



America's Outsourced Immigration Prisons a Booming Business

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Imprisoned immigrants in the large prison complex outside the small West Texas town of Pecos have rioted twice over the past few months complaining about inadequate medical care. Their complaints, sparked by the death of a sick inmate in solitary confinement, echo a chorus of similar complaints around the country about medical care in immigrant prisons.

Medical care, like most aspects of imprisonment in America, is outsourced at the Reeves County Detention Center. As a result, imprisoned immigrants don't know who exactly is imprisoning them, who is responsible for their medical care, and who they should petition when they have grievances.

Throughout America but particularly along the Southwest border, hundreds of thousands of immigrants, both legal and illegal, find themselves at the center of a booming prisoner outsourcing business. The imprisonment of immigrants is enriching a handful of private prison corporations and correctional healthcare firms while providing a stream of revenues to county governments in rural America.

Back in the mid-1980s the Reeves County government decided that its best hope for economic development was building a "speculative prison." At the time, this remote county, which occupies the northern reaches of the Chihuahua Desert, was reeling economically.

Cotton farmers and cattle ranchers abandoned their homesteads as ground water levels dropped and drilling costs increased. The oil boom that started in the 1950s went bust in the 1980s as oil reserves dwindled. The closure of the area's large sulfur mine and a food processing company in the early 1990s left hundreds more unemployed.

Seeking to take advantage of its remote location and the large number of unemployed, the county entered into the incipient business of outsourcing prisoners in 1986.

By bidding down the costs of providing prison beds and employing prison guards, Reeves County has over the past couple of decades expanded the initial 300-bed prison to the current 3,763-bed prison complex. The Reeves County Detention Center is now the center of the county's economic life.

The county, where one of every three residents lives below the poverty line, is projecting \$67.2 million of revenues to come streaming into county coffers in 2009

from the immigrant prison business. Nearly 500 residents find employment in the immigrant prison, which pays guards \$14.95 an hour.

Prison outsourcing is all about expenses, revenues, and profits. In other words, prisoner providers—in this case, mainly the Federal Bureau of Prisons (BOP)—seek to do business with public and private prisons that have the lowest costs and hence lowest per-diem bed costs. The more prisoners that occupy the beds of the Reeves County Detention Center, the higher the revenues that come from the per-diem payments, and the higher the profit.

The bottom line of the prisoner outsourcing business is essentially the same as any other business, namely the sum of revenues and expenses. But in the case of Reeves County Detention Center, as with scores of other immigrant prisons, the prison business is somewhat more complicated—involving a labyrinth of federal agencies, local governments, private contractors and subcontractors, public bonds, and private investors.

The Reeves County Labyrinth

Not having enough room in federally-owned prisons and unwilling to build new ones, the Bureau of Prisons, like most federal detention agencies, outsources an increasing number of its charges and most all of its immigrant detainees. BOP outsources virtually all of its low-security "criminal alien residents" to county/private prisons in the Southwest.

Anticipating an ever-increasing demand for what the prison industry calls "beds," Reeves County has issued a series of project revenue bonds to finance the construction and maintenance of its ever-expanding prison. Convinced that the boom in the prison business will endure, private investors buy these bonds, thereby providing the \$90 million the county needed for its prison project.

Reeves County functions as a kind of front man for the private prison industry. Being a government, it can issue revenue bonds that attract investors because the bond income (from a portion of the per-diem payments from the federal government) is not subject to income tax. Because the prison is a public facility, all capital and operating expenditures are also exempt from sales and property taxes.

The federal, state, and local governments lose all these tax revenues. But being tax-exempt keeps costs low, and makes the Reeves County Detention Center an attractive proposition for both the federal government and the private prison industry.

Although Reeves County initially ran the prison itself, it now contracts with GEO Group, the world's second largest prison corporation, to manage and operate the prison. For three years, the Corrections Corporation of America (CCA) also ran the prison for the county.

GEO Group has no investment in the prison, portions of which were destroyed by fire during the recent riots. It receives a large annual management fee—\$4.75 million in 2008—from the county as well an annual administrative fee—\$1.25

million in 2008—to cover the payroll costs of its 12-member management team, including the warden with his \$125,000 salary.

The immigrant inmates, who are technically under federal government custody and held in a government-owned prison, see only the private face of America's prison industry. That's GEO Group, which runs the prison and hires and supervises the hundreds of prison guards who are paid by the county. The premier spot in the prison's parking lot is reserved for "GEO Executive," and the warden and all the other top management are GEO officials that answer to corporate headquarters in Boca Raton, Florida.

GEO Group, which represents the "20-year evolution of Wackenhut Corrections," says it is a "global leader in the delivery of diversified government outsourced services." Founded with the slogan, "Global Expertise in Outsourcing," GEO Group is a transnational corporation that specializes in providing security and prison "services" to governments around the world.

Working closely with GEO at the Reeves County Detention Center is Physicians Network Association (PNA), which is a private firm that says it specializes in "correctional healthcare." PNA is responsible for the healthcare at the Reeves immigrant prison and at nine other prisons run by GEO, including five others in Texas. PNA was contracted by the county before the GEO operations and management contract. In GEO's contract with the county, healthcare services are explicitly left as county responsibilities. But the county has subcontracted out medical services to PNA, which receives a \$5.85 per-diem fee from the county.

Private-Public Complex

The BOP and other federal agencies could, of course, build and operate their own prisons. However, since the early 1980s the federal government has increasingly outsourced its inmates, especially immigrants.

The launching of the "drug war" that resulted in mass imprisonment of drug users and low-level street distributors set the stage for this new era of prisoner outsourcing. Faced with the rising number of convicted prisoners and the rise of illegal immigration, public prisons and detention centers became overcrowded. But there was little political will either at the federal or local level to use tax money to build new prisons.

Conveniently, the rise of the political right in the late 1970s and especially during the Reagan administration brought with it a new widely shared ideological conviction that favored government downsizing and privatization. In 1983, faced with increasing numbers of detained immigrants, the Immigration & Naturalization Service (INS), with the blessing of President Reagan, began outsourcing immigrants.

While INS took the first step toward outsourcing federal detainees to private prisons, the U.S. Marshals Service and the Bureau of Prisons eventually followed. At first, most of this outsourcing went directly to private firms. CCA and Wackenhut got their start in the prison business as outsourcers of detained immigrants for the INS in

1983-85.

Over the last couple of decades, county governments have joined the prisoner outsourcing bandwagon, commonly in collaboration with the private prison industry. CCA, GEO, and other private prison firms have seized on the opportunity of public financing to build and maintain the prisons they operate.

Today, there are scores of counties that have followed the example of Reeves County, building new prisons with project revenue bonds to house outsourced prisoners from federal agencies and state governments. These generally poor and rural counties now constitute a central component of America's prison outsourcing industry.

What started out as a privatization of a core responsibility of government has over the past 25 years evolved into a prison complex in which private investors and corporations are dominant but in which local government has a new and expanding role.

As seen in Reeves County, the prison business is a complex labyrinth that is run for profit by corporations such as GEO. Yet the booming private prison industry in Pecos and elsewhere is fundamentally dependent on the government for a steady supply of prisoners, for ever-increasing per-diems, and even for the capital to build and maintain the private prison labyrinth.

When the Bureau of Prisons signed the most recent contract with Reeves County to provide as many as 3,763 prison beds for "criminal alien residents," it was GEO Group, not the county, which announced the new contract. In its January 2007 media release to business publications, GEO Group boasted that it believed "that the Reeves County Detention Complex (the 'Complex') is the largest detention/correctional facility under private management in the world."

It's a part of a yet larger complex that is immensely profitable. At a time when most other industries are retracting, the private prison industry continues to boom. GEO Group experienced another record year in 2008, as its net income rose more than 14%.

Key to the prison complex's lustrous bottom line are the outsourced immigrant inmates of Reeves County. Even as they rioted to demand decent healthcare, these outsourced immigrants were a major source of profits for the private/public prison complex.

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