June 25, 2013 **Submitted via Email Only**

Michele M. Masucci
Interim Vice Provost for Research and Graduate Education
1801 North Broad Street
401 Conwell Hall
Philadelphia, PA 19122

Re: Ethics Complaint vs. Professors Hakim and Blackstone

Dear Ms. Masucci:

I hereby submit this formal complaint against Professors Simon Hakim and Erwin Blackstone in connection with research they conducted as faculty members of Temple University. The gravamen of my complaint is that Professors Hakim and Blackstone failed to initially disclose the funding source of their study, which was material to the subject matter of their research, in both their working paper and in editorials they sent to newspapers for publication. Additionally, Professors Hakim and Blackstone made misleading statements in their study and editorials, and displayed bias rather than presenting their research findings in a neutral manner.

In addition to my complaint that such conduct is unethical, I specifically allege violations of Board of Trustees policies 4.16.02 and 02.54.01 III (L)(5), as set forth below. I do not request anonymity with respect to this complaint.

Background

On April 29, 2013, Professors Hakim and Blackstone released the results of their research into a cost comparison of public and privately-operated correctional facilities, titled "Cost Analysis of Public and Contractor Operated Prisons." The study was released in the form of a working paper, which is available online here in its original version.

In conjunction with the release of the study, Temple University issued a separate press release on the same day. A copy of the press release is attached as Exhibit A and is also posted online here.

Please reply to Tennessee office:
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The press release noted that "The study received funding by members of the private corrections industry," but similar disclosure language was not initially included in the working paper itself. Subsequent to the release of the working paper, Professors Hakim and Blackstone submitted editorials regarding the findings of their study to various news publications. A number of their editorials were published – e.g., by the *Oklahoman* (OK), *Detroit Free Press* (MI), the *State Journal* (KY), the *Online Sentinel* (ME) and the *Sun Sentinel* (FL). See attached as combined Exhibit B. The editorials were reprinted widely in other news publications nationwide.

Each of Professors Hakim and Blackstone's editorials stated that their research had found cost savings through prison privatization, and that private prisons "generally met industry standards" established by the "independent American Correctional Association." Only one of their editorials (published by the *State Journal*) disclosed that their study had received funding from the private corrections industry; the others included no reference with respect to the study's funding source. All of their editorials described prison privatization as a "proven solution."

<u>Basis of Complaint</u>

1. Professors Hakim and Blackstone did not meet their ethical obligation to disclose the funding source of their research in their working paper.

When Professors Hakim and Blackstone released the results of their study on April 29, 2013, Temple University issued a separate press release. The press release properly noted that the study had "received funding by members of the private corrections industry." The study itself, posted online in the form of a working paper, did not include similar disclosure language.

The fact that the private corrections industry provided funding for the study is material, as the subject matter of the study was a cost analysis of public and privately-operated prisons. That is, the industry that was the subject of the research funded the study, and ethically the researchers should have fully disclosed that fact, which reflects a potential conflict of interest. Comparably, if academics released a study finding no ill effects from smoking cigarettes and the study was funded by the tobacco industry, that would be a relevant fact subject to disclosure.

I submit that disclosing the study's funding source in a separate press release but not in the study itself is insufficient and constitutes an ethical violation with respect to disclosing funding sources that are material to the study and constitute a potential conflict of interest.

First, the press release and working paper are separate documents that are posted separately online. The press release is posted here and links to the working paper, posted separately here. If people search for the study online, or are provided a direct link to the study, they would bypass the separate press release that discloses the funding source of the study. Since the working paper did not initially disclose the fact that Professors Hakim and Blackstone's study "received funding by members of the private corrections industry," people who read the study without having also seen the separate press release would be unaware of the study's source of funding.

This is not merely hypothetical. When the *Detroit Free Press* published an editorial submitted by Professors Hakim and Blackstone on June 7, 2013, available here, a hyperlink in the editorial links directly to the working paper – not to the press release. Thus, people who read the editorial and click on the link are taken directly to the working paper, which does not disclose the study's funding source (nor does the editorial itself disclose the funding source – see below).

Notably, in an email sent to the *Nashville Post* to comment on an article concerning the study, Professor Hakim wrote that when the study is "formally published, we will yet again disclose the funding." See Exhibit C. Certainly, if the published paper will include the funding source, then there is no reason why the working paper, when initially released, should not have included the same disclosure. Professor Hakim also stated, "To be abundantly clear, we are adding the press release disclosure language to the end of our executive summary in the paper itself."

Although the disclosure language was added to the online version of the working paper on May 23, 2013 – on page 4, beneath a chart, almost a month after it was released, and only after the failure to initially include the disclosure language became a matter of controversy – the original version of the working paper absent the disclosure language remains available online.

In fact, Temple University's April 29, 2013 press release still links to the original version of the study without the disclosure language. Further, Professors Hakim and Blackstone's editorial in the *Detroit Free Press*, mentioned above, also links to the original version of the working paper without the disclosure language. Likewise, GEO Group, one of the funders of the study, links to the original version of the working paper that does not include the disclosure language, here. Compare the original version of the working paper, which is still online here, with the updated May 23, 2013 version of the paper with the disclosure language (on page 4), here.

Thus, it is dissembling for Professor Hakim to state that disclosure language would be added to the study when such language was added on page 4 under a chart, where it is not overt; when the original version with no disclosure language remains posted online where others can find and link to it; and where the University's press release still links to the original version.

If Professors Hakim and Blackstone believe in transparency and full disclosure then they should have no objection to the disclosure language related to the funding source of their research being included in *all* versions of their working paper that they or the University post online. Nor should they object to a more overt placement of the disclosure language, such as on the title page of the working paper, rather than having the disclosure included beneath a chart on page 4 of the paper. Comparatively, when Vanderbilt University released a 2007 study on private prisons that was partly funded by members of the private prison industry, the authors placed the funding source disclosure language prominently on the title page of that study, which is available here.

In summary, I submit that Professors Hakim and Blackstone had an ethical obligation to be transparent about the funding source of their research study when it was initially released, and that including disclosure language in a separate press release but not in the working paper itself failed to meet that obligation. I further submit that the inclusion of disclosure language in the updated version of the study fails to meet that obligation when the original version of the study absent disclosure language remains posted online by the University, and where the disclosure language in the updated version of the study is located on page 4 under a chart.

2. Professors Hakim and Blackstone did not meet their ethical obligation to disclose the funding source of their research in their editorials.

After releasing their study, Professors Hakim and Blackstone submitted editorials to a number of newspapers in their capacities as Temple University faculty members. See collective Exhibit B. Their editorials were published in several newspapers and reprinted by others. In their editorials, Professors Hakim and Blackstone discussed the findings of their study and noted cost benefits through prison privatization. In all of their editorials but one, however, they did not disclose the fact that their research had been funded by the very industry they were researching – a material fact that should have been publicly disclosed.

I submit that Professors Hakim and Blackstone had an ethical obligation, when soliciting news publications to print their editorials in which they presented their research findings, to disclose the funding source of their research. In all but one case they failed to do so – and in that one case (an editorial published by the *State Journal*), it was because the editor of that publication required that the funding source be disclosed. The editor, Dan Liebman, confirmed this in an email to me dated May 24, 2013, which will be provided upon request.

Given that Professors Hakim and Blackstone apparently did not object to such disclosure language being included in their editorial published by the *State Journal*, there is no reason that they could not have included similar disclosure language in their other editorials – yet they did not do so. Thus, members of the public who read the editorials that do not include disclosure of the study's funding source remain unaware that the study was funded by the private prison industry. I submit that Professors Hakim and Blackstone's decision to not include disclosure language related to the funding source of their study in all but one of their editorials constitutes an ethical violation and the publication of material misleading to readers in violation of Board of Trustees policy 02.54.01 III (L)(5).

3. Professors Hakim and Blackstone did not meet their ethical obligations by misrepresenting the nature of the American Correctional Association in their research and editorials.

This complaint does not address the merits of Professors Hakim and Blackstone's research nor the findings of same. However, I contend that their study misrepresents one of the criteria that their working paper relies upon in concluding that private prisons provide a quality of service equal or superior to correctional facilities in the public sector.

Specifically, in their working paper Professors Hakim and Blackstone reference the American Correctional Association (ACA) nine times. However, the working paper does not describe or define the ACA, nor disclose the ACA's financial and personnel relationships with private prison companies which constitute a potential conflict of interest between the ACA and private prison industry. The failure of Professors Hakim and Blackstone to disclose the ACA's financial and personnel relationships with private prison companies misleads readers by providing the false impression that the ACA is a disinterested organization that does not have conflicts of interest with respect to the private prison industry.

The nine references to the ACA in the working paper are quoted and attached as Exhibit D; they mostly relate to ACA accreditation of correctional facilities. Professors Blackstone and Hakim note that "An important indication of quality of operation and management of prisons is accreditation by the American Correctional Association (ACA)" (working paper, p.11). The working paper cites ACA accreditation of private prisons as an indicator of their quality, and notes that "45% of private institutions were accredited" compared with 10% of government facilities (working paper, p.11). Additionally, Professors Hakim and Blackstone cited ACA accreditation as an indicator of quality in private prisons in all of their editorials, stating "The private facilities generally met industry standards established by the independent American Correctional Association," or substantially similar language. See Exhibit B.

As stated above, no description of the ACA is provided in the working paper. The ACA says it is the "oldest and largest international correctional association in the world," and "serves all disciplines within the corrections profession and is dedicated to excellence in every aspect of the field." The ACA's leadership and membership is composed almost entirely of current and former corrections employees. Thus, in establishing standards for the purpose of accrediting correctional facilities, the ACA basically polices its own; i.e., current and former corrections employees are accrediting prisons and jails run by other corrections employees.

The ACA's standards are developed by the ACA itself, a private organization, with no oversight, governmental or otherwise. The ACA essentially sells accreditations of correctional facilities, as accreditation is only provided for a fee amounting to thousands of dollars per facility. See a fee letter from the ACA, attached as Exhibit E. Thus, the ACA has a financial incentive to provide accreditations. Indeed, according to its most recent available Form 990, the ACA received $9.9 million in gross revenue in 2010, the bulk of which – $4.55 million – came from accreditation fees (based on the ACA's 2011 Form 990, available on www.guidestar.org).

With respect to the private prison industry, not only does the ACA receive accreditation fees from privately-operated facilities (as it does from government-run facilities), but private prison firms serve as sponsors of the ACA's biannual conferences and run paid advertisements in ACA publications. The nation's two largest private prison companies, CCA and the GEO Group, for example, are regularly listed as sponsors of ACA conferences. For the ACA's upcoming 143rd Congress of Correction to be held in August, CCA and GEO Group are listed as joint sponsors of the President's Reception and banquet (see link, page 7).

Thus, through accreditation fees and sponsorships of ACA conference events, the ACA has a financial interrelationship with private prison companies. Additionally, there is some overlap between the ACA and the private prison industry with respect to personnel: Daron Hall, the ACA's immediate past president, is a former CCA program manager, while at least two CCA officials, former Vice President Dennis Bradby and CCA warden Todd Thomas, have served as ACA auditors. Thomas is additionally a member of the ACA's legislative committee and, notably, CCA Vice President Harley Lappin chairs the ACA's standards committee.

Professors Hakim and Blackstone's working paper, while repeatedly citing ACA accreditation as an indicator of quality for privately-operated prisons, fails to mention the ACA's financial incentives related to accreditation of correctional facilities, the sponsorship funding the ACA receives from private prison firms for ACA conferences and the personnel relationships between the ACA and the private prison industry, including current and former private prison employees serving in high-ranking ACA positions – including as the organization's past president and chair of the ACA's standards committee.

On a more fundamental level, Professors Hakim and Blackstone fail to elucidate why ACA accreditation is considered, as they state in their working paper, "An important indication of quality of operation and management of prisons," particularly given the ACA's incestuous business model of having current and former correctional staff provide accreditation for their correctional colleagues under a fee-based arrangement.

I submit that Professors Hakim and Blackstone's references to the ACA in their study, absent providing information about the ACA related to potential conflicts of interest with the private prison industry, as described above, and without addressing why they believe ACA accreditation is a legitimate indicator of quality in correctional facilities, constitutes the publication of material misleading to readers in violation of Board of Trustees Policy 02.54.01 III (L)(5).

4. Professors Hakim and Blackstone did not meet their ethical obligations by making incorrect, misleading and biased statements in their editorials with respect to private privatization.

In each of their editorials, in which they presented the findings of their research, Professors Hakim and Blackstone concluded by stating that private prisons "are proven solutions" or "are a proven solution." See Exhibit B. This is a biased and factually inaccurate assertion.

In contrast to their conclusion as stated in their editorials that private prisons and the introduction of a managed competition model for corrections "are proven solutions," Professors Hakim and Blackstone acknowledge in the executive summary of their working paper that "Considerable controversy exists among state officials, outside experts, and the media whether contract prisons provide sufficient savings and perform adequately in other dimensions to justify their use."

As a factual matter, the use of privately-operated prisons in the U.S. criminal justice system is not a "proven solution" by any means, except, apparently, by academics whose research is funded by private prison companies. Numerous studies by independent agencies – including governmental agencies – have reported outcomes that indicate prison privatization is by no means a "proven solution." This body of research includes studies that date back to the mid-1990s by relatively unbiased sources such as the U.S. Government Accountability Office, Abt Associates, the Arizona State Auditor, the National Council on Crime and Delinquency, Florida Center for Fiscal and Economic Policy, the Economic Growth Center at Yale University, the University of Oklahoma, the U.S. Department of Justice and the Bureau of Justice Assistance.[1] Such studies have found minimal or equivocal cost savings, higher levels of violence in private prisons and worse outcomes in terms of recidivism when comparing public versus privately-operated correctional facilities, among other findings.

[1] References for these studies can be provided upon request.

Conversely there are a number of other research studies – mostly but not exclusively funded by private prison companies – that have found cost savings and other benefits through prison privatization. Thus for Professors Hakim and Blackstone to say, in their capacities as Temple University faculty members, that prison privatization and managed competition are "proven solutions" grossly misrepresents the existing body of research on that topic regardless of the findings of their own study, which has not yet been peer reviewed or published.

I therefore submit that Professors Hakim and Blackstone misrepresented the existing body of research with respect to prison privatization by stating in their various published editorials that private prisons and the introduction of a managed competition model for corrections are "proven solutions." Further, I submit that their statement to that effect is indicative of bias by Professors Hakim and Blackstone in favor of prison privatization. As this bias may originate in benefits that Professors Hakim and Blackstone received from private prison companies beyond the funding they received for conducting their study, I submit that an investigation is warranted into whether Professors Hakim and Blackstone received any additional benefits from private prison firms, as well as whether they directly or indirectly own stock in private prison companies, which would constitute a violation of Board of Trustees policy 4.16.02.

There is precedent in this regard; i.e., former University of Florida professor Charles Thomas, director of the Private Corrections Project, who was found to own stock in the private prison firms he was researching and who accepted board positions and payments from those companies. Thomas resigned his position and was fined $20,000 by the Florida Commission on Ethics. See Exhibit F. To maintain high standards for academic research, I submit that Temple University likewise should investigate whether Professors Hakim and Blackstone had a financial interest in the subject matter of their research or the private prison firms that funded same.

Requested Resolutions

I request that the following actions be considered by the University should my complaint against Professors Hakim and Blackstone be sustained:

- A finding that their working paper, as initially released, should have included disclosure language regarding the funding source of the study, and that including such language in a separate press release but not the working paper itself was insufficient.

- Require that all versions of the working paper posted online by Professors Hakim and Blackstone, or by Temple University, disclose the funding source of the study by noting that the study received funding by members of the private corrections industry. Currently, the original version of the working paper that remains available online does not include such disclosure language. Additionally, such disclosure language should be on the title page of the working paper or in another prominent location.

- Require Professors Hakim and Blackstone to contact each of the news publications that published or reprinted their editorials; notify said publications of the funding source of their study and note that such information was not stated in their editorial; and request that the publications include on the same page as the editorial posted online a statement that discloses the funding source. This request does not apply to the editorial published by the *State Journal*, which already includes such disclosure language.

- Require Professors Hakim and Blackstone to include in their working paper information about the American Correctional Association – including the connections between the ACA and private prison companies (fiscal and personnel) – to ensure disclosure of the ACA's potential conflicts of interest with respect to the private prison industry, given that the working paper repeatedly cites ACA accreditation as an indicator of quality of privately-operated prisons.

- Conduct an investigation into whether Professors Hakim and Blackstone have received any personal benefit – financial or otherwise – from the private prison companies that funded their study, and require them to disclose whether they own, directly or indirectly, stock in any private prison companies.

Please note that in addition to my position with the Human Rights Defense Center, I serve, in a voluntary, non-compensated capacity, as president of the Private Corrections Institute, a non-profit organization that opposes the privatization of correctional services. I am further a former prisoner who was incarcerated at a privately-operated prison in the 1990s prior to my release from custody in 1999. While I provide this information for full disclosure purposes, it has no bearing on the allegations raised in this complaint against Professors Hakim and Blackstone, which are based on their actions and inactions with respect to their study and editorials.

Thank you for your consideration of this complaint, and please contact me should you require any additional information or clarification regarding the allegations presented herein.

Sincerely,

Alex Friedmann
Associate Director, HRDC

Attachments

cc: Dean Teresa Soufas

EXHIBIT A

http://www.eurekalert.org/pub_releases/2013-04/tu-cpc042913.php#

Public release date: 29-Apr-2013

Contact: Brandon Lausch
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Temple University

Contracted prisons cut costs without sacrificing quality, study finds

Temple University's Center for Competitive Government estimates long-run savings of 12 percent to 58 percent when comparing private and public facilities

As states continue to grapple with aging correctional facilities, overcrowding, underfunded retiree obligations and other constraints, new research from Temple University's Center for Competitive Government finds that privately operated prisons can substantially cut costs – from 12 percent to 58 percent in long-term savings – while performing at equal or better levels than government-run prisons.

Temple economics Professors Simon Hakim and Erwin A. Blackstone analyzed government data from nine states that generally have higher numbers of privately held prisoners (Arizona, California, Florida, Kentucky, Mississippi, Ohio, Oklahoma, Tennessee and Texas), and Maine, which does not contract its corrections services. The professors calculated both short- and long-run savings per state, finding that contracted prisons generate significant savings without sacrificing quality.

"Contracts between private-prison operators and state governments can be very precise in terms of the outcomes the state expects," said Hakim, director of Temple's Center for Competitive Government, which is affiliated with the Fox School of Business. "And contractors have an incentive to overshoot the performance metrics established by the state – lest they lose out to a higher-performing company on the next contract bid."

The study uses economic models to determine each state's avoidable costs, which are compared to the contracted per diem rates charged by the private operators. The study also takes into account underfunded pensions and retiree healthcare costs – a critical issue, with the Pew Center on the States reporting in 2010 of a $1.38 trillion gap between states' assets and their pension and healthcare retiree obligations.

In California, for example, the researchers estimated that contracted prison facilities save between 32 percent and 58 percent. In Maine, estimated savings in the short run (including operational costs, such as personnel and medical and food services) is 47 percent while long-run savings (which combine short-run costs with capital expenditures, such as facility modernization and financing) is estimated at 49 percent. Researchers said Maine's substantial estimated savings could be attributed to that state's lack of private-public competition and its small prisons that cannot exploit economies of scale.

Short- and long-run savings, state by state:
State | Short-run savings | Long-run savings
Arizona | -1.00% - 8.01% | 14.25% - 22.34%
California | 29.43% - 57.09% | 32.20% - 58.37%
Florida | 7.00% | 17.67%
Kentucky| 9.43% - 20.88% | 12.46% - 23.50%
Maine | 47.40% (estimated) | 49.15% (estimated)
Mississippi | 8.69% | 25.27%
Ohio | 4.14% - 13.44 | 20.28% - 26.81%
Oklahoma | -2.16% - 29.23% | 16.71% - 36.77%
Tennessee | 17.32% | 17.32%
Texas | 37.39% | 44.95%
*Ranges reflect savings that vary from facility to facility for a single state.

"It is important to note that the existence of public prisons also keeps in check price hikes by the private prisons," Hakim and Blackstone wrote. "The knowledge that states could resort to the use of just public prisons encourages private contractors to offer their services at even lower prices than the statutory requirement."

Key findings of the study include:

- Contract prisons save money while maintaining at least the same quality as public prisons: The private facilities generally met industry standards established by the independent American Correctional Association and, in several cases, offered more rehabilitation programming than public counterparts. Further, interviews with departments of corrections officials found that contracts with private companies mandate performance levels, which the states closely monitor. Private correctional officers are generally paid comparable wages and receive similar training to public officers.
- Competition yields savings and better performance for private and public facilities: Even though private contractors comprise less than 7 percent of the state corrections industry overall, they have generated substantial competitive benefits. As more contractors compete, both private and public facilities work to provide lower-cost and higher-quality service. Further, more managerial and technological innovations are introduced in both segments of the industry.
- Adoption of the "managed competition" model could foster even greater efficiency in delivering corrections services: In this model, public workers and private contractors competitively bid to provide public services. As a result, both groups have an incentive to find managerial and technological innovations and to offer services at competitive prices.

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The full text of the study, titled Cost Analysis of Public and Contractor Operated Prisons, is available on the Center for Competitive Government's website at http://bit.ly/11S6vUS. The study received funding by members of the private corrections industry.

COLLECTIVE EXHIBIT B

http://www.onlinesentinel.com/opinion/MAINE-COMPASS-Private-prisons-offer-big-savings-for-Maine-corrections-budget-.html

May 23, 2013

MAINE COMPASS: Private prisons offer big savings for Maine corrections budget

Simon Hakim and Erwin Blackstone

Many states have turned to contractor-operated prisons as a way to help ease their budget problems.

Maine policymakers, facing a reported $7 billion gap in unfunded retiree benefits, might want to consider this proven cost-saving measure.

These public-private partnerships have been in existence for more than 30 years and currently make up 7 percent of the corrections market. In a recent report about these prisons, we found that they generate between 12 percent and 60 percent in long-run savings and help relieve overcrowding without sacrificing the quality of the services delivered.

Maine was the only one of 10 states we reviewed that does not use contractor-operated prisons. If it did, we believe the state could save 47.65 percent on corrections when below capacity and 49.38 percent if overcrowding exists.

We chose to compare Maine with the other states that already use private prisons because of the availability of highly specific data about its corrections system. Maine provided full details about its expenses for food, utilities, fuel, office supplies, technology, rent, clothing of inmates and minor repairs.

According to our analysis, Maine spends significantly more than most states on corrections and its potential savings from privatizing corrections are substantial:

• Maine’s short-term and long-term prison costs are about double the costs of most of the other states examined.

• Maine’s personnel services per diem are the highest of the 10 states we reviewed. At $79.25, Maine averages significantly more than second-place California, and nearly double Texas, which had the third highest figure.

• Maine’s underfunded costs are $6.86 per inmate per day, second only in our report to California’s at $15.18.

• Maine had the second-highest health care costs per inmate per day, at $16.67, again second only in our report to California. All other examined states ranged between $6 and $11.

• Maine's lack of both private and public competition and its small prisons that cannot exploit economies of scale explain the state's high costs and great potential for savings.

In addition to the savings generated by the private facilities themselves, we also found that competition yields better performance for both private and public facilities. As more contractors compete, both groups work to provide lower cost and higher quality service.

The adoption of "managed competition" could foster even greater efficiency in managing Maine's existing state prisons.

In this model, made famous by former Indianapolis Mayor Stephen Goldsmith, public workers and private contractors engage in a competitive process to provide public services. By doing so, both groups have an incentive to search for managerial and technological innovations and offer services at competitive pricing.

Critics of contractor-operated prisons argue that they generate savings at the expense of quality. Our research, however, found no evidence of this. The private facilities generally met industry standards established by the independent American Correctional Association, and, in several cases, private facilities offered more rehabilitation programs than their public counterparts.

In terms of staff quality, we found that private correctional officers generally are paid comparable wages and receive substantially similar training to their public counterparts. Private contractors typically offer workers matching contributions up to 5 percent of their salaries for their 401k accounts, which is in line with other corporate entities.

Contractor-operated prisons also provide additional benefits to state governments beyond savings. Private companies can more efficiently build, maintain and modernize facilities.

Although not included in the study, private prisons also contribute income and property taxes to states and local communities, while public facilities do not. Additionally, private facilities provide an important alternative for overcrowding, encouraging safer conditions and better inmate treatment.

With many difficult decisions still on the horizon for Maine, it is important to consider all the opportunities for more efficient delivery of high-quality public services. Contractor-operated prisons and the introduction of the managed competition model for corrections are proven solutions that deserve a look.

Dr. Simon Hakim and Dr. Erwin Blackstone are professors of economics and members of the Center for Competitive Government at the Fox School of Business at Temple University, Philadelphia. Hakim is the Center's director.

http://articles.sun-sentinel.com/2013-05-07/news/fl-shcol-prisons-oped0507-20130507_1_private-prisons-public-prisons-florida-chamber

Blackstone, Hakim: Prison privatization can provide real benefits

May 7, 2013|
By Erwin Blackstone and Simon Hakim, By Erwin Blackstone and Simon Hakim

The use of contractor-operated prisons has been the source of considerable debate in Florida and around the country. The conversation has centered on whether they provide sufficient savings and perform adequately in other dimensions to justify their use. It's a discussion that reveals deep ideological divisions about the role of privatization, but it should, above all, be a debate rooted in data and facts.

To that end, we recently examined government corrections data across 10 states, including Florida. Although these public-private partnerships have been in existence for over 30 years and currently make up only 7 percent of the corrections market, we found that they generate 12.46 to 58.37 percent in long run savings without sacrificing the quality of services.

In addition to the savings generated by the private contractors themselves, we also found that competition yields better performance for both private and public facilities. In a study prepared for the Florida Department of Management Services, MGT of America found that the three states with the lowest per diem inmate costs included Texas, Georgia and Florida – all states with competing private prisons. The authors suggested that the use of contract prisons lowered costs of state-operated prisons, as well.

What's more, we believe the adoption of "managed competition" could foster even greater efficiency in managing existing state prisons. In this model, public workers *and* private contractors engage in a competitive process to provide public services. By doing so, both groups have an incentive to search for innovations and offer competitive pricing.

For the corrections sector, this practice could be particularly interesting. Several states we researched have seemingly arbitrarily established savings requirements of 5 to 10 percent for contractor-operated prisons. Florida is one of those states with mandated savings of 7 percent.

Critics of contractor-operated prisons argue they generate savings at the expense of quality. Our research, however, found no evidence of this. The private facilities generally met industry standards established by the independent American Correctional Association.

For example, the Florida Chamber of Commerce reported in 2012 that the number of inmates per staff to provide rehabilitation services was 1 per 38 in private prisons and 1 per 272 in public prisons in one region. In fact, 79.3 percent of inmates in the private correctional facilities in that region participated in such educational, vocational, and life skills training, compared to 21.3 percent in public facilities. In an assessment of costs by Florida's Office of Program Policy

Analysis and Government Accountability, contractor-operated prisons provided so many more substance abuse and education programs to the comparable public prisons that costs had to be added to the public prisons for appropriate comparison.

In the end, there are many reasons for the savings generated by contractor-operated prisons. OPPAGA noted a major reason for the cost advantage of private prisons is the higher retirement expenses for public prison employees. Public correctional officers have an amount equal to about 21 percent of their salaries contributed to a retirement fund, whereas private correctional officers receive matching contributions to their 401k funds of up to 5 percent of their salaries.

Another driver of savings is the leverage and flexibility in purchasing that private companies bring to their operations. We also found that contractors benefit from flexibility in their hiring.

With many difficult decisions still on the horizon for state leaders in Florida and across the country, it is important to consider all the opportunities for more efficient delivery of high-quality public services. Contractor-operated prisons – and the introduction of the managed competition model for corrections – are a proven solution that deserves a second look.

http://newsok.com/economics-professors-private-prisons-make-fiscal-sense/article/3818316

Private prisons make fiscal sense for states

Point of View Temple professors endorse approach

- BY SIMON HAKIM AND ERWIN BLACKSTONE
- May 17, 2013

Like other state governments, Oklahoma's is grappling with serious budgetary pressures. Among the many issues state lawmakers face is a staggering $16 billion in unfunded public-sector retiree benefits. To address these challenges, elected leaders should consider a time-tested and proven solution: contractor-operated prisons.

In a recent study on the issue, we examined government data from Oklahoma and nine other states, including often-overlooked unfunded retiree benefit information. Oklahoma has four such facilities that generate between 16.77 to 36.77 percent in long-term cost savings without sacrificing the quality of services offered. Long-run savings in other states we studied range from 12.46 to 58.37 percent.

Oklahoma first began using contractor-operated prisons in 1998 to ease overcrowding. Since then, instead of building new public facilities, Oklahoma has contracted with private prisons so that new prisons aren't needed. This is a significant money saver for the state.

In addition to the savings generated by the private facilities themselves, we also found that competition yields better performance for private and public facilities. As more contractors compete, both groups work to provide lower-cost, higher-quality service. For example, we found evidence that such competition has affected staffing patterns in Oklahoma public prisons, leading to advances such as the consolidation of some case manager roles and improved food services.

Critics of contractor-operated prisons argue that they generate savings at the expense of quality. Our research found no evidence of this. The private facilities generally met independent industry standards, such as those established by the American Correctional Association, and, in several cases, private facilities offered more rehabilitation programming than their public counterparts. For instance, one contract with a private prison operator in Oklahoma requires 80 percent of inmates be involved in education and job training programs, a rate the facility has consistently met.

Oklahoma's considerable savings from private prisons were achieved in part due to the older age of its public prisons, which added security problems and required higher staffing levels than the newer contractor-operated prisons. Additionally, there are the unfunded pension and retiree health care costs mentioned above, which private prisons address. Additional savings drivers include the greater productivity of private prisons and, possibly, the private prisons' greater purchasing power.

Contractor-operated prisons provide additional benefits to Oklahoma beyond savings. Although not included in the study's savings figures, private prisons contribute income and property taxes to states and local communities, while public facilities do not. These revenues can be used to reduce taxes or finance other public services. Additionally, private facilities provide an important relief valve for overcrowding, something Oklahoma has long taken advantage of, which promotes safer conditions and better inmate treatment.

With many difficult decisions on the horizon for state leaders in Oklahoma, it is important to consider all the opportunities for more efficient delivery of high-quality public services. Contractor-operated prisons — and the introduction of the managed competition model for corrections — are a proven solution that deserves a second look.

Hakim and Blackstone are professors of economics and members of the Center for Competitive Government at the Fox School of Business at Temple University. Hakim is the Center's director.

http://www.freep.com/apps/pbcs.dll/article?AID=2013306070023c

Data shows running prisons for profit is a win-win | Guest commentary

June 7, 2013

By Simon Hakim and Erwin Blackstone

Detroit Free Press guest writers

The use of contractor-operated prisons has been the source of considerable debate in Michigan and around the country. The conversation has centered on whether private facilities provide sufficient savings and perform adequately in other dimensions to justify their use. It is a discussion that reveals deep ideological divisions about the role of privatization, but it should, above all, be a debate rooted in data and facts.

In a recent report on private prisons, we examined government corrections data in 10 states, including often-overlooked unfunded retiree benefit information. Although these public-private partnerships have been in existence for more than 30 years and make up only 7% of the corrections market, we found that contractor-operated prisons generate 12.46%-58.37% in long-run savings and help relieve overcrowding without sacrificing the quality of the services.

In addition to the savings generated by the private facilities themselves, we also found that competition yields better performance for both private and public facilities. As more contractors compete, both groups work to provide lower cost and higher quality service.

Furthermore, the adoption of "managed competition" could foster even greater efficiency in managing state prisons. In this model, public workers *and* private contractors engage in a competitive process to provide public services. By doing so, both groups have an incentive to search for managerial and technological innovations and offer services at competitive pricing.

Critics of contractor-operated prisons argue that they generate savings at the expense of quality. Our research, however, found no evidence of this. Private facilities generally met industry standards established by the independent American Correctional Association and, in several cases, private facilities offered more rehabilitation programming than their public counterparts. Michigan, a state that is a leader in reducing recidivism rates, knows well the importance of providing this type of quality programming.

Additionally, in terms of staff quality, we found that private correctional officers are generally paid comparable wages and receive substantially similar training to their public counterparts. Private contractors typically offer workers matching contributions up to 5% of their salaries for their 401(k) accounts, which is in line with other corporate entities.

Contractor-operated prisons also provide benefits to state governments beyond savings. For example, private companies can more efficiently build, maintain and modernize facilities. Although not included in the study, private prisons also contribute income and property taxes to states and local communities, while public facilities do not.

The use of contractor-operated prisons is not new for Michigan; a private facility in Baldwin housed inmates until 2005. Despite a decreasing prison population, the corrections budget for the state remains high. It is important for Michigan leaders to consider all the opportunities for more efficient delivery of high-quality public services. Contractor-operated prisons and the introduction of the managed competition model for corrections are proven solutions that deserve a second look.

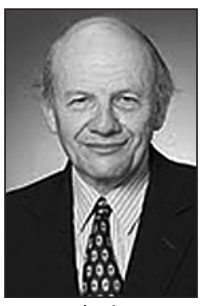
Simon Hakim and Erwin Blackstone are professors of economics at the Fox School of Business *at Temple University.*

SIMON HAKIM AND ERWIN BLACKSTONE

State would benefit from private prisons

As Kentucky continues to grapple with serious budgetary pressures, state leaders would do well to revisit a proven solution: contractor-operated prisons.


Simon Hakim


Erwin Blackstone

We recently examined government data on corrections in Kentucky and nine other states with funding support from members of the private corrections industry. Although these public-private partnerships have been in existence for more than 30 years and currently make up only 7 percent of the corrections market, we found that they generate up to 58.37 percent in long-run savings and help relieve overcrowding without sacrificing the quality of the services delivered. In Kentucky, long-run savings for its private prisons ranged between 12.46 and 23.50 percent.

In addition to the savings generated by the private facilities themselves, we also found that competition yields better performance for both private and public facilities.

What's more, we believe the adoption of "managed competition" could foster even greater efficiency in managing existing state prisons. In this model, public workers and private contractors engage in a competitive process to provide public services. By doing so, both groups have an incentive to search for innovations and offer services at competitive pricing.

For the corrections sector, this practice could be particularly interesting because several of the states we researched have seemingly arbitrarily established savings requirements of 5 to 10 percent for contractor-operated prisons. Kentucky is one of those states with mandated savings of 10 percent. Bidding by contractors often just approaches the statutory requirement, where it could be more effective to let open competition determine the price and perhaps lead to greater savings.

Critics of contractor-operated prisons argue they generate savings at the expense of quality. Our research, however, found no evidence of this. In Kentucky, private facilities are required to receive accreditation from the independent American Correctional Association, which ensures industry standards are met. In several cases, we found that private facilities offered more rehabilitation programming than their public counterparts. For example, the Legislative Research Commission in Kentucky stated in a 2009 report that all three private company prisons offered more programming than the comparable state prisons.

There are many reasons for the savings generated by contractor-operated prisons. We found that the long-run savings are attributable to the state not having to pay for modernization and financing costs of building and maintaining facilities, which can be done more efficiently by private companies. Additionally, there are the unfunded pension and retiree health care costs. Private contractors typically offer workers matching contributions up to 5 percent of their salaries for their 401(k) accounts, which is in line with other corporate entities.

Another driver of savings is the leverage and flexibility in purchasing that private companies bring to their operations. We also found that contractors benefit from flexibility in their hiring and their ability to tailor compensation to local market conditions. For example, private correctional officers are often paid less in rural communities to reflect the lower cost of living. States typically cannot differentiate wages to the same extent, and therefore often overpay in rural areas or underpay in metropolitan areas.

Contractor-operated prisons also provide additional benefits to state governments beyond savings. Although not included in the study's figures, private prisons contribute income and property taxes to states and local communities, while public facilities do not. These revenues can be used to reduce taxes or finance other public services. Overcrowding, a problem that has been an issue for Kentucky prisons, is significantly alleviated by private facilities, which promotes safer conditions and better inmate treatment.

With many difficult decisions still on the horizon for state leaders in Kentucky, it is important to consider all the opportunities for more efficient delivery of high-quality public services. Contractor-operated prisons — and the introduction of the managed competition model for corrections — are a proven solution that deserves a second look.

Dr. Simon Hakim and Dr. Erwin Blackstone are professors of economics and members of the Center for Competitive Government at the Fox School of Business at Temple University.

TODD HOLLENBACH

Maintain tax-exempt status of municipal bonds

Don't fix it … if it isn't broken.

Recently, I was one of the first state treasurers in the nation to sign onto a letter from the National Association of State Treasurers urging members of the U.S. House Ways and Means Committee to maintain the current tax-exempt status for municipal bonds. The White House and congressional tax writers have proposed a cap on the current tax-exempt status of municipal bonds.

While this proposal may be well intended, I believe it is misguided and should be reconsidered. It is an issue that could have long-term ramifications for Kentucky's budget and our public infrastructure projects. State and local governments use municipal bonds as the primary means of financing highways, bridges, transit systems, airports, water and wastewater systems, schools, higher education facilities and many other public projects.

According to a recent report from "Transportation for America," of Kentucky's 13,842 bridges, more than 1,300 are structurally deficient. Millions of Kentuckians use these deteriorating bridges. Bridges in rural counties serve as a lifeline for communities to jobs, medical services and the inflow of needed staples.

Urban bridges carry high volumes of traffic and are important arteries for regional economic centers. According to the Kentucky Department of Education, 226 of Kentucky's 486 primary and secondary school buildings are more than 50 years old. They estimate it will cost $3.7 billion to bring all of Kentucky's aging schools up to standard. These projects create jobs and stimulate economic growth.

Capping the tax exemption at 28 percent for top income earners, as proposed, could drastically reduce investor demand for municipal bonds, thereby increasing financing costs to states and localities. Higher financing costs could lead to higher state and local taxes and limited public investment in infrastructure. Additionally, a 28 percent cap is likely to have a disruptive effect on the bond market. Applying the cap retroactively would immediately reduce the value of bonds held by investors. The negative public policy implications could be dramatic.

As we saw in December, the bond market experienced dramatic rate increases in reaction to proposals to cap tax exemption as part of the fiscal cliff debate and investor concerns that Congress and the administration might consider a change to the tax-exempt status of municipal bonds.

As the president pointed out in his State of the Union Address, "What our businesses need most: (are) modern ports to move our goods, modern pipelines to withstand a storm and modern schools worthy of our children." I could not agree more.

The need in our state to upgrade and maintain our bridges and roads and the need for jobs that this maintenance creates has never been greater. The fact is tax-exempt municipal bonds save states and localities billions of dollars each year in financing costs. Access to a healthy tax-exempt municipal bond market has served as a responsible and effective way to bring private capital to public projects and promote local decision-making based upon local priorities and needs assessments. Eliminating or reducing the tax-exempt status of these bonds will result in fewer projects, fewer jobs and a continually deteriorating infrastructure. It will threaten economic growth by making it more costly for governments, and ultimately taxpayers, to finance these projects.

As treasurer of the commonwealth of Kentucky, I welcome discussion of new ways to meet our shared financial challenges. However, any new tool should be in addition to — not instead of — the primary financing mechanism states have used for more than a century to fund critical infrastructure projects.

I will continue to stand with my fellow state treasurers from across the United States on this issue to insure the tax-exempt status of municipal bonds remains in place. I encourage all Kentuckians to contact their U.S. Representatives and let them know that our safety, security and financial prosperity should be their first priority. Let's not dismantle something that works.

Todd Hollenbach is Kentucky state treasurer.

[redacted]

EXHIBIT C

http://nashvillepost.com/blogs/postbusiness/2013/5/23/cca_watchdog_friedmann_criticizes_study_for_its_failure_to_cite_funding

CCA watchdog Friedmann criticizes study for its failure to cite funding source

Published May 23, 2013 by William Williams

(Editor's note: *Post* Managing Editor William Williams wrote this blog late Wednesday after normal business hours and, as such, could not contact CCA officials given the timing. This morning, CCA asked for a chance to respond to the post. The blog post has since been modified to reflect the information CCA provided.)

Alex Friedmann continues his scrutiny of Corrections Corp. of America.

Friedmann, president of Nashville-based Private Corrections Institute and a former inmate at a CCA-run facility, on Wednesday issued a press release in which he criticizes the company for tweeting an op/ed about a Temple University study that claims financial savings through prison privatization while failing to note industry members helped fund the study.

According to Friedmann, CCA did not mention in its tweet that the Temple Center for Competitive Government study was funded by the private corrections industry and by private prison firms. (Note: A quick glance of the study shows no reference to funding.) CCA cited the Temple study in its 2013 investor presentation, Friedmann said.

A Temple press release (read **here**) clearly discloses the funding for the piece, which is classified as a working paper.

CCA said its tweet referenced an op/ed published in *The Oklahoman*, not the Temple paper itself.

When contacted via phone, Friedmann (pictured) said ID-ing the funding source in a release is not the same as noting it in the study itself. Regardless, he argues, CCA's handling of the matter was not ideal.

In the release, Friedmann — arguably CCA's most dogged watchdog and a staunch supporter of open records access — quotes Charles Scott, the former director of the Vanderbilt University Center for Ethics.

"An academic paper presents itself as providing objective knowledge. If that paper and research are funded by a for-profit business, then it is an ethical obligation of the authors to reveal that source of funding," Scott is quoted.

(The *Post* was not aware until today, however, that the VU center recently held a two-day forum that included a panel on which Friedmann sat to criticize contractor-operated prisons.)

Dr. Simon Hakim, one of the study’s authors, countered Friedmann's view by noting the following in an emailed response:

“We are always completely transparent about funding. This is the normal course of action for working papers. When it’s formally published, we will yet again disclose the funding. Anyone who contacts us, we tell about the funding. In fact, just yesterday Mr. Friedmann called our public relations office, and they shared with him again that, as the press release clearly indicates, the study received outside funding. “My colleague and co-author, Dr. Erwin Blackstone, and I each have over 40 years of experience in academia. We feel strongly that our work has been and will continue to be handled transparently and ethically. To be abundantly clear, we are adding the press release disclosure language to the end of our executive summary in the paper itself.”

You may recall that last March, the Securities and Exchange Commission ruled in favor of CCA, and against Friedmann, on the company’s request to exclude a shareholder resolution (filed by Friedmann, of course) regarding its planned REIT conversion from its proxy materials in advance of the company’s annual meeting in May. (Read more **here**.)

Had the SEC sided with Friedmann, the resolution would have required CCA’s board of directors to issue a report to stockholders addressing issues related to REIT conversion.

Friedmann, a CCA stockholder, may have failed in that effort but he remains determined in his scrutiny of CCA.

Read Friedmann's full release **here**.

EXHIBIT D

References to American Correctional Association
in
"Cost Analysis of Public and Contractor Operated Prisons"
(Hakim & Blackstone)

- "Indeed, the American Correctional Association established standards for prison performance, which the contract prisons generally met." (p.3)

- "An important indication of quality of operation and management of prisons is accreditation by the American Correctional Association (ACA)." (p.11)

- "Generally, PPP prisons must obtain and maintain accreditation by the ACA. In 2002, there were a total of 5,000 detention facilities in the United States, of which 532 were accredited. Of the 532, 465 were public and 67 were private. At most, 10 percent of government facilities were accredited, while 45 percent of private institutions were accredited." (p.11)

- "The Commission stated that private prisons must indemnify the state against any liability, are subject to greater monitoring, must achieve and maintain accreditation by the American Correctional Association, and must provide a broad range of education and technical programs." (p.16)

- "Kentucky statutes and/or contract terms require the private prisons to achieve accreditation by the American Correctional Association." (p.17)

- "They must attain American Correctional Association accreditation within 14 months of beginning operation." (p.19)

- "The [MTC] facility scored 100 percent on ACA accreditation standards." (p.20)

- "Similar to NCCTF, an advisory board, community volunteers, and a 100 percent score on ACA accreditation were achieved." (p.20)

- "Indeed, the American Correctional Association established standards for prison performance, which the contract prisons generally met." (p.30)

EXHIBIT E

FOUNDED 1870

AMERICAN CORRECTIONAL ASSOCIATION

206 NORTH WASHINGTON STREET, SUITE 200 • ALEXANDRIA, VIRGINIA 22314
703 • 224 • 0000 FAX: 703 • 224 • 0010
WWW.ACA.ORG

November 20, 2008

To Whom It May Concern:

The American Correctional Association (ACA) recently completed an analysis regarding the overall costs of conducting accreditation audits in today's economy. It has been over a decade since a study of this type has been conducted.

The analysis focused on three areas: fuel, airfare and hotel expenses. For example, in 1998 the approximate cost for an average domestic round trip airline ticket was $280.00 compared to an average cost of over $500.00 today, plus additional baggage fees. Fuel cost approximately $1.07 for a gallon compared to much higher prices today. A moderately priced hotel room was around $69.00 in 1998 and averages $135.00 today. Over the past decade during these economic changes, ACA has only made minor changes to the accreditation fees.

Effective January 1, 2009 accreditation fees will be adjusted. The cost to an agency will be $3000 per day, plus $1500 for each auditor on the audit team regardless of the size or type of facility. The fees represent the total cost for a three year accreditation. Travel to the conference will still be an option that can be included in the contract.

While some agencies may experience an increase in accreditation fees, many will benefit from the new fee schedule. For example, on many occasions agencies could schedule two facilities during the course of one week. Agencies that are able to use this approach will see an immediate savings with the new structure. Additionally, agencies will remain eligible for discounts on the professional fee based on the number of facilities being accredited within the parent agency.

Facilities that have signed contracts that extend beyond the effective date for the new fee schedule will be honored. However, agencies will have the option of restructuring their contract and selecting the new fees if it is to their advantage. All new contracts executed after the effective date will fall under the new fee schedule.

Thank you for your support of the American Correctional Association and the accreditation process. We look forward to continuing our partnership with you and providing you with the upmost professional service.

Sincerely,

Jim Gondles

James A. Gondles, Jr.
Executive Director

EXHIBIT F

PRESS RELEASE

Private Corrections Institute

Private Corrections Institute (www.privateci.org)

May 22, 2013 – For Immediate Release

Research Study Finding Benefits from Prison Privatization Conveniently Funded by "Members of the Private Prison Industry"

Philadelphia, PA – Yesterday, Corrections Corporation of America (CCA), the nation's largest for-profit prison company, used social media to promote a Temple University study released in late April that alleges financial savings through prison privatization and equal or better performance by private prison companies.

CCA failed to mention, however, that the study lauding the benefits of prison privatization was funded by "members of the private corrections industry," according to an April 29 press release issued by Temple University. Nor does the research study itself, produced by Temple's Center for Competitive Government, reveal that it was funded by private prison firms. CCA has cited the Temple study in its 2013 investor presentation.

"Any published or publicly released research should identify all sources of funding in support of that research," said Prof. Edward L. Queen, J.D., Director of Leadership Education at the Emory University Center for Ethics. "Especially any sources of funding that produce or could produce a conflict of interest."

Prof. Charles Scott, former director of Vanderbilt University's Center for Ethics, agreed, stating, "An academic paper presents itself as providing objective knowledge. If that paper and research are funded by a for-profit business, then it is an ethical obligation of the authors to reveal that source of funding." He indicated that identifying the funding source in a press release, but not in the research study itself, would be ethically inadequate.

The Temple research is the latest in a series of studies and reports that have received funding from the private prison industry. For example, a 2008 study by Vanderbilt University, which found cost savings through a dual public and private prison system, was partially funded by CCA and the Association for Private Correctional and Treatment Organizations (APCTO), an industry trade group that represents private-sector companies and organizations that provide corrections and treatment services. According to its website, APCTO's founding members include "the major correctional firms that design, construct, finance, and manage correctional secure facilities."

Other research studies with favorable findings related to prison privatization have been produced by the Reason Foundation, a libertarian think-tank that is pro-privatization. Although the Reason Foundation receives funding from the private prison industry – CCA was listed in Reason's 2009 donor list as a Gold level supporter while private prison firm GEO Group was listed as a Platinum level supporter – Reason typically does not acknowledge such funding in its articles, reports or research related to prison privatization.

Further, a 2002 study published in the *Harvard Law Review* in May 2002 found favorable results from prison privatization but failed to mention that the author, Alexander Volokh, was previously employed as a policy analyst for the Reason Public Policy Institute – a division of the Reason Foundation, which, as noted above, receives funding from private prison companies. Volokh was an adjunct scholar for the Reason Foundation at the time he published his 2002 study.

"Private prison companies tend to fund research that – unsurprisingly – finds favorable outcomes or benefits from their business model of for-profit incarceration," said Alex Friedmann, president of the Private Corrections Institute, which opposes prison privatization. "There apparently is no shortage of academics who are willing to sell out to the private companies that fund their studies, and who are willing to deliver the desired results. This is basically bought-and-paid-for research, which private prison firms then reference in their promotional materials."

Previously, in the 1990s, much of the research on the private prison industry was produced by Professor Charles Thomas, director of the Private Corrections Project at the University of Florida. It was subsequently discovered that Thomas owned stock in the private prison companies he was studying, sat on the board of Prison Realty Trust – a CCA spin-off – and had been paid $3 million by Prison Realty/CCA. Thomas retired from his University position after those conflicts became known and was fined $20,000 by the Florida Commission on Ethics.

"It is remarkable how research studies that are funded by private prison firms frequently find cost savings or other benefits through prison privatization, while research that does not receive industry funding – such as a recent report by the Arizona Auditor General's office – usually find no such benefits," said Friedmann, a former prisoner who served 6 years at a privately-operated prison in the 1990s. "In fact, I'm unaware of *any* research funded by private prison companies that has failed to find favorable outcomes with respect to prison privatization."

A September 2010 report by Arizona's Office of the Auditor General determined that privately-managed prisons housing both minimum- and medium-security prisoners were more expensive to operate than state prisons, after adjusting for comparable costs.

Temple University's press release on its recent private prison research study is available at the following link; the authors of the study, Prof. Simon Hakim and Prof. Erwin A. Blackstone, have previously advocated for the privatization of government services, including police functions:

www.eurekalert.org/pub_releases/2013-04/tu-cpc042913.php

For more information, please contact:

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