

RACE AND ETHNICITY AS DETERMINANTS OF PRIVATIZING STATE PRISONS

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The criminal justice system, in the past two decades, has witnessed an increase in incarceration rates and prison overcrowding, and a resultant rise in prison privatization. The debate over prison privatization finds itself amid public administration discourse as arguments revolve around fiscal accountability, public safety, and administrative ethics. This study looks at race and ethnicity as possible factors in the privatization of prisons, the significance of which is evident when reviewing incarceration figures for Blacks and Hispanics. U.S. Census social and economic data, along with Department of Justice data on corrections are used. Multiple regression results indicate that a state's average cost of living and the proportion of Hispanics in its population are significant and robust predictors of prison privatization. There is some evidence supportive of the proportion of Blacks in a state's population positively predicting the private prison population – although further research is needed to verify this.

Key Words: Race and ethnicity, prison privatization, criminal justice

INRODUCTION

The rise in prison privatization in the United States, combined with an ever-increasing number of incarcerations, has resulted in a new era of corrections. Specifically, in the past two decades, overcrowding in prisons has fostered a rise in prison privatization (Austin and Coventry 2001). Public administration discourse has taken on the debate over prison privatization with arguments revolving around fiscal accountability, public safety, and effectiveness. However, this study looks to focus on the factors that lead to decisions to privatize prisons. Recent studies have sought to identify such

factors (Price and Riccucci 2005) and found that it goes beyond economics, recognizing the importance of political ideologies. Building on this research, we sought to identify additional determinants. In particular, race and ethnicity are examined as possible factors.

The significance of studying race and ethnicity is most evident when reviewing incarceration figures of Blacks and Hispanics. As of 2000, Blacks and Hispanics represented 62% of prison inmates (Bureau of Justice Statistics 2003). Just as significant, Blacks and Hispanics made up 64% of the private prison population, with Blacks at 42% and Hispanics at 22%. The disproportionate representation of these two groups, which form only

25% of the U.S. population, is alarming. Given the continued rise in the number of private prisons, it is critical that the relationship between the numbers of incarcerated Blacks and Hispanics and the privatization of prisons be explored. Can the privatization of a prison be predicted by a state's racial and ethnic demographics?

Demographics and economics are two of the critical factors in prison overcrowding (Jacobs and Helms 1996; Jacobs and Kleban 2003), but the relationship of these factors to prison privatization requires further exploration. The concept of race and ethnicity affecting prison privatization is not foreign. States with large minority populations, especially those with large Black populations, have higher incarceration rates. As a result, overcrowding provides incentive for states to contract with private operators. The growth in prison populations and the increase in extended stays generates a need for new prisons to be constructed – something states will be averse towards doing (Marquart et al. 1994). This aversion makes the privatization of current and new facilities an ideal option. The following study identifies critical factors of influence as noted in existing literature and explores the role of these factors in the privatization of prisons.

LITERATURE

Economics

The economic impact of privatization has long been debated, particularly in the case of correctional facilities. As Moore (1998) points out, governments argue that the private sector is more efficient because it is driven by profit, allowing for innovative approaches to reducing costs. Various studies have highlighted how privatizing a prison has the potential for significant cost savings (Calabrese 1993; Gorham 1983; Hanke 1987; Morris 1999; Segal and Moore 2002). However, research has also argued that private correctional facilities do not result in cost savings (National Institute of Corrections 1985; Perrone and Pratt 2003; Pratt and Maahs 1999; Sechrest and Shichor 1996). Similarly debated is the overall efficiency and effectiveness of private prisons when compared to publicly run prisons. Some studies have found the efficiency of private prisons to be promising (Montague 2001), while other research has argued that private prisons are at best equal to those run

by the state (Urban Institute 1989). Even amid the mixed findings of cost savings and effectiveness, the number of private prisons has continued to rise throughout the country.

One of the most prominent factors to have fostered the continual privatization of prisons has been states' fiscal difficulties. Even more significantly, the exploration of prisons as economic development tools has also risen among state practices. Financial challenges for states led many to either privatize state-run prisons or simply subsidize existing private prisons. The decision to subsidize private prisons cannot be solely attributed to "an ideological commitment to privatization or even a desire to help state and federal prisons systems deal with overcrowding in public facilities" (Mattera et al. 2001:7), but rather such actions reflect states' utilization of prisons as an economic development tool. Mattera et al. (2001) highlight how private prisons, specifically those that have been state subsidized, can be found frequently in economically depressed communities. Although the study by Mattera et al. (2001) falls short of indicating the effectiveness of private prisons in terms of economic development, they do reemphasize the importance of economics as a determining factor in such decisions.

Demographics and Social Impact

In addition to the economic factors that may influence the decision to privatize a prison, social dynamics present themselves as possible determinants. Imprisonment has been argued to serve as a social control strategy (Sexton and Lee 2006). Private prisons reinforce social control strategies as they represent additional space to house minority populations, in particular. The relationship between the relative size of a minority population and the exercise of social control is not new (Myers 1990). Myers (1990) argues that as minority populations increase in relative size, social control efforts intensify based on perceived threats to public safety. The perception of threats manifests as tougher criminal laws and higher incarceration rates that directly affect minority populations. The following study utilizes state demographics, specifically analyzing states' Black and Hispanic populations.

Research on race and ethnicity and its relationship with correctional facilities is critical as current statistics indicate a discrepancy in the proportions of the races in the incarcerated population. As noted above, Blacks and Hispanics represent over 60% of the overall prison

population, and an even higher percentage of the private prison population (Bureau of Justice Statistics 2003), although the two groups constitute only 25% of the U.S. population. The implications and ramifications of such overt discrepancies continue to be prominently discussed in current literature (Pettit and Western 2004). To build on this body of research, we examine the inverse relationship of race and ethnicity and prisons. Specifically, via the following hypotheses we predict the role that a state's Black and Hispanic populations, diversity, and median age play in the privatization of prisons.

HYPOTHESES

Hypothesis 1

It is expected that the greater the Hispanic¹ population in a state, the more likely the state will privatize its prisons. The disproportionate incarceration rate of Blacks is well documented in the literature. On the other hand, the proportion of Hispanics who are incarcerated has grown over the last decade, according to the Sentencing Project report "Uneven Justice: State Rates of Incarceration By Race and Ethnicity." The 2000 Census revealed that Hispanics are now the largest minority in the United States. Hispanics mirror Blacks in terms of poverty, lack of education, and inadequate employment mobility – all factors that increase a person's risk of incarceration. Since prisons are often used as an economic development strategy, states with large Hispanic populations have been found to have a higher concentration of prisons.

Hypothesis 2

It is expected that the larger the Hispanic and Black populations in a state, the more likely the state will privatize its prisons. According to the Bureau of Justice Statistics report "Prisoners and Jail Inmates at Midyear 2005," Louisiana, Georgia, and Texas had the highest incarceration rates. The report further finds that "when total incarceration rates are estimated separately by age group, Black males in their twenties and thirties are found to have very high rates relative to other groups." Additional findings of this report are that Black males regardless of age were five to seven times more likely to be incarcerated than white males in the same age groups.

The Pew Report, February 28, 2008 (pp. 5-6), substantiates the above assertion by reporting that one in nine African American men between the ages of 18-34 are behind bars.

Hypothesis 3

It is expected that the more diverse a state, the more likely the state will privatize its prisons. Given the two hypotheses above, the possibility that prison privatization is not a consequence of the high proportion of single race or ethnicity in a state's population is explored by using a diversity index, developed by the U.S. Census Bureau, that comprises eight groups (Diversity Index 2001). States such as California and Texas are some of the most diverse states in the nation, but they also have large Hispanic populations. By hypothesizing that the more diverse a state is, the more likely it will privatize its prisons, we are recognizing the possibility that a combination of both Black and Hispanic populations, as well as other ethnic and racial groups influences states' decisions to privatize prisons.

Hypothesis 4

It is expected that the younger the median age of a state's population, the more likely the state will privatize its prisons. In 1975, James Q. Wilson, in one of the most comprehensive books on crime, *Thinking About Crime*, contended that "a critical mass of younger persons ... creates an explosive increase in the amount of crime." (Wilson 1975:15). Criminologists such as John DiIulio, Alan Fox, and former U.S. Attorney General Janet Reno also supported Wilson's assertion. According to the Center on Juvenile and Criminal Justice (2007), "despite actual declines in youth crime over the past decade, the public's perception of youth violence has reached all time heights. Media blitzes surrounding school shootings and other violent, but rare, incidents have succeeded in scaring the public and creating a climate that supports tougher juvenile laws like curfews and trying juveniles in adult courts." (1).

Hypothesis 5

It is expected that the lower the cost of living in a state, the more likely the state will privatize its prisons. The cost of living as a determinant of prison privatization is critical, since economic factors are at the

core of privatizing. A state with a low cost of living index will be more likely to strain its fiscal resources. Fiscal challenges invite privatization efforts. Other fiscal indexes such as per capita income and state government per capita tax revenues do not necessarily account for regional differences, and result in significant variations when studied against the cost of living index (Berry, Fording, and Hanson 2000). Therefore, the cost of living index is used in this study to represent fiscal implications.

Hypothesis 6

It is expected that states with higher corrections expenditures will be more likely to privatize prisons. In 1998, Greenwood argued that states are concerned about the increasing proportion of their budgets being appropriated for corrections. A 2002 report by U.S. Newswire contends that state spending on prisons grew at six times the rate of spending on higher education. The Pew Report again buttresses the claim that states are spending more on corrections than education, by reporting that “[o]ver the past 20 years, corrections spending took up a larger share of overall general fund expenditures in 42 states (Pew Report 2008:15).” As states continue to spend more money on corrections, opponents of prison privatization contend that this trend may create a need for additional prison beds, which bodes well for private prisons.

METHODOLOGY

States of the U.S. serve as the units of analysis. The dependent variable is the number of private prison inmates per state. Private inmate data are pooled for the years 2004-2006, and they were obtained from the Department of Justice’s Bureau of Justice Statistics. Pooled cross-sections were used to enhance measurement reliability. The dependent variable was regressed on the following independent variables: the number of Hispanics, the number of Blacks, state diversity index, median age, cost of living, and per capita corrections expenditures.

The numbers of Hispanic and Black residents were obtained via Summary File 1 of the 2000 U.S. Decennial Census. The diversity index variable was published by the U.S. Census Bureau (Diversity Index 2001) for the year 2000. This index incorporates eight racial and ethnic groups: White, not Hispanic; Black or African

American; American Indian and Alaska Native; Asian; Native Hawaiian and Other Pacific Islander; Two or more races, not Hispanic; Some other race, not Hispanic; and Hispanic or Latino.² It should be noted that the Hispanic, Black, and diversity variables are not strongly correlated, and thus multi-collinearity should not bias the regression coefficients. The strongest correlation is between the Black and diversity variables, which have a correlation of .57. Correlations below .70 generally do not present collinearity problems. Median age data were obtained via Summary File 1 of the 2000 U.S. Decennial Census. The cost of living variable is a composite measure that includes state per capita income, population, and housing values (Berry, Fording, and Hanson 2000).³ These data are for the year 2000, and they are available via the Inter-University Consortium for Political and Social Research (Cost of Living 2003). The variable corrections expenditures is the per capita amount each state spent on corrections for the year 2000 (Correctional Expenditures 2007). State population was not included as an independent variable given the strong correlations among population and the minority population variables.

RESULTS AND DISCUSSION

We specified three multiple regression models. Model 1 regresses the number of private prison inmates per state on the following: the number of Hispanics, the number of Blacks, state diversity index, median age, cost of living, and per capita corrections expenditures. Model 1 indicates that the Hispanic and cost of living variables are significant and robust predictors of the number of private prison inmates. The positive Hispanic variable coefficient of .0006 ($t = 6.34, p < .0001$) implies that for every additional 10,000 Hispanic residents, a state adds six private prisoners. The cost of living coefficient of -114.26 implies that a one unit increase in the cost of living index reduces the number of private inmates by 114. In short, as a state’s wealth increases, its number of private prisoners decreases. The remaining variables are not statistically significant in Model 1 and thus the results are not reported.

Model 2 removes only the Black population variable. The results mirror those presented in Model 1. Model 3 removes only the Hispanic population variable, and generates three noteworthy results. First, the Black population variable is statistically significant at the .001

level. The Black variable coefficient of .0008 ($t = 3.36$) implies that for every additional 10,000 Black residents, a state adds eight private prisoners. Second, removing the Hispanic variable decreases the R-square from .47 in Models 1 and 2 to .32 in Model 3. This underscores the predictive power of the Hispanic variable. The Hispanic variable alone predicts 15% of the variation of the dependent variable in Models 1 and 2. Three, the diversity and median age variables are statistically

significant at the .10 level, as the diversity variable is positively associated with the number of private inmates, while age is negatively associated. That is, younger, more diverse states are perhaps more likely to have larger private prison populations. The diversity index and age results should be viewed cautiously given what we feel is a questionable significance level. Regression results are presented in Table 1 below.

Table 1. Determinants of Private Prisoner Population, States of the U.S., 2004-2006

Model 1	Coefficient	t-value
Hispanic Population	.0006	6.34**
Black Population	.00016	0.66
Diversity Index	1394.5	1.05
Median Age	-71.94	-0.84
Cost of Living	-114.26	-5.40**
Corrections Expenditures	-2.20	-0.62
n = 150		
R2 .47		
Model 2	Coefficient	t-value
Hispanic Population	.0006	7.37**
Diversity Index	1744	1.50
Median Age	-61.31	-0.73
Cost of Living	-115.45	-5.49**
Corrections Expenditures	-2.31	-0.65
n = 150		
R2 .47		
Model 3	Coefficient	t-value
Black Population	.0008	3.36**
Diversity Index	2453.61	1.71
Median Age	-176.0	-1.85
Cost of Living	-91.05	-3.88**
Corrections Expenditures	-1.10	-0.27
n = 150		
R2 .32		

* $p < .05$ ** $p < .01$

We hypothesized that the larger a state's Hispanic population, the greater the number of private prisoners. The regression results confirm hypothesis 1, as the Hispanic variable is a statistically significant and robust predictor of the number of private inmates. We were reasonably justified in predicting that the Black variable would be associated with higher numbers of private prisoners. Based on the results, however, we feel it would be premature to confirm hypothesis 2 without further analysis. The Black variable was not statistically significant in our fully specified Model 1. Only after removing the Hispanic variable did the Black variable become statistically significant. At a minimum, however, this underscores a need to examine more closely the link between the proportion of Blacks in a state's population and prison privatization. Regarding hypothesis 3, the diversity variable did not predict the number of private inmates, and consequently this hypothesis is rejected – even though the diversity index was statistically significant at the .10 level in model 3. Hypothesis 4 is rejected, as there is no relationship at the .05 level between a lower median age and a greater number of private inmates. Model 3 does indicate statistical significance at the .067 level, but again, we feel this level of significance to be questionable.

Hypothesis 5 was confirmed, as there is an inverse relationship between a state's cost of living and its private prison population. The idea that fiscal implications help drive the decision to privatize has gained considerable traction in the literature and our hypothesis, which was upheld, supports the literature that poorer states are more likely to privatize their prisons. As noted earlier, the cost of living is a value constructed from state per capita income, population size, and housing value. Therefore, the cost of living factor highlights the prominence of fiscal implications in prison privatization. When decision makers are faced with fiscal realities and a limited tax base to address fiscal strain, privatization becomes more of a non-partisan decision than in the past. Future studies of prison privatization should continue to factor in fiscal implications. Finally, hypothesis 6 is rejected, as corrections expenditures were not positively related to the private prison population. This result is consistent with previous research (Price and Riccucci 2005).

It appears that race and ethnicity are critical factors in the case of prison privatization. The Hispanic population variable is a robust predictor of the number of private inmates. There is some evidence supportive of the Black population positively predicting the private prison

population – although further research is needed to verify this relationship. Increasing incarceration rates, overcrowding in prisons, and the culmination of a rise in prison privatization all point to the need for further research on the topic. Privatization continues to be part of the public administration discourse, which revolves around fiscal accountability, public safety, and administrative ethics. And while Black and Hispanic populations are an integral part of incarceration research, their relationship to privatized prisons has been under-researched. This study has been foundational to this discussion, and most importantly, we have provided evidence that race and ethnicity are key factors in states' decisions to privatize prisons.

NOTES

1. Hispanic, as the U.S. Census has outlined, is an ethnic category that is exclusive with the racial categories of black and white. We use the term "Hispanic" rather than "Latino" to follow the Bureau of Justice Statistics terminology.
2. People indicating Hispanic origin who also indicated Black, AIAN, Asian, or NHOPI were counted only in their race group (0.5 percent of the population). They were not included in the Hispanic group.
3. The 2000 data, obtained at <http://www.icpsr.umich.edu/cocoon/ICPSR/STUDY/01275.xml>, provided cost of living data for the 48 continental states. The 48-state average serves as a proxy for Hawaii and Alaska.

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