons conduct tactics that result in a higher prison population in order to bring in more revenue. Because of these companies using tactics to put more people in prison this causes not only mass incarceration but also incarceration for people who might not even deserve to be in prison in the first place. These companies are earning billions of dollars in revenue every year while more and more people are loosing their freedom and leaving their families because of this issue. This is one of the biggest lobby’s this country faces and needs to be addressed.

This issue is important because people who might not have to be in prison are being given cruel jail sentencing’s just so that these corporations can make billions of dollars. We cannot allow companies to continuously get rich off ruining lives and taking people’s freedom from them. It’s nothing less of inhumane how rich these companies are getting by ruining countless lives. It’s interesting how much revenue just putting people in prison is making. Jails are overcrowded to the max and they continue to put more and more people in prison, which creates countless safety and health issues. It seems that as long as the money is coming in at a high degree nobody seems to think it’s significant enough to stop. But, the significance of the matter is clear. People are not being treated like people; instead they are ways for others to get rich. A very realistic comparison to this issue would be slavery because these inmates are being forced to work and getting paid less than fifty cents, if that an hour to do manual labor while companies make huge profits. I’m
trying to prove that these private prisons are treating people inhumanely and as a result getting rich from it.

In Targalia (2014) the author talks about how Corrections Corporation of America also known as the “CCA” and The Continuum Of Care also known as “GEO” which are the top two prison companies in the world got to be so big in the first place and when exactly this all took place. The paper also states in depth on some of the public policies that were put in effect in the early 1980’s, which caused prison companies to start mass incarceration in exchange for higher revenue. It gives us a view on how greatly the number of prisoners has grown from 1990 till 2009 and the events that caused this massive increase. It also makes a connection with private prisons and the American Legislative Exchange Council, which is important because the article talks about how much “CCA” supports them, which is a big reason why incarceration rates have sky rocketed.

The Dolovish (2005) article, talked about how these private prisons function. The article gives you a general understanding of how prisons work on a day-by-day basis. Looking into this topic it’s important to find the different ways private prisons are unethically making money but also understand how these prisons are supposed to be run when operated by the book. The next relevant article was an article written by ITPI on How Private Prison Companies Increase Recidivism. It describes how these companies not only get people into their prisons but their tactics in order to get them to be reconvicted (ITPI 2016). Prisons make money by having people incarcerated within their facilities, that’s no secret. But, creating tactics that give those incarcerated to be one day reconvicted when initially
the point of prison is the be rehabilitated and walk out of prison a better person is inhumane.

The fact of the matter is that as a country we have to stand up to for profit private prisons because every tactic they use in order to create revenue should be illegal. Private prisons find ways to cut taxes, incarcerate more inmates and spend less money on programs that are beneficial to inmates. This is a result of private prisons spending their money on other assets they feel are more valuable to the company. An example of this would be expanding the company by building another prison in a new location. Companies are always looking to expand and find ways to create more revenue for the company. Everyone knows that prison is not going to be the nicest place to live or safest but nobody ever asks why that’s the case. Instead we assume that it’s because people that have broken the law deserve to live in those conditions for breaking the law and living in bad conditions will help them not want to commit another crime. When in reality it’s not the inmates it’s the companies that house them who don’t spend enough money on their facilities and instead focus on cutting costs as much as possible. This would be a clear sign of cost control in every aspect. Companies reduce expenses, in this case private prisons spending less money on paying prisoners for their labor and increasing profit by using their money towards expanding the company.

For my regression I am going to use the average number of prisoners as my dependent variable. This will help relate all my independent revenues to see how big of an effect they have on profit for private prisons. The first variable is going to measure mass incarceration rates. This variable was included because throughout
my research I have come to the conclusion that mass incarceration is one of the biggest tactics private prisons have used in order to continue to make profits. The second variable is the average amount of income per county. Private prisons build a lot of their prisons in communities that don't have a significant amount of wealthy people. This could be a result of these companies focusing on building their facilities in lower income communities assuming their will be higher crime rates. Lobbying is the next variable that I will be measuring. Private prisons spend millions on lobbying towards government officials in order to get the support from legislators to use unethical tactics to make a profit. Through generous political contributions these private prison companies have advantages towards how they operate their company. For example why is it that the minimum wage for an individual is over seven dollars but for a prisoner it's barely more than a dollar? Being a prisoner does not make you less of a human being nor should they be treated as so. The south is being measured and implemented as a variable because that it where both the CCA and GEO Group headquarters are and where majority of private prisons are located at. I also wanted to use this variable to see if there is a connection with slavery being predominately being in the south and majority of private prisons being in the south. Crime rate is the next variable that will be measured. I decided to use crime rate so that I can determine if private prisons build their facilities in areas with the largest crime rates thinking that their facilities beds will consistently fill. Race will be measures in order to determine if these unethical tactics are focused on the color of someone skin and does it have a connection with private prisons success in the market. The average number of prisons was implemented in my regression to
identify if with more prisons being built will that correlate in more people going to prison. Just because more prisons are being built that doesn’t mean that more people should end up in prison.

**Literature Review**

Tangalia (2014) goes into depth on how much of effect big companies such as the Corrections Corporation of America (CCA) and the GEO Group, which are the most successful private prisons in the country. As of 2014 CCA has 92,000 beds across 67 prisons, while “GEO” controls more than 61,000 corrections beds in 56 facilities. Some states do not have private prisons, while other states house over 40% of their prisoners in private facilities. From the year 2000 to 2011 the number of federal inmates in private prisons skyrocketed by nearly 150% while the increase of state prisoners in private prisons increased by 23%. “GEO” specifically took in more that 1.48 billion in revenue in 2012, alone which came from various government contracts, while 36% of which came from the federal government, and earned more than 208 million dollars in profit. Its competitor the “CCA” on the other hand received $1.76 billion in revenue in 2012 while 43% came from the federal government and earned $156 million in net profit.

Anderson (2009) discusses the downfalls of private prison contracts and the negative impacts that come with these contracts. His main point was directed at that private prisons are suppose to help the problem with the overcrowding the prison system faces. This is far from the truth because he then states, “the number of jailed
criminals typically rises to fill whatever space is available,” (Anderson) insinuating that when they have room inside their prisons they can ensure that the beds will be filled. This can be a result of overcrowding and the rise of incarceration rates. Essentially the privatization method has failed the issue of over crowding. Specifically, it’s said that “In less than four decades, inmate populations have increased tenfold, from under 200,000 in 1971 to over 2 million in 2008.” (Anderson) Because of this issue prisons are experiencing more and more social and legal problems, as well as humanitarian issues.

Anderson (2009) talk about the effects it has on profits specifically the “profit-based business model”. The first thing discussed was how big private prisons are on cost cutting. Just like most companies, private prisons want to be able to spend less money in order to increase profit which ends up in this case hurting the prisoners and causing them to live in in humane conditions and cause huge safety risks. This motive is also said to “encourage private prison companies to disregard the principles of inmate rehabilitation and criminal deterrence; if advanced, these principles would undermine profits and reduce the demand for these companies’ services” (Anderson). Without an effective rehabilitation system the prison system becomes meaningless and a way for people that break the law to become modern day slaves. Also Anderson brings up a huge point about how this effects the sentencing by stating “private prison operators are exhorted to advance harsh criminal sentencing policies and the dilute early-release, parole, and good-behavior programs within the facilities” (Anderson). Since prisons profit on a per-prison they have incentive to encourage these longer prison sentences and also
these private prisons also avoid rehabilitation programs and instead “lobby in favor of harsh criminal sentencing measures” (Anderson). Private prisons can also control sentencing when prisoners go in front of the parole board to be released early. If the prison does not feel an inmate should be released and get the maximum sentence they can recommend to the board that the inmate is not ready to be released.

The level of importance towards this topic is high because not much work has been done about this topic nor can you find a lot of literature about it. This might be the cause of private prisons being such a huge lobby and maybe even the public looking at people who end up in prison as people that deserve to be their anyway so the question of if it’s wrongfully helping others get rich is not a concern.

A prisoners well being is the last of the correctional officers minds because regardless they get paid. What makes matters worse is that prisoners that are incarcerated in these private facilities help the officers get paid as well as the higher ups who control the prison. In the (Dolovich 2015) article she states, “...depending on the contract price, a single parole denial or revocation of good-time credit could be worth as much as $10,000 to $20,000 or more per year, a notable sum in an industry where contractors work on extremely narrow profit margins” (Dolovich 2015). With private prison employees working under these circumstances it causes them to make illegitimate decisions on how they treat the inmates in order to make more profit for themselves and the company as a whole.

Essentially these private prisons are using inhumane tactics to keep people in prison in order to continue to create more revenue. Disciplinary and parole hearings are extremely important within a prisoners sentencing because with good
behavior that prisoner can be released seeing he or she has followed all the rules while being in prison (State Board 2017). These private prisons are not only stripping people of their freedom but the bigger picture is that you can serve a significant part of your sentence and do everything that it asked of you such as staying out of trouble and receiving no additional charges and when going in front a hearing you still have very little chance of being released. These people going in front of these hearing’s are people with families and have lives to go back too and these private prisons are keeping them away from that by creating a illegitimately skewed process that does not allow prisoners to be released even if they deserve too.

Private prisons are said to be America’s biggest lobby, the problem is it’s almost impossible to prove it because these companies hide the evidence so well. Dolovich goes on to talk about the California Correctional and Peace Officers’ Association (CCPOA), which is one of the most powerful lobby groups within the state of California. This company also represents every correctional officer in the state and “consistently supports state legislation providing for enhanced sentencing, seeming regardless of the legitimacy of the punishments thereby imposed” (Dolovich 2005). In 1994 the CCPOA supported the three-strikes provision. It’s said that the “CCPOA donated a total of $101,000 to the three-strikes ballot initiative campaign, an amount eclipsed by the NRA’s contribution of $130,000” (Dolovich 2005). The NRA, being the National Riffle Association. With this contribution from CCPOA it became one of the campaigns ...“financial angels early on, when it counted most” (Dolovich 2005). The three-strike law was a huge victory because it not only
increased sentences for prisoners but if ensured job security for the employees of the CCPOA. With many of the sentences as a result of this law being a minimum of twenty-five years in prison for a “third strike prisoner” no matter how petty the crime was. With this law being put into effect these private prisons essentially can ensure that they will have prisoners in their prisoners for a significant amount of time, which ensures that they will continue to collect a significant amount of revenue for years to come.

Private prisons need inmates in their prison in order to make profits and besides them alone being incarcerated they also put the inmates to work. One of the common jobs private prisons has for inmates are transportation. Inmates are to drive for transportation companies to pick up products or drop them off. The biggest private and private transportation service is Transcor, which in fact is ironically owned by the CCA the biggest prison corporation in the county. Because private prisons have hired prisoners to do this work in order to save money many dangerous incidents have taken place over the years. These incidents include dangerous driving, improper security which has lead to the escaping to of a number of prisoners, and inmates being burned alive in a defective bus. All horrible situations that could have been avoided if private prison company’s were willing to spend more money towards others who are not incarcerated and instead paying inmates little to no money to do the work instead. A lot of the jobs that inmates are given they are just learning which makes it dangerous that they have no experience to do the work. If prisons spent more money on workers who are more perfected in
the necessary job field required or invested more into making sure the prisoners
where more prepared to work then these incidents would not occur as frequently.

Private prisons are modern day slavery. If you look at what happened to
slaves years ago there are clear comparisons to how inmates and slaves are treated.
The Thirteenth Amendment says that the United States Constitution abolished
slavery and involuntary servitude, except as punishment for committing a crime.
The Senate passed this amendment on April 8, 1864, and then by the House on
January 31, 1865. With this being the case prisons have looked upon their inmates
in comparison to a slave. Slaves where said to have done a lot of farm work and
building while this is the same case for the work inmates do in private facilities.
Slaves received no money for their work they did for the slave owners while
inmates receive little to no money for the work they do for the prison. Slave owners
didn’t pay slaves at all, they only have them a place to stay, cloths, and food. With
inmates the facility is suppose to accommodate you with a bed, three meals a day,
and a standard jump suit to wear. All three of those things are given to them at
extremely low quality. Inmates are essentially working for free while the prison
company, as a whole is a slave owner seeing is how this treatment towards the
prisoners is legal under the thirteenth amendment. Yes slaves where forced to work
and prisoners are getting paid however what can these prisoners do with fifty cents
an hour? These men and women have families at home that need to be taken care of
and cannot help with that low of a wage. The law says slavery is illegal but when you
end up in jail and the law says it’s ok to pay you a significantly lower amount of
money because you are a prisoner while being told when to eat and sleep that becomes a sign of modern day slavery.

Inmates have sadly become commodities in today’s market. When a prison becomes uncontrollably overcrowded private prisons place bids from prisons across the country in order to maximize their inmate population. Schultz states in her article “Overcrowded, state-run prisons transfer overflow inmates to private prisons without proper monitoring. Private prisons are operating without proper provisions in place and without proper accountability” (Schultz 2015). When inmates are sent from prison to prison the classification of the inmate is ignored or classified incorrectly. So what this ends up causing is the possibility of high-risk inmates being sent to facilities where there are predominately low-level inmates. But, companies don’t have a problem with this because it helps them fill beds, which increases their revenue. This is a clear indication that the profit making is a lot more important than the well being of the inmates that they house and having a quality facility.

There are many ways to measure the performance of a private prison to see how cost effective they are. Schultz mentions in her article “One of the founding principles of privatization was its potential to reduce costs and save taxpayer dollars” (Schultz 2015). Its said that private prisons can essentially be built cheaper and at a faster rate seeing is how it is not required to have voter approval nor state budget approval. The catch is that taxpayers still pay for these private prisons in a more discrete way. This happens when “Private companies, like the CCA, may take over the operating costs of a the prison, but the state must still pay to monitor the
facility (Spivak & Sharp, 2008). These private prisons are also receiving benefits such as depreciation benefits, tax breaks, and subsidies, “all which come out of taxpayers’ pockets” (Schultz 2015).

Another way prisons continue to have a continuously high incarceration rates is recidivism. Recidivism is by far one of the most fundamental concepts in the judicial system specifically referring to a persons relapse into criminal behavior. Prisons get evaluated on recidivism rates in order to see if the performance of the prison is where it needs to be. Spivak and Sharp conducted a study in Oklahoma with approximately 23,000 inmates. They found that “...male inmates who spent more time in private facilities had significantly higher recidivism rates than male inmates who spent more time in public facilities” (Schultz 2015). They then found that “inmates released from medium-security public prisons had significantly lower recidivism rates than inmates released from medium-security private prisons” (Spivak & Sharp, 2008). Seeing is how private prisons are for-profit facilities and suppose to be essentially improving the likelihood of recidivating it’s unethical tactics that it does the complete opposite and doesn’t receive any punishment for it. This looks as though to be a huge problem because the goal is never to have a failing system which continues to have people get nothing from prison and be released just to get incarcerated again. But the fact that private prisons need beds filled their concern is not whether inmates end up benefiting from prison and not coming back. Their only goal is to create revenue and the only way they can do that is to have inmates incarcerated at their facilities.
Keep in mind that these are actual people we are referring too that are being treated as they not human beings at all. These private prisons do not care about the well being for these people. When opening a prison you are responsible for everything that they do as well as their well-being. This includes basic features such as adequate healthcare and a proper diet. Conditions would include the level of crowding, light, safety and sanitation (Logan, 1992). In 2008 a inmate survey was conducted on at private prison facilities and it was found that private prisons had worse sanitation conditions and food services than inmates at public prisons. This raises a huge red flag because not only are private facilities suppose to be nicer but they create a lot more revenue than a public prison so that fact that inmates are saying this says a lot about how much private prisons actually spend on their inmates. A significantly greater amount of money is invested in private prisons and the annual revenue is substantially higher than a public prison so there should be no reason why this is the case. Private prisons create the highest amount of revenue so one would assume that these prisons would a lot nicer for the inmates since the private prison business is a billion dollar industry. These companies have more money to spend than other companies and still do not improve their facilities in order to improve the conditions for the inmates.
**Theoretical Analysis**

Different theories support the ways privately owned prisons create revenue and remain so successful. Production cost is one of the key factors in how the private prison system works. Companies like the CCA who are a billion dollar company have the right to pay the prisoners close to no money because they have broken the law and are in the prison system. The minimum wage prisons can give a prisoner is $0.23 while the maximum is $1.15 an hour while the average person not in prison is receiving more than $7 an hour. While these prisons are spending little to no money paying for the services of they are production they continue to create revenue by not only having them in prison in the first place but also by the products they make for the prison. Also the more prisoners they have the more products for their partnering company they can make at a faster rate. So with the laws saying they don’t have to pay prisoners a fair rate prisons continue to make billions by selling products for higher amounts per product than prisoners make in a week.

The first one is the theory about production costs. Production cost is the cost incurred by a business when manufacturing a good or providing a service. A fixed cost is essentially a cost that does not change with an increase or decrease in the amount of goods or services produced or sold. In order for private prisons to make money they firstly need to have prisoners. Without prisoners the prison cannot run. The average person that breaks the law will be sent to a public prison while private prisons take inmates in many different ways. For example when a public prison is getting overcrowded they pay private prisons to take some of their inmates (Feeley 2014). Also what private prisons tend to do it have partnerships with other
companies to which the prisoners are the ones who make products for those partnering companies. Regardless of what prisoner becomes incarcerated they all create the same amount of revenue for the institution. Because this is the case it causes a higher incarceration rate for prisons seeing is how that is how they create revenue. Part of the way they do this is through lobbying.

Private prison companies spend millions of dollars every year on lobbying in order to create more and more ways to increase incarceration rates in order to create higher revenue. The CCA alone has $1,883,486,000 in revenue, also being the biggest private prison in the United States. As the years go on these private prisons have spend more and more money on lobbying to continue to grow in net income. The CCA alone has a net income is $207,828,00 while continuing to grow and open more and more private prisons around the country (Mergent Online 2016). Private prisons spend little to no money in order to make products for company's they are under contract with. The actual products that are being sold are being sold for exceptionally more money that it takes for private prisons to make them.

Prison companies have a huge reputation of being guilty of tactic collusion within their facilities for many reasons. The main idea of someone going to prison is to rehabilitate this individual so that he or she when released will be released a better person and will end up getting re-incarcerated. Private prisons spend little to know money on rehabilitation programs to ensure the progress of those incarcerated in their facilities. Another way private prison companies find ways to cut costs are how much they pay prisoners. The highest a prisoner can be paid is $4.73, which is rare for a prisoner to receive in the first place while the lowest is
Private prison companies have contracts with other companies to that the prisoners can build products for them. Instead of private prison companies paying normal wages they now by law are aloud to pay close to nothing because the people working for them are incarcerated. Private prisons also don’t spend a lot of money of making sure the prisoners incarcerated in their facilities are humane but instead since the laws see’s them as people that deserve to be punished inhumane facilities are very common and expected within prisons. Private prisons don’t feel the need to spend money on better conditions when by law they don’t have too. Prisoners initially don’t have many right however, they are protected by the 14th Amendment which protect them from cruel and unusual punishment (Cornell Law). It also requires the minimum standard of living, which is where the problem begins (Cornell Law). There is no description of what the minimum standard of living for these prisoners within the 14th Amendment.

The CCA and GEO Group are both the leading private prison companies in the United States. GEO has $2,113,037,000 in revenue, which is the highest among all private prisons while having the second highest net income behind CCA (Mergent Online 2016). This causes an oligopoly because these two for profit private prison companies are the only two companies that have that much revenue and gain a significant amount of income annually. Other private prison companies are significantly small compared to these companies and don’t nearly have as many private prisons around the country. The third leading competitor to these two corporations is Avalon Bay Communities, Inc., which is a company that holds all their prisons in California. While Avalon Bay remains a supreme supplier of prisons
in California, CCA and GEO continue to build more and more private prisons across the country and bring in the highest amount of income from it. The CCA and GEO Group remain the private prison markets leading producers.

An oligopoly is a state of limited competition, in which a market is shared by a very small amount of producers or sellers. The CCA has 88 listed facilities across the United States (Mergent Online 2016). Other companies would be lucky to open up 10 prisons in the same region. The CCA is located in 20 states while most of the time other private prison companies will only have prisons in one or two states (CCA 2016). They are proven to be part of a private prison oligopoly because they are one of the private prison competitions that don’t have a lot of competition. The CCA takes up a significant amount of the countries private prison population, which is why their revenue is $1,833,486,000 (Merchant Online). Most private prison companies will never have even $50,000,000 in revenue let alone nearly two billion dollars. The CCA continuously shows there is not a private prison company in the country that can come near their success besides the GEO Group.
The CCA’s prison locations across the country (CCA) Note: Some of these cities house more than one facility (CCA)

The GEO Group is the only other for profit prison company in the country that are in competition. These two corporations are the only for profit private prisons that have over a billion dollars in revenue and have nearly as many number of private prisons. GEO Group has 104 different private prison facilities across the country (Geo Group 2016). With these two companies it’s clear that the private prison industry is an oligopoly seeing is how only a select few of private prison company’s control the market as a whole. Other companies have shown some success over the years but those companies still are not nearly as close to collecting as much revenue as the CCA and GEO Group nor have as many private prison facilities located all across the country.
Fixed costs are business costs, such as rent, that are consistent with whatever the quantity of goods or services produced. This relates to my topic because private prisons are able to avoid fixed costs such as taxes. The reason private prisons are able to avoid taxes are because the state in which their facility is incarcerated in often pay them to house the prisoners. Support towards government officials also helps private prisons save millions in expenses. They also are able to avoid paying fair salaries. Actual correctional workers indeed receive benefits and respectable wages but one of their biggest sources of revenue is making products for other companies. Inmates are to go to work everyday and work hours for little money. Private prisons are legally aloud to not pay inmates a fair wage for their hours of work. As a result, private prison companies continuously sign contracts.
with companies in order to have the inmates build their products so that they continue to make a fortune. Fixed cost is important because looking at how these private companies are getting around paying them you can clearly see that they not only have an advantage in terms of making a profit but how private prisons are doing it is unethical.

Variable cost is a cost that will vary depending on the level of the output. Essentially these companies that are in contract with private prisons supply the prison with the products to either build or produce what they need from them. This is important because this is another example of private prisons not having to come out their product for something and seeing a large profit as a result. All private prisons have to do is continue to have inmates in their prisons and everything else is provided by the companies that are selling the product. Private prisons also don’t have to worry about transporting the products because the prisoners will either deliver them with correctional officer or the company will more than likely pick up the products themselves. Inmates transporting products is very common within the private prison system but more importantly looking at it from a wider angle, these private prisons are using inmates to do everything without having to dig deep in their pockets. It’s important to see that these private prisons should not be looked at as an honest business but instead private prisons should be looked at as a modern day plantation. Variable costs are common expenses that businesses pay. Actually paying your workers a fair wage is a common expense while these private prisons avoid them all.
Empirical Analysis

My regression describes how the average number of prisoners per year owned by the CCA and Geo Group are linked to a trend of unethical tactics that provide more revenue for these companies. While the average number of prisoners from 1998 too 2016 of every county is my dependent variable my first independent variable is how much these companies have spent on lobbying. The first independent variable is the average income of all of the counties these two companies house their prisons. I also encounter the number of prisons that were built by these companies from 1998 till 2016 to see if the amount of prisoners per year grows over time. I used race as an independent variable as well, specifically the amount of Blacks within these counties. My next variable is the average amount of people per year for these two companies. My last variable is the amount of prisons in the South. This variable is to depict if these two companies target the South over the other regions.

\[
\text{Average Number of Prisoners} = \alpha + \beta_1 \text{Amount Spent On Lobbying} + \\
\beta_2 \text{Number Of Facilities} + \beta_3 \text{Average Income Per County} + \beta_4 \\
\text{Incarceration Rate Per County} + \beta_5 \text{Average Number Of Blacks Per County} + \beta_6 \text{Average Amount Of Prisons In The South} + \beta_7 \text{Average Number Of Prisoners}
\]

The average amount of prisoners is dependent variable because it’s the key factor in my research. The issue is not only with these companies creating billions of dollars in revenue by incarcerating people within their facilities but also
there is a bigger picture to be looked at. Prison is for people who break the law and need to be rehabilitated so that when they are released from prison they will not make the same mistake again. Unfortunately that is not necessarily that case. Prison is also a business and the only way to make money is by continuing to have more people in prison as well as keep them in jail for as long as possible. It’s intriguing that the average amount of prisoners for all these counties has increased every year as these two companies continue to expand around the country. Basing the rest of my data on average prison population I will be able to see the effect these variables have on it. When the number of prisoners rises as prisons get built in it you can see that the system is not only working but also using people’s freedom in a way to make billions. If prisons where as effective as they are suppose to be then the incarceration rates in these counties would not be increasing at the rate they are.

Both the CCA and Geo Group have spent a significant amount of money over the years on lobbying, especially towards politicians who run for positions such as congress within the states that they house their prisons. Lobbying is what essentially ensures that these private prisons get what they want. With politicians on their side they have an upper hand on using unethical tactics to save money and create higher annual revenue for their company. This variable is needed because this is a key indication that these companies are using lobbying as an investment to make millions of dollars and continue to build more and more prisons around the country. With a strong political relationship companies are almost untouchable and are able to find ways to put more and more people in jail
in order to fill their prisons. Private prison companies have the reputation of getting away with using unethical tactics because of the amount of money they spend on lobbying but never face any consequences for doing so. What this variable does is prove that to be true. If these companies spend more on lobbying within the years they build the most prisons that is an indication that the more money they spend the more revenue they create by expanding their facilities. For example, if the highest amount of prisoners are in 2001 as well as spent the most amount of money that year on lobbying then the relationship tell us that the more money they spend the higher the incarceration rate. I expect this sign of this variable to be positive. My expectation is that the more money spent of lobbying the higher amount of prisoners there will be.

This ties into the next variable within the regression, which is the number of prisons the CCA and Geo Group have built from 1998 to now. I needed this variable because it shows how much success these companies have made over the last 18 years. Companies can only expand and keep building if they are having success. Not one time has either one of these companies had to close down any of their facilities. Some years these companies have also shown to build as much as 11 new facilities. It’s hard enough for companies to expand within five years and these companies have seemed to find a way to expand at an incredibly fast rate. Prisons are essentially supposed to rehabilitate these inmates so that they do not end up getting incarcerated again. If these companies are continuously building more and more prisons while the amount of prisoners are increasing more and more every year then what is that so say
about how beneficial the prison system is a whole? Private prisons need inmates in order to maintain their business, which is why this variable is so important. These private prisons have come up with an unethical method to continue to build privately owned prisons all over the country and as a result the number of prisoners will rise. It’s as if wherever they build a prison they can ensure that the beds will be filled. These methods are what cause mass incarceration and more revenue for the prisons. I expect this variable to have a positive sign because the number of will rise as expected as the average amount of prisoners rise. As the average amount of prisoners per year rises I expect the number of facilities to rise as well especially because these are the top two prison companies in the world, which allows them to build prisons consecutively.

The third variable is the average income of every county to every prison the selected company has within the year. I need this variable because I noticed that many of the counties that house the prisons do not have high incomes. This led me to believe that these companies are intentionally building prisons in low-income counties. When you think of a county with a low income you make the assumption that there is a lot more crime because they poverty level will be a lot higher than a neighborhood, which has a higher average income to where crime rate will be assumed to be less. Logically if a company wanted to ensure they were going to continuously receive new inmates they wouldn’t build a prison in a rich neighborhood. Every year these two companies are building more and more prisons around the country. The relationship is strong with the incarceration rate because if every year these companies are adding more and more prisons and
the average income is not rising at a high level than it’s a clear sign that the CCA and Geo Group are building prisons in low income counties. I expect this variable to have a negative sign because as the average income decreases the average amount of prisoners should increase.

Race is the next variable in the regression because majority of the county’s, which house the CCA and Geo Group’s facilities, have a huge population of Black people. There are more Black people incarcerated than any other race, which is why this variable is so important. Looking at the data the average number of Black people increase every year. The relationship of this variable and the incarceration rates are that if the average amount of Blacks within these counties are continuing to increase while the amount of prisoners are also increasing every year than it would be an indicator that these companies have not only targeted lower income counties but also counties that has a high Black population. Essentially indicating that they are making the assumption that if they build a jail in a predominately Black County then they are going to be able to fill the beds within the facility. While they would think twice about potentially opening a facility in a predominately white county seeing is how the crime rate might be lower and risk the possibility of not as many beds being filled. Targeting the Black population is unethical and inhumane. The relationship with the average amount of prisoners also says how this affects Black people as a race. If these companies are continuously putting more prisons in majority Black populated counties than essentially Black people gain a higher chance of being incarcerated. States, the prison companies and the government understand that the only way to keep prisons open is to have them house prisoners.
With that being said the biggest influence that can cause such matters to create more people to become incarcerated are lobbying effects which is where the relation between this variable and lobbying become influential. I expect this variable to show a positive sign because I expect both companies to continue to build prisons within counties that have a high Black population. As the average amount of prisoners increase overtime so will the average amount of Black people in the counties these prisons are in.

The average number of prisoners per county important because overtime if the average amount of prisoners continues to increase then that is a clear indication that these companies are part of the reason more people are going to jail. If the average amount of prisoners over the years continues to decrease then it would be a clear indication that the tactics these two companies are using to rehabilitate their inmates are working. But again, seeing is how the more prisoners they house the more money they make, logically it is not significant for them to focus on lowering their prison population. This variable gives a different perspective towards the dependent variable by looking into the actual population growth between the prison populations and the year in which has increased gives us a different interpretation on if prisons are using unethical tactics in order increase the amount of prisoners and create revenue. When your profit comes from incarcerating people the assumption will be that the average number of prisoners is not in these prison companies best interest. This is where the relation between this variable and the incarceration rate per county. If every year these companies are building more prisons within these counties while the counties showing an increase in the average
amount of prisoners and prison population then that is an indicator that these companies are part of what is causing this massive increase. I think this variable will have a positive sign because I have seen an increase in the amount of prisoners and incarceration rate. Both variable have went up gradually over time.

Incarceration rate is a variable in this regression because it’s importance to my topic is highly significant in finding my results. Incarceration rates measure how much crime occurs within these counties instead of looking at the amount of total amount of people that go to jail. When looking into unethical tactics done by prions and specifically in this case how if effects the average amount of prisoners it’s essential to have this variable be measured to see how private prisons are possibly the reason why they increase so often. I expect this variable to be positive because as the incarceration rate rises so should the amount of prisoners.

The last variable listed in this regression is the amount of prisons in the southern region. I chose this variable because of our countries history with slavery. Seeing is how prisons not only make money on filling their prison beds but also with creating contracts with companies to have the prisons build their products. The 13th Amendment States that slavery nor involuntary servitude can occur except as a punishment for a crime (Carter 2007). Seeing is how slavery was taken place in the South looking to see if it has a significant effect on the average amount of prisoners is very influential towards this topic and also creates a strong relationship with the average amount of prisoners. Inmates get paid little to no money for manual labor they do every single day just because they are incarcerated. The law is essentially saying that if you break the law you are a slave to companies such as the CCA and
Geo Group. It’s a topic that shows inhumanity and it needs to be addressed. I expect this variable to have a positive sign because if targeting Black counties increase the average amount of prisoners than as a region I expect that it will have that same effect. Specifically looking into the South with has the largest population of Blacks out of every county would show a positive sign in its significance.

My variable of interest is the lobbying variable. I chose this variable because of its significance towards my research. After companies spend millions of dollars towards lobbying they have the upper hand to whatever they feel is necessary to create more revenue whether it’s unethical or not. When big time companies such as the CCA and Geo Group spend millions of dollars on lobbying for politicians the rules towards how they handle their prisons change. Over crowding prisons has been a major concern within our country for years yet average amount of prisoners continue to rise and prison populations continue to grow. Without lobbying these companies are not as strong because they have no leverage. The connection that I have built with this data and other lobbying statistics is that majority of the politicians that these companies lobby for are politicians are in the states which they build prisons in. Both, the CCA and Geo Group have lobbied towards politicians running for either the House of Senate within every single state they build prisons in the for the last 20 years. Lobbying is what gets politicians on a company’s side and both the CCA and Geo Group have been extremely successful at doing so.
Table 4.1: Regression Results

Number Of Observations= 38; F(7,30) = 42.51; Adjusted R-squared = 0.09084

|                           | Coef  | Std. Error | T-Stat | P>|T| |
|---------------------------|-------|------------|--------|-----|
| Average Number Of Prisoners|       |            |        |     |
| Amount Spent On Lobbying  | 0.0084299 | 0.0030163 | -2.79  | 0.009|
| Number Of Facilities      | 1733.408 | 336.3235  | 5.15   | 0    |
| Average Income Per County | 0.281003 | 0.3806237 | 0.74   | 0.466|
| Incarceration Rate Per County| -     | 3.752705   | -0.09  | 0.932|
| Average Number Of Blacks Per County| -0.361459 | 0.1981932 | -1.82  | 0.078|
| Average Amount Of Prisoners In The South | 11.89114 | 556.1586 | 0.02   | 0.983|
| Average Number Of Prisoners | 0.2203267 | 0.0682168 | 3.23   | 0.003|

For my results there were four variables that resulted in significance. The first variable that showed significance was lobbying. This variable resulted in surprisingly a negative coefficient. This is more than likely a result of these companies not realizing that they don’t have enough inmates to be successful so they lobby for more inmates whether they get the inmates immediately within the year or not. It’s possible that companies are setting their company up for the future. Politicians can only help you so much during years of elections, which is when the lobbying takes place. For the future however, understanding that you need more inmates will ensure that if you don’t make an increase one year you will another. Companies understand that nothing happens over night so not expecting significant increase from lobbying instantly is very realistic.
My next variable that showed significance was the number of facilities per year. This is a result of the more prisoners you get you receive per year the more facilities you are going to need to house them. Even though overcrowding facilities have shown to be a major issue in this country companies are always looking to expand because with more prisons comes more inmates to fill the beds. Looking into this variable both companies have made significant increases within building facilities over the years. This variable showing a positive coefficient if proof that as these companies continue to expand whether it’s one prison within a year or seven they will continue to increase the average amount of prisoners.

The average amount of Blacks also showed significance in the regression. Prisons have had the reputation for having a high number of Black people. What I didn’t expect was the coefficient to be negative. This could be a result of the higher population of inmates being Hispanic. The Hispanic race also has an extremely high population within prisons and in this case a high population within the counties of these two companies. It’s very possible that looking into the Hispanic race and seeing how it affects the average amount of inmates would be very influence for future research. Black people still hold a high number of prisoners within these facilities however the bigger prisons that these two companies own are in states such as Texas and Arizona where the Hispanic population is significantly bigger than it is Black.

My last variable that showed significance is the average amount of people per year. Essentially what this variable is indicating is that the more people there are the higher average amount of prisoners. Another way to look at this variable
significance is that as a private prison company expands and builds more prisons its average population will rise. Both the CCA and Geo Group have shown major increases with how many prisons they build per year and the average amount of prisoners they have a year. Looking at this variable, which represents a significant variable, is an indicator that all these variables have a strong relation with one another and influence the amount of prisoners per year.

Average income did not come out significant because it’s possible that the counties that are not as poor are wealthy enough that it does not leave a huge effect on the average number of prisoners. Even though there are a number of counties who are not wealthy in which these two companies build their facilities in they tend to also build in big counties such as San Diego County and Los Angeles County which have big enough outcomes to raise the average income to a much higher amount. It makes sense for these companies to build facilities in big counties seeing is how there is a lot more people which raises your likelihood that people will end up incarcerated in many cases.

My next variable that came out in significant is incarceration rate. This surprised me because as incarceration rate goes up so should the amount of prisoners. An explanation for why this is not significant could be the result of this measuring state incarcerated inmates within its statistics. Just measuring the incarceration rate of people who end up in private prisons would be another way to incorporate this variable in future research. When just looking into private prison statistics you get a better outcome towards how the data affects other variable while
this variable is risky because it also incorporates other forms of prisoners that are not private prison inmates.

The south was my last variable that did not show significance. This is the case because private prison companies understand that they will get a significant amount of inmates in other major counties that are not in the south. The south is the home to both the CCA and Geo Groups headquarters, however the reality is that over time when companies start to grow they understand that broadening where they facilitate their business has to expand beyond their comfort zone to continue to make profit. States like California have an extremely large amount of people and crime problems. Instead of staying in the south it’s logical to start building prisons in California because not only are you expanding your business but you are expanding your business in an area you’re confident it will be successful in.

**Conclusion**

The private prison system is one of the most successful businesses in the country. These prison companies while the average amount of prisoners continue to raise makes billions of dollars every year. Millions of dollars are spent every year towards lobbying by these private prisons yet there are thousands of inmates who are doing manual labor every day and getting paid less than a dollar an hour. These inmates have families and that doesn’t change when they get incarcerated. Yes, these people have broken the law, however that doesn’t mean they should be able to continue to support their families. It’s as if when you break the law you are no
longer a person you are a slave to whatever prison you are incarcerated in. As a society we have to look at the big picture and understand that these unethical tactics are hurting people’s lives and affecting families all across this country. Instead of working towards less people end up in prison these companies are hoping for the complete opposite in order to create revenue for their companies.

For a huge company like the CCA and the Geo Group there are certain tactics they use in order to create the highest amount of revenue possible. With that being said, there are two companies in the private prison business that its clear that their tactics work extremely well. The CCA and Geo Group are the oligopoly of this market. The CCA and Geo Group are both companies that have had billions of dollars in revenue in the past. Even though none of the variable listed resulted to be significant it does not mean that there aren’t other ways to prove they use unethical tactics to create revenue. In the future looking into this company I suggest taking a different angle into looking at some variable that might show some significance specifically possibly starting at what makes them so unique as a company and see if anything stands out towards how they operate.

It’s clear that the CCA and Geo Group targets Black people and in the South at that. These private prisons control enough of the private prison population in the country that whenever this company does anything towards the market whether it’s create two facilities in the same county or in this case target a certain race than if effects the country as a whole. It’s unethical to target counties that have Black people to build facilities. When prisons are built the only way they can stay open is if
it’s beds get filled so what that does is leave the people of the community in which the prison is in more likely to end up in jail.

The thirteenth amendment is an indicator that the prison system in the new Jim Crow. When you become a prisoner, prisons are obligated to feed you and provide you with a bed. There is no law that says you have to pay prisoners fair wages for work that a person who is not in prison doing the same line work gets an actual salary for. But what happens to the prisoners? Because they broke the law they get paid in pennies. It’s also ironic that slavery was taken place in the south and the leading private prison in the south is proven to target areas with a significant amount of Black people. Companies such as the CCA and the Geo Group spend millions of dollars ensuring that their political relationships remain strong. The tactics that these big private prison companies are using to remain successful are working seeing is how neither company has had to shut down a facility due to lack of revenue (CCA 2016 & GEO 2016). And these private prisons will continue to target Blacks and make millions from not paying their prisoners fare wages because of it. Targeting majority Black populated counties is inhumane and is an unethical tactic the CCA uses in order to create revenue.
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