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Private Prisons Drive Up Cost of Incarceration: Study

Private prisons, which currently hold about 10 percent of the U.S. population behind bars, were originally promoted as a way to reduce operating costs of America's system of incarceration and save taxpayers money. In fact, according to a study in the *American Economic Journal: Economic Policy*, whatever savings they have achieved have been mostly eclipsed by the fact that private prison inmates typically serve longer sentences. Just as significantly, private prisons have failed to accomplish another of the original promises of their proponents: reducing recidivism rates through a tougher incarceration regime. The study found that although incarcerated in private facilities spent 90 days on average more than their peers in public prisons, their recidivism rates were similar. "Time served in prison is an important outcome because it is the primary punishment that society imposes on offenders," wrote the study's author, Anita Mukherjee of the Wisconsin School of Business. "This punishment is carried out unfairly, however, if it varies systematically with whether an inmate is assigned to a private or public prison." Mukherjee notes that America spends \$80 billion annually on a mass incarceration system that locks up 2.3 million incarcerated individuals, the world's largest per capita number of prisoners — a burden that motivated state corrections authorities in the 1980s to move towards contracting with private corporations. But while those corporations have reaped impressive profits, taxpayers have not seen similar gains in public safety, she observed. Mukherjee's conclusions were largely based on an empirical study of the impact of private prison contracting Mississippi's carceral system, between 1996 and 2004. She compared data on 26,593 inmates from four private prisons and three state prisons, along with several public county jails. The study found that, on average, each person held in a private prison served 90 additional days behind bars when compared to their public prison inmate counterparts — mainly due to an increase in behavioral infraction complaints. Private prison inmates served a slightly greater fraction of their sentences: 73 percent versus 70 percent; but the imbalance was considerably more when Black inmates were compared to whites. At first glance, Mukherjee's finding that inmates in private prisons serve an additional 90 days because of an increase in behavioral complaints seems like a self-fulfilling prophecy. However, Mukherjee believes there's more to the story. Researchers have long noted a correlation between harsher prison conditions in private prisons and imperfect behavior — "a problem relevant in Mississippi," Mukherjee wrote. In 2016, the *New York Times* published an exposé on the private prison system in Mississippi which found rampant sexual assault and abuse, inmates denied access to medical care, smuggled weapons, drugs, and so much marijuana that guards and visitors said they'd leave with their clothes smelling like smoke. Moreover, "private prisons may have a better technology for monitoring infractions, or may be more likely to report them due to contract renewal incentives," Mukherjee reported. "A difference in infraction rates between inmates in public and private prison could also stem from shirking by public prison employees who under-report such violations." Notably, the additional days served does not lead to any changes in inmate recidivism rates, Mukherjee found. The finding that inmates being held in private prisons are incarcerated longer is a matter of concern because effectively the delayed-release "erodes half of the cost savings offered by private contracting," Mukherjee wrote. According to the study, it costs a private prison about \$45,000 a year to house a prisoner, compared to the general cost of about \$50,000 annually per inmate in a public prison, resulting in roughly \$5,000 in savings per year. A 2011 study estimated a prisoner's value of freedom for 90 days at about \$1,100 — already taking a large chunk out of the advertised taxpayer and city savings from private prisons. Moreover, there are other additional costs that are difficult to quantify. Mukherjee listed some of them, as "the cost of injustice to society (if private prison inmates systematically serve more time), the inmate's individual value of freedom, and impacts of the additional incarceration on future employment." If these costs were to exceed the roughly \$5,000 savings indicated by the figures cited above, "private prisons would no longer offer a bargain in terms of welfare-adjusted cost savings," she wrote. Mukherjee said the relationship between recidivism and private or public prison needs further study. "Future related research on private prison contracting may also find inspiration from health care, a setting that has been studied more thoroughly in this context," she wrote. Mukherjee recommended community and committee monitoring of private prisons, noting that states may need to establish tighter guidelines regarding prison conditions and behavioral infraction monitoring. Anita Mukherjee is an assistant professor in the Department of Risk and Insurance, Wisconsin School of Business, at the University of Wisconsin–Madison. She conducts research on the intersection between health, aging and crime with a focus on vulnerable populations. Mukherjee is also the Michael E. Lehman Distinguished Chair for Inspired Learning in Business.