Economic Impact of Prisons in Rural Areas
A Literature Review

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The European Services Strategy Unit is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services, which began in 1973.
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Executive Summary

The review focuses on US evidence primarily because most states embarked on large prison building programmes over the last three decades with a particular focus on locating prisons in rural areas. Strong competition emerged between many rural communities to become the site of a new prison. This led to much debate about the economic and employment impact of new prisons in depressed rural areas, and to more comprehensive research studies in the last ten years.

This literature review focuses on the economic, social and employment impact of locating prisons in rural areas. It does not address the broader issues concerning the role of prisons in the criminal justice system nor the reasons for the expansion of prison programmes. It also makes reference to new prison building programmes in Ireland and Britain.

Many small towns and rural counties actively lobbied state legislatures for prisons to be located in their communities believing that construction and prison jobs would revitalise their economies.

Britain plans a £2.3bn programme for building 10,500 prison places to be delivered by 2014, in addition to the 9,500-place programme previously announced. It includes building up to three large ‘Titan’ prisons, each housing 2,500 prisoners. The Titan ‘operating model’ refers exclusively to the internal needs of prisoners/prisons but does not mention external needs in terms of access by families and friends nor does it have any connection with the outside world in terms of the communities and local economies in which existing prisons are located or new ones planned. The Impact Assessment incorporated in the 2008 Consultation Paper is a travesty of economic and social impact assessment.

The case for rural prisons
The building of prisons in rural towns was claimed to provide a “significant economic boost” because they were a “recession-proof form of economic development.” It was widely believed that prisons had positive effects on local economies with no negative effects on property values, public safety or the quality of life. One study concluded that there was a gap between the perception of the economic benefits and reality.

Few prison staff reside locally
However, studies in Wisconsin, Minnesota, California and Colorado revealed that a significant percentage of prison staff commute to work and do not reside in the prison town or county thus reducing their impact on the local economy.

The effect of prisons on rural communities
National studies and research projects in states with rural prison building programmes such as Missouri, New York, Texas and Oregon have examined various economic indicators to reveal that the effect on local economies was significantly less than that claimed.

The location of prisons in rural areas also led to recruitment problems, environmental issues caused by pressure on water and wastewater infrastructure and imposed long commuting journeys for minority staff.

Effects on families and children
The majority of both female and male prisoners have children but rural prisons force families and friends to travel long distances causing major accessibility hardships. Yet parent-child visits are considered to have a vital role in reducing the strain of separation, and reducing recidivism rates. Imposing accessibility problems imposes additional demands on schools, youth services, foster care and other social services.
Public subsidies/private prisons

Many US rural towns sought to have new prisons built by offering free sites and infrastructure improvements as inducements to State Corrections Departments and private prison companies.

The economic benefits of rural prisons were further reduced by towns and counties having to finance infrastructure improvements, particularly, water and wastewater treatment plants and increased costs of law enforcement and judicial costs.
Part 1

Introduction

The South Australian State Government is proposing five PPPs for the future development of the State’s correctional facilities. These proposals are:

- Yatala to move to Murray Bridge;
- The Women’s Prison to move to Murray Bridge;
- James Nash House to move to Murray Bridge;
- The pre-release centre to move from Northfield to Cavan;
- Magill Youth Training Centre to move to Cavan.

The Public Services Association commissioned the Australian Institute for Social Research (AISR), University of Adelaide, to identify and quantify a range of indirect and/or hidden social/economic costs associated with the proposal to move Yatala, the Women’s Prison and James Nash House to Murray Bridge. The project examines the impact of the proposed changes on correctional services officers and their families; employment and retention of correctional services officers; the families of prisoners; SAPOL, the courts authority, defence lawyers, the DPP, witnesses and the health department; and the communities of Mt. Barker and Murray Bridge.

This report by ESSU is a literature review of the US and European experience of moving correctional facilities from large urban areas to small rural communities. The AISR is undertaking a survey of corrections officers to determine the employment intentions of serving officers, the indirect and direct costs associated with the move to Murray Bridge and an analysis to identity and quantify hidden, indirect costs consulting with SAPOL, the courts authority, defence lawyers, the DPP, the health department and other key stakeholders.

Scope

This literature review focuses on the economic, social and employment impact of locating prisons in rural areas. It does not address the broader issues concerning the role of prisons in the criminal justice system nor the reasons for the expansion of prison programmes.

Methodology

Searches were carried out of academic journals, government, public policy, think tanks, trade unions, NGOs and media organisations using a series of search words/phrases covering economic, social and employment impact of locating prisons in rural areas.

Evidence base

The review focuses on US evidence primarily because most states embarked on large prison building programmes over the last three decades with a particular focus on locating prisons in rural areas. Strong competition emerged between many rural communities to become the site of a new prison. This led to much debate about the economic and employment impact of new prisons in depressed rural areas, and to more comprehensive research studies in the last ten years.
Part 2

Prison location policies

US

The 1990s witnessed a large prison-building programme in US with 245 prisons built in 212 rural counties. An average of 25 new rural prisons opened each year in the 1990’s, up from 16 in the 1980s and four in the 1970s. As a result, in the 212 rural prison counties, the population rose 12% in the 1990s, compared to 1.5 percent to the previous decade (Huling, 2002, Beale, 1996).

“In some states, prison expansion was in fact accompanied by significant movement of prisoners from metro to non-metro counties. In other states, however, prisons were located primarily in metro counties and relatively few prisoners were placed in non-metro counties” (Urban Institute, 2004).

The 2000 US Census revealed that 47 counties had 10% or more of their population in prison (prisoners are counted by their prison location, not their home residence) according to a mapping study (Urban Institute, 2004). Thirteen counties had 20% or more in prison and two counties had over 30% of their population in prison.

Many small towns and rural counties actively lobbied state legislatures for prisons to be located in their communities. Construction jobs, prison guard jobs and the commercial benefits from a regular stream of prison visitors have been highly valued in many areas.

There were also political objectives. A New York review of prison location and expenditure by senate districts revealed “Republican districts accounted for 89 percent of state prison employees, house over 89 percent of state inmates, and accounted for over 89 percent of Department of Corrections expenditure although republicans accounted for only 57 percent of the memberships of the Senate” (Feldman, 1993). At the time Feldman chaired New York State Assembly Committee on Correction and observed that the “political rhetoric that drives prison construction is never openly ‘I need it for my town’s economy’ but in terms of more prisons to make society safer (ibid).

Critics of plans to locate prisons in rural communities cited a number of problems, some of which have proven to be correct. The case against usually claimed:

- The probability of increased crime rates in their community.
- Jobs, especially higher paying positions, such as wardens and department heads, are often filled by outside residents.
- Lower property values for homes near the facilities.
- Unwelcome families following inmates to town.
- A reputation as a prison town, which may detract new business and tourism.
- The expense of building a prison.
- Increased demand on court systems and social services.

(King et al, 2004; Hooks et al, 2004; Urban Institute, 2004; Huling, 2002; Setti, 2001; Courtright et al, 2007; Tootle, 2004)

The claim of ‘felony flats’ emerging as families and friends followed prisoners from mainly poor inner city areas was not supported by evidence. A 1991 Washington State study found that only 5.5% of families relocated to rural towns to be close to prisons (and supported by more recent discussions with state agencies), in stark contrast to another survey which reported...
that 45% of residents in another Washington town believed that prisoner families would relocate to their community (Chu, 2006).

Ireland

The Irish Prison Service has been seeking to replace the Victorian era Mountjoy Prison in Dublin. It identified 31 potential sites and selected Thornton Hall, a 150-acre greenfield site at Kilsallaghan, County Dublin zoned for agricultural use (Irish Prison Service, 2005a and 2005b). However, this site was not one of the 31 original options, did not meet the selection criteria and many questions have been raised over the way the land was purchased. Those opposing the site point to the 20km distance from the courts and 15km from the nearest hospital (McDonnell, 2007).

The Irish Penal Reform Trust is also critical of the location of the planned prison: “Currently, many prisoner services, including counselling, rehabilitation services and support for reintegration in the community on release are provided by voluntary organisations many of which may find it difficult to provide these services at a remote site” (Irish Penal Reform Trust, 2008).

The existing women’s prison in Dublin, the Dochas Centre, is modern detention centre located in the grounds of Mountjoy Prison, Dublin city centre and was opened in 1999. A study of women prisoners over a decade ago indicated that most women entering prison lived in inner city Dublin – 82% came from Dublin, with 71% from the inner city (Carmody and McEvoy, 1996). The plan to relocate the prison to Thornton Hall “will result in an added burden for families of women in prison, many of whom already experience poverty and deprivation (Carroll, 2008). Plans for a ‘prison bus’ service to Thornton Hall will be “a stigmatising experience for families” (ibid).

Another issue is the ready access to services. The Dóchas Centre has a medical unit with access to the outpatient and accident and emergency services of the Mater Hospital. This is a considerable resource for the Dóchas Centre, especially in light of the fact that health care needs are much greater among women than among men in prison (Carmody and McEvoy, 1996) “People who work in the prison have indicted that the lives of women who have been attacked or who have attempted suicide or become seriously ill have been saved as a result of the Centre’s close proximity to a major public hospital” (Carroll, 2008).

The Thornton Hall scheme will also relocate the Central Mental Hospital. Whilst there is wide agreement that a new hospital is needed there is strong opposition to a rural location. “Such a location is most unsuitable for a hospital whose ethos is treatment and rehabilitation in the community”…..” Low security patients in Dundrum avail of training, college courses and facilities in the city as part of their rehabilitation and re-engagement with community life. Attendance at these activities would not be possible from Thornton Hall” (Central Mental Hospital Carers Group, 2008).

Britain

In June 2008 the government launched consultation on building three 2,500-place Titan prisons following a review of prison provision in England and Wales (Lord Carter, 2007). The review referred to the prison estate being a product of ‘historical circumstances’ and the use of old Ministry of Defence sites “situated significant distances from large urban centres and without welldeveloped transport links”.

The Secretary of State for Justice announced in December 2007 a £2.3bn programme for building 10,500 prison places to be delivered by 2014, in addition to the 9,500-place programme previously announced (Ministry of Justice, 2008a). It includes building up to three large ‘Titan’ prisons, each housing 2,500 prisoners and closing old prisons with about 5,000 prisoners.
This is a building programme driven solely by decisions regarding the ‘need’ for more prison accommodation and to improve the ‘efficiency’ of the current system.

“The focus on the speed of delivery of the current capacity programme is further exacerbating these inefficiencies by increasing capacity at some sites which, from an operational and strategic perspective, do not merit an increase. Again, given the need to build capacity in such a short space of time, the government’s initial consideration when devising the capacity programme was to identify and build at sites where capacity could be quickly increased. Whilst the Review found that efforts had clearly been made to align the land available to strategic geographical need, it was equally clear that this had not always been possible.

For example, increasing capacity at prisons such as HMP Wayland (Norfolk), HMP Haverigg (Cumbria), and HMP Highpoint (Suffolk) is adding to the significant regional imbalance between the demand for prison places and supply of places across the country. This imbalance has reached such a proportion that there currently is a shortfall of 9,400 prison places in the London Area. As a result, juvenile and adult male prisoners, for example, are regularly transported from London courts to Bristol and Suffolk” (Ministry of Justice, 2008a).

Yet the Carter Review, the Consultation on the Titan prison programme nor the 2008 Prison Policy Update briefing paper make any reference to the economic and social issues connected with the location of prisons in rural areas, the consequences of the ‘significant regional imbalance’ and the transportation of prisoners and the effect on families (Ministry of Justice, 2008b).

The proposed Titan ‘operating model’ refers exclusively to the internal needs of prisoners but does not mention external needs in terms of access by families and friends nor does it have any connection with the outside world in terms of the localities, communities and local economies in which existing prisons are located or new ones planned. This includes the implications for recruiting new prison personnel and the economic and social implications for existing staff who may transfer to the new prisons (ibid).

The Impact Assessment incorporated in the Consultation Paper is a travesty of economic and social impact assessment (ibid).

The assessment did refer to the “opportunity to improve accessibility for prisoners’ families, too many of whom currently have to travel more than 100 miles, or to locations which are hard to reach by public transport.” It also mentioned the possibility of “co-locating new build court facilities next to new Titan prisons, opening up the possibility of bringing a region’s remand population together. This approach would allow sentence planning and assessments to be managed more efficiently and reduce prisoner escort costs, helping both courts and the prison estate to run more efficiently and potentially reducing the need for local prisons in prime geographical locations (for example, city centres)” (ibid). This sounds remarkably like out-of-town ‘justice centres’ which of course would bring another set of issues about access and other matters. But community and local economy impacts are not even recognised.

The Conservative Party is opposing the Titan programme “huge prisoner warehouses – the largest in Europe” and has called for a network of smaller local prisons (Financial Times, 2008).

A review of the treatment of women offenders in Britain concluded: “Those women for whom prison is necessary would clearly benefit from being in smaller units closer to home or more easily accessible for visitors, such as in city centres. The existing system of women’s prisons should be dismantled and replaced by smaller secure units for the minority of women from whom the public requires protection” (Home Office, 2007). It recommended the government prepare “a clear strategy to replace existing women’s prisons with suitable, geographically dispersed, small, multi-functional custodial centres within 10 years” (ibid).
Part 3

Economic development strategies

Development assumptions

The economic development benefits of locating prisons in rural areas have been particularly strong in the US. Most states have had large prison building programmes over the last twenty-five years with an emphasis on locating new facilities in economically disadvantaged rural areas. However, an evidence base has emerged which challenges the claimed benefits of this strategy.

That investment in prisons brings increased employment and economic benefits from the construction of new facilities, infrastructure improvements and their operation is not questioned. But what are important is who benefits, where the benefits are distributed, whether the benefits are significant or marginal, and whether the investment demonstrates value for money.

Evidence that policymakers follow a process that systematically delegates the prison industry to depressed communities as a positive economic development strategy was revealed in a study of 22 new prisons built in California between 1982-94 (Cherry and Kunce, 2001). They used California Department of Corrections data for each facility together with county population and economic data.

The “results suggest that policymakers follow a process that systematically delegates the prison industry to lagging communities, which maximizes net benefits of the inferior public good facility. Moreover, given previous evidence of local support, the prison industry appears to be an active source of economic development.

Results indicate that the decision process also considers costs associated with infrastructure, land values and agglomeration effects. Estimates indicate available infrastructure, proxied by road miles per square mile of land, significantly raises the likelihood of a new correctional facility. Existing prison facilities also carries a significant positive relationship, which indicates that policymakers exploit agglomeration economies within the operation of prison facilities. The raw data supports the agglomeration result by revealing that policymakers located two facilities in a single city on seven occasions” (ibid).

This section begins with the evidence supporting the rural location of prisons and concludes with a review of the evidence, which suggest that the benefits are not as great as first thought.

The case for rural location

Many studies are descriptive and rely on single or a small number of case studies. The promotion of prisons in rural areas has a high level of economic development rhetoric, which is often not supported by evidence and economic analysis. Furthermore, it is more often based on perceptions and hopes of elected representatives, local government officers and business leaders.

An example of the positive impact of prisons is revealed in a Economic Development Digest article on the pros and cons of rural prisons. Although the article provides a summary of some of the problems, it proceeds to promote a positive vision using headlines such as “Minnesota prison reaps benefits” and “widespread economic impact” (Doyle, 2002). The Prairie Correctional Facility opened in Appleton, Minnesota in 1993. The US$27.4 million facility, which was initially built as a 500-bed prison and later expanded to a 1,300-bed facility and employs over 400 staff.
“The prison has provided a significant economic boost to a community that was basically in dire straights for many years before its construction,” said Paul Michaelson, Executive Director of the Upper Minnesota Valley RDC, an EDA funded district.

“According to Appleton officials, the facility, which was sold to a private company, Corrections Corporation of America in 1998, has been the number one factor for the revitalization of the community. It has spawned economic growth for local vendors who provide supplies and services to the prison, jobs for local and outside residents, street and sidewalk repairs, and the opening of new businesses. The Prairie Correctional facility has also worked with the five technical colleges in the area to develop a curriculum providing training for prison staff and educational opportunities for inmates” (ibid).

However, county officials conceded that there was a high staff turnover rate and some do not live in Appleton.

The New York Times reported another example, the Oklahoma town of Sayre (population 4,114 in 2000) which has a 1,440-inmate, 270-employee, all-male prison and “is responsible for lifting Sayre's spirits and reigniting its economy” (Kilborn, 2001).

"In my mind there’s no more recession-proof form of economic development," said Jack McKennon, 52, the city manager who persuaded the Corrections Corporation of America to put its prison in Sayre. "Nothing's going to stop crime’’ (ibid).

“Sayre is not alone in its economic strategy. According to the 2000 census, prisons have been helping to revive large stretches of rural America. More than a Wal-Mart or a meat-packing plant, state, federal and private prisons, typically housing 1,000 inmates and providing 300 jobs, can put a town on solid economic footing. As communities become more and more familiar with the benefits that prisons bring, they are also becoming increasingly adept at maximizing their windfall through collecting taxes and healthy public service fees” (ibid).

Positive spin

There have been a number of studies which claimed economic benefits for the 1990s US prison building programme in rural areas.

A 1987 study by Florida Atlantic University and Florida International University (Impact of Correctional Facilities on Land Values and Public Safety) found that correctional facilities had positive effects on local economies with no negative effects on property values, public safety or the quality of life (National Institute of Corrections, 2006).

The study was based on seven facilities in Idaho, Florida, Arizona and Tennessee and used household income multipliers to estimate the total change in local income as a result of the construction and operation of the facilities. This produced additional income from construction ranging from US$3.9m in Boise, Idaho to US$84.7m in Phoenix, Arizona with operating expenditure producing additional household income ranging from US$1.8m to US$22.6m in Phoenix (ibid). These are figures describe the potential overall effect but fail to identify where construction and operational staff reside (and where they spend the bulk of their income), commuting patterns and goods and services supply chains.

Two decades later a Rural Pennsylvania funded study by Edinboro University measured the perceptions of the economic impact of, and community satisfaction with, four prisons located in rural Pennsylvania (Albion, Cambridge Springs, Houtzdale and Dallas). This study is interesting because it compared community perception of the economic benefits of rural prisons with focus group discussion and research (although the latter was limited in the published report). A three-part methodology – a postal survey of local residents, focus groups with selected local government leaders and community agencies and interviews with prison management (Courtright et al, 2007). The survey “assessed the survey assessed the
perception of economic impact of the prisons on the local community in terms of local property values, job creation, the prison as a consumer of local goods and services, local tax rates, and the overall economic effect of the prison. The overall finding was that residents were generally positive regarding the prison’s role in the local economy” (ibid).

The prison administrators believed that prisons should be located near more metropolitan areas to offer services to employees and to attract and retain staff, particularly a multicultural workforce. The lack of services and amenities was frequently cited as the cause of recruitment problems. Water and sewer issues were also cited as problematic.

The study concluded that there was a gap between the perception of the economic benefits and reality – “many residents lacked general knowledge about the true impact of the prison on the local community. The four community focus groups agreed that the prisons had generated employment opportunities but also that many prison staff did not live locally. An analysis of Department of Corrections employee residential data showed that average residential distances, with the exception of one prison, ranged from 15 – 20 miles. Nearly 50% of staff in one prison and two third of staff in two prisons lived more than 20 miles from the prison. “In terms of economic impact, the dispersion of income and spending by the prison employees can be quite widespread, limiting the economic impact (and multiplier effect) of prison employment on the local community” (ibid).

Community focus group members reported that they were led to believe that the prison would bring economic benefits to local businesses but this either did not happen or had a marginal impact. Changes in state purchasing policies had also limited local sourcing of supplies. All the focus groups noted the positive contribution of the prison in providing work/labour in the community.

The study recommended that prisons should be located in areas that “have adequate infrastructure and other services such as schools, local businesses, health care facilities, housing, entertainment, and shopping, sufficient to attract and retain potential employee,” permit more purchasing of local equipment and supplies, ensure the local water and sewage system meets the needs of the prison and community, and be more realistic in the claims about the economic impact of rural located prisons.

The evidence critical of a rural prison economy

The evidence is reviewed under the following headings:

- The residential location of prison staff.
- The impact on rural unemployment
- The effect of prisons on rural economies.

The residential location of prison staff

Wisconsin

A new prison was built in Stanley, Wisconsin by a private developer and later acquired by the state (see Part 5). The town and Chippewa County believed that a number of economic benefits would flow from this project.

The developer, Dominion Ventures, commissioned a Ernst & Young analysis which concluded that in addition to 400 correctional jobs, the prison would indirectly generate a further 319 jobs in Chippewa County (Clement, 2002a). Stanley City had a population of 1,898 in the April 2000 Census which grew to an estimated 3,389 by January 2007, a 78.6% increase (Wisconsin Department of Workforce Development, 2007). However, the growth was misleading because it includes the 1,500 inmates after the prison opened in 2002. In fact, there has been a small decline in the non-prison population. The prison also distorted the Chippewa County growth rate, reducing it over two percentage points, moving it from 4th to 13th in the 72 Wisconsin county rankings.
Minnesota

Only 23 of Rush City’s prison 220 employees live in the Minnesota town, although 137 live within a 30-mile radius. Locals complain that everything gets trucked in and although prison staff sometimes eat at local restaurants and prison vehicles use locally purchased fuel, the net effect is small (Clement, 2002b).

California

A study of prison towns in California revealed that the average commuting distance driven by prison staff was twice the average commuter range (Gilmore, 2002). On average, less than 20% of prison jobs go to current residents of a town with a new prison. This increases as some staff relocate but remains at a state-wide average of under 40%.

Colorado

Experience in Colorado indicates that although prisons create employment, the construction of a prison is not a guarantee of future prosperity. Colorado built six prisons in rural areas since 1985, three state facilities and three operated by the Corrections Corporation of America (CCA). All six counties, in three of the state’s fourteen regions, had similar demographic profile and a population under 15,000. An analysis of per capita income in 1991 and 1998 showed that only two counties with prisons had per capita increases greater than their neighbours (Setti, 2001). Per capita income and unemployment projections for 2005 showed that only one county was expected to have bigger income increase than its neighbour and four of the six prison counties were forecast to have higher unemployment rates than neighbouring counties.

Another study examined the impact of the Bent County prison (operated by the Corrections Corporation of America) comparing annual per capita earnings, retail sales, law enforcement and justice costs (see Part 4), and unemployment with non-prison counties between 1985-2000. As with similar studies, the findings are qualified because they do not take account of other economic and demographic changes. However, annual per capita earnings in Bent County were consistently US$2,000 below those in non-prison counties. The opening of the Bent prison did little to change this situation and the gap tripled in the late 1990s. An analysis of annual per taxable retail sales over the same period showed that sales in Bent County increased from about US$4,000 to US$6,000 per capita by 2000. However, per capita sales in non-prison counties were considerably higher at about US$10,000 in 1985 and increased to nearly US$17,000 by 2000, a significantly higher growth rate than Bent County. The opening of the prison reduced unemployment for a short period but the pattern of change in the 1993-2000 period is very similar to the pre-prison 1981-1991 period (Raher, 2003).

Fremont campaigned for a Federal prison to be located in the town and raised US$123,000 to purchase a site which was donated to the Federal Bureau of Prisons. By 1998 the prison had 2,500 prisoners. Very few local people were recruited to the 1,105 jobs and all supervisory posts were recruited from other federal prisons. 72% of staff lived outside the county (Housing Assistance Council, 2000).

Other economic changes led to population increase and economic growth in Fremont county in the 1990s, primarily retired people moving to the area, immigration from California and a increase in manufacturing jobs. Prison construction led to a doubling of rents for three-bed room houses. Many new single-family houses were built resulting in over-supply because most prison staff had already located in other counties. By the end of the decade there was still a shortage of affordable rental housing (ibid).

Fremont was criticised for being too ‘enthusiastic’ and failing to make demands which might have led to greater local impact.
“Because a federal prison is part of a large bureaucracy with its own policies and procedures, it is difficult for a small community to negotiate incentives or extract mitigations. In-depth research about the federal prison bureaucracy could have given the county a better idea of which incentives the system would find the most attractive and which preconditions it would or would not accept. Fremont County did not negotiate very much with the Federal Bureau of Prisons, simply offering them a free piece of land without asking for anything in particular in return.” The study also commented that the Fremont County Economic Development Corporation “may have possessed more leverage than they realized to require the prison to hire and contract a certain percentage of their business locally and provide far more infrastructural mitigation (particularly for water and sewage). Guarantees to hire and contract locally, however, would still not have altered the fact that Fremont County’s local businesses did not have the capacity to win most state or federal prison contracts” (Housing Assistance Council, 2000).

The effect of prisons on rural economies

There have been few post-empirical economic impact studies of prisons in rural areas which have used a control group or comparison of rural areas which did not have prisons and thus be able to identify the economic effect of prison construction and operation. One such study used a dataset of 576 prisons in rural areas in the 1985-95 period (Farrigan and Glasmeier, 2003). Rural areas with prisons constructed between 1985-95 were identified in either completely rural counties or counties with an urban population of less than 20,000 and not adjacent to a metropolitan area. The non-prison rural areas had the same characteristics.

The study examined county earnings by employment sector, population change, poverty rates and the health of the local economy. The location of prisons did have a positive effect on poverty rates, particularly those with persistently high concentration of poverty. However, the characteristics of the place had a greater influence than the characteristics of the prison. Farrigan and Glasmeier concluded “prison development is not a good way to stimulate diverse economic growth.”

They also concluded “the economic impacts of the prison development boom on persistently poor rural places, and rural places in general, appear to have been rather limited. Our analysis suggests that prisons may have had a positive impact on poverty rates in persistently poor rural counties as well as an association with diminishing transfer payments and increasing state and local government earnings in places with relatively good economic health. However, based on the number of significant covariates for the study sample and the size of the growth rates for individual counties in comparison to their matches, we are not convinced that the prison development boom resulted in structural economic change in persistently poor rural places. It may be more the case that the positive impacts found to exist are simply attributable to spatial structure, that is, due to the mere existence of a new prison operation in a rural place rather than the facility’s ability to foster economy-wide change in terms of serving as an economic development initiative”.

Missouri

A quantitative and qualitative and in-depth study of Potosi, a rural Missouri prison town, enabled the researcher, Thies, to distinguish between the impact on local residents and the local economy as a whole. The prison did result in additional employment although a majority of the jobs went those resident elsewhere. For example, 58% of the prison jobs were filled by people living in adjacent counties and a further 10% were filled by people living in counties which were not adjacent to the host county – so just over 30% of prison staff lived in the host county. The prison did not have a direct effect on poverty or per capita income and the prison “did not significantly improve the opportunities for the working poor of Potosi” (cited in King et al, 2004).

New York
New York’s prison building programme was concentrated in upstate rural counties (see Part 1). A study of seven counties with a total of 14 prisons opening since 1982 examined the immediate and short to long term impact of a prison opening, using unemployment and per capita as the key variables (King et al, 2004). It compared seven counties with seven similar counties, which had never had a prison. This revealed no significant difference in unemployment rate trends between the prison and non-prison counties. They found no significant difference in unemployment rates between prison and non-prison counties over a twenty-five year period. “Our analysis suggests that any claims of a prison demonstrating an impact on unemployment were of a spurious nature” (ibid).

The analysis also revealed, “that there is virtually no difference between the per capita income of rural counties hosting a prison and those without a facility” over the 25 year period. In fact per capita income increased slightly faster in counties without prisons (141%) compared to those with prisons (132%) in the 1976-2000 period, including the New York prison construction boom (ibid).

Texas

A study by Chiang, 1998, measured consumer spending before and after a prison had been built in 42 locations in Texas (cited in King et al, 2004). No impact was found in nearly three-quarters of the communities. The fact that a positive impact was identified in so few locations is significant. However, this is a crude measure because it does not identify the specific effect of prison employment in the local economy.

Oregon

This pattern of commuting is repeated in Oregon. The Department of Corrections originally promised that 70% of the staff for a new prison in the small town of Madras (population 6,000 in 2006) in rural Oregon would be recruited locally. However, this figure declined to 50% nearer to the opening date. Only sixty of 400 staff (15%) of staff at the Two Rivers Correctional Institution at Umatilla live locally and only 42% of the Snake River Prison live in Oregon, the rest live in Idaho (Caylor, 2006).

A recent investigation by Oregon Business, entitled ‘Prisontown Myth’, revealed a re-evaluation the economic promise of prison expansion. “Max Williams, director of the Oregon Department of Corrections who was appointed by Gov. Ted Kulongoski in January 2004, says it is a misnomer to think of prisons as an engine of economic development. We are not a profit center,” says Williams. “We are a cost center. We’re taking tax dollars that could be spent on a whole variety of things, and we’re spending them on prisons.” This is a significant reversal for the Department of Corrections, which promoted prisons as catalysts of development during the prison-building frenzy of the past 20 years. Williams says he would prefer to spend less money on prisons and more on “evidence-based” solutions to crime” (Jacklet, 2008).

Business leaders in one prison town, Ontario, praised the prison for stimulating the local economy since it opened in 1991. However, the writer found dilapidated buildings and rundown conditions a short distance from the town centre. Ontario is in Malheur County, which had one of the poorest counties in the 1990s but is now the poorest. In Umatilla, another prison town:

“….the main street through downtown features boarded-up storefronts, vacant lots, run-down $25-a-night motels and sprawling trailer lots in varying stages of decay. In Umatilla County, state jobs grew after the Two Rivers prison opened in 2000, but private sector jobs fell and wages have held flat. The 430 employees of the Two Rivers Correctional Institution, by far the largest employer in the City of Umatilla, spend money locally, but the prison does not.

Of the US$56.6 million that DOC spent to purchase goods and services for its prisons in 2007, only US$29,928, or .05%, went to Umatilla businesses. Local purchasing figures are only slightly higher in Ontario, an agricultural center for potatoes and
onions. Mark Nooth, superintendent for the Snake River prison, explains that the facility's hands are tied when it comes to supporting local business.

Statewide, just 42.5% of the goods and services used in prisons are purchased from Oregon companies” (ibid).

Some 62% of the Ontario prison staff do not live in Oregon but over the state boundary in Idaho, which has lower property taxes and house prices.

**National analysis**

Concerned about the lack of evidence and a focus on a small number of case studies, researchers at Washington State University undertook a national analysis examine the impact of new prisons on the pace of growth (as measured by public, private, and total employment growth) in US counties between 1969 and 1994. Using US Department of Justice data, they collected information all existing and new prisons built in the United States since 1960 (U.S., 1998) and examined the impact of these prisons on employment growth in 3,100 US counties in 48 states from 1969 to 1994.

They examined three periods: 1969–1979 (149 new prisons, 24% increase), 1979–1989 (324 new prisons, 42% increase), and 1989–1994. From 1990 to 1995, 249 prisons were built (a 23% increase). Three measures of employment growth: public, private, and the total of public and private employment. The study examined the growth of private sector employment to assess the indirect impact of prisons on local areas and the average annual change in public, private, and total employment over the period.

The study concluded “that prisons have not played a prominent role in economic growth. In the 1969–1979 and the 1979–1989 periods, the number of established prisons is associated with employment growth in metropolitan counties. But this positive effect is not present in the 1990s. In fact, from 1989 to 1994, established prisons are negatively related to total employment growth in urban areas. For nonmetropolitan counties—the counties in which the majority of prisons have been built and counties that have competed to attract in order to boost local growth - there is no evidence that prisons have provided a boost. Neither established nor newly built prisons made a significant contribution to employment growth in rural counties” (Hooks et al, 2004).

When non-metropolitan counties which had experienced slow employment growth during the preceding decade were distinguished from those growing at a faster rate, the findings remained consistent.

“Among counties growing at a rapid pace, established prisons contributed to the growth in public-sector employment in each period. And new prisons also contributed to the growth of public-sector employment from 1989 to 1994. However, when the focus is on change in total employment, there is no evidence that prisons (new or established) made a significant contribution in counties growing at a moderate or fast pace. Among slow-growing counties, the effect of established prisons failed to attain statistical significance in any panel. Among these slow-growing counties, it appears that new prisons do more harm than good. In the more recent panels, 1979–1989 and 1989–1994, new prisons impeded private and total employment growth. Thus—instead of helping counties in greatest need—carceral expansion has the least beneficial outcomes for depressed rural areas” (ibid).

“Our finding that prisons impede economic growth in counties growing at the slowest pace flies in the face of the widely held view that prison construction can assist struggling local areas. To buttress our faith in these findings, we conducted comparable analyses with alternative dependent measures. Specifically, using a comparable analytic approach, we assessed the impact of new and established prisons on changes in the unemployment rate, median family income, and earnings over the 1969–1994 period. We found no evidence that prisons helped to lower the unemployment rate, raise the median family income, or raise earnings (results available upon request)” (ibid).
The study concluded: “If prisons impede economic growth in rural counties, we believe the most plausible explanation centers on prison building crowding out alternative economic activity (opportunity costs). With communities competing to attract prisons, corrections bureaucracies are shifting infrastructure costs to local governments. Communities are being forced to supply prisons with “electrical services, roads, and the other things to construct and operate a facility” (Lynn Phillips, Assistant Secretary for Construction, North Carolina Department of Corrections, in Gaseau, 1999). Under these pressures, rural counties desperate for jobs are diverting large portions of limited infrastructure budgets to support a correctional facility and adapting a limited infrastructure to the needs of a (new or existing) prison. As a result, the infrastructure may be ill suited for other potential employers, and local governments have few funds left for other investments in the local infrastructure.

Another national study

Another national study used 1990 and 2000 census data, a national study examined the economic impact of state prisons built in the 1990’s on small town economies. It found the rate of increase in the number of new businesses, non-agricultural employment, average household wages, retail sales, median value of owner occupied housing, and total number of new housing units is substantially less in prison towns than in non-prison towns. The only gain found for prison towns vs. non-prison towns was in public sector employment.

Prison towns lost an average of 33% in population over the decade 1990-2000 while the population in non-prison towns increased an average of 12%. Prison towns in the South fared the worst. Between 1990 and 2000, Southern towns with state prisons suffered more than double the population loss experienced by towns without prisons (-41% for prison towns vs. -20% for non-prison towns). Among towns with poverty rates higher than 20% in 1990, towns with prisons experienced one third less reduction in poverty by the end of the decade than towns without prisons. By 2000, poverty rates in the towns without prisons had been reduced by 25%, compared to a 7% reduction in towns with prisons (Besser & Hanson, 2003)

Recruitment problems

The Texas state policy of locating prisons in rural areas combined with low wages for prison officers has led to significant staff shortages and mothballing or reducing the status of prisons so that fewer staff are needed (Ward, 2008). A wing of the 1,300 bed Dalhart prison housing 300 prisoners was mothballed in October 2007 and 282 prisoners at Beto were moved to other prisons and replaced by low security prisoners because they require fewer guards. Both prisons were operating in 2007 with 62% and 60% staffing levels. At the end of November 2007, the state had eight other prisons with staffing levels below 70%, an overall shortage of 3,749 officers (ibid).

Environmental issues

Many studies have cited increased costs and problems with water and wastewater treatment. One Alabama prison, Donaldson, was alleged to have committed 1,060 violations of the Clean Water Act by discharging sewage into rivers between 1999-2004. A 2005 lawsuit cited similar violations at seven other prisons in the state (Jafari, 2006).

Impact for minorities

The recruitment of minority staff to create a diverse workforce has been another driver for recruiting prison staff from outside rural areas. “Minority staff have to be recruited from outside the immediate area, often from other institutions, and because of the hostility of the local white population, most choose to commute as much as two hours each way rather than move” (Carroll, 2004).

These same prison officers were also often confronted with racism in rural prison. Minority officers in 13 states had filed suits alleging racial harassment and violence by other prison staff (ibid).
“Once again, we seek to build a rural economy on the backs of black people in bondage while ignoring the plight of their home communities and the impact this forced transportation has on them” (ibid).

**New strategies**

Florida State is considering a new strategy, moving away from building large prisons in rural areas, to building jails close to urban areas where most prisoners families live and would accommodate non-violent offenders serving sentences of less than eighteen months. Prisons would also increase treatment programmes for those close to being released – only about one in ten prisoners have access to treatment or educational services despite a 2007 report by the office of Program Policy Analysis which showed that about two thirds of prisoners have drug and alcohol problems and a 60% illiteracy rate (Tampa Tribune, 2008).

**Limitations**

One study concluded that the limited impact of prisons is due to:

- Management and supervisory jobs are usually filled by people from outside the locality – local residents usually do not have the required education/skills level.
- Many towns lack the educational facilities to train prison staff who are often recruited from elsewhere.
- Some new recruits may move to the county but this has little impact on unemployment levels.
- Wages in private prisons are often much lower than state employees.
- State requirements mean that bidders for prison construction projects must have large-scale construction experience, which usually eliminates local firms. Larger companies also they have their own established supply chains for building materials and supplies which limit the degree of local spending during the construction period.
- Prisons may generate an increase in new hotels/motels, restaurants and gas stations but these are low-wage sectors (Setti, 2001)

Other factors are also relevant:

- Prisons generate fewer linkages in the local economy compared to manufacturing plants.
- State prison authority forecasts of the employment and economic impacts of rural prisons are often over-optimistic, which is partially due to their attempts to 'sell' their proposals to rural communities.
- There may be a stigma of being a ‘prison town’, which may make it more difficult to attract other investment.
- Tax revenues are lower than expected because many staff do not live in the prison town or county.
- Goods and services purchased by a prison and either processed through state procurement systems or a private prison company’s purchasing system, both of which centralise purchasing to maximise economies of scale and usually allow very limited local discretion to individual prisons to purchase independently.
- Low paid or unpaid prisoners compete with local workers for manual jobs.
- Towns and counties are confronted with significant public investment in water and wastewater treatment plants to meet the needs of prisons and comply with environmental laws.
65% of women and 55% of men in state prisons in the US have children under seventeen, over half of whom are under 10 years old. Two thirds of mothers in prison are the sole custodial parent before entering prison (Urban Institute, 2005). The needs of children and families impacts on schools, youth services, foster care and other social services (Brazzell, 2008).

“Great distances typically separate children from their incarcerated parents. Women are housed in prisons an average of 160 miles from their children, while men are an average distance of 100 miles away. These distances serve as a barrier to prison visits by family members. More than half of incarcerated parents report never receiving a personal visit from their children. Contact in the form of phone calls and letters often proves problematic as well. The number of calls or letters per prisoner is typically limited by corrections policy. The high cost of collect phone calls, reflecting surcharges imposed by telephone companies or the departments themselves, can make this form of contact quite expensive. Despite these barriers, nearly 60 percent of mothers and 40 percent of fathers report having weekly contact with their children while incarcerated” (Urban Institute, 2005).

This study focused on the hidden costs of the criminal justice system and how families have an important role in the lives of returning prisoners.

Evidence indicates that “parental separation due to imprisonment can have profound consequences for children. The immediate effects can include feelings of shame, social stigma, loss of financial support, weakened ties to the parent, changes in family composition, poor school performance, increased delinquency, and increased risk of abuse or neglect. Long-term effects can range from the questioning of parental authority, negative perceptions of police and the legal system, and increased dependency or maturational regression to impaired ability to cope with future stress or trauma, disruption of development, and intergenerational patterns of criminal behaviour” (ibid).

Although many of these issues are not within the scope of this review, parent-child visits to prisoners has a vital role. For example, reducing the strain of separation, increasing the likelihood of reunification and reducing recidivism rates (ibid). The “fact that a prison’s location facilitated visits with family and friends and made possible the establishment of a large community volunteer programme that provides the offender population with programming suited to their interests and tastes” also improved prison safety and security (Carroll, 2004).

Accessibility for families and friends

There are frequently major accessibility problems caused by the location of prisons in rural areas and the transport of prisoners to prisons in other regions. Access is determined by:

- The geographic location of the prison
- A family’s ability to afford transportation
- the availability and frequency of public transport
- difficulties in scheduling visits because of the time required to and from a prison.

There are other obstacles but these are not directly related to the location of the prison. The Urban Institute mapping study did not analyse the driving forces behind prison locations but “presented data supporting the notion that there are consistent differences between prisoners’
homes and where they are incarcerated. Spatial mismatch between prisoners and their homes not only impacts the communities that host prisons, but it also impacts family members and friends of prisoners. This is an important issue whose consequences also warrant further examination “ (Urban Institute, 2004).

The location of prison facilities in rural towns some distance from where a majority of prisoners reside is clearly calculated to put prisoner, family and children needs at the bottom of the list of criteria. It would appear that remote locations are part of the punishment and criminal justice system.
Part 5

Public subsidies/private prisons

Rural towns subsidizing prison investment

There are examples of rural towns in the US having to subsidise the building of both State and private prisons. Shelby, Montana, used a US$500,000 community development block grant and an US$800,000 US Economic Development Administration grant to finance infrastructure for a Corrections Corporation of America prison. Rush City, Minnesota, contributed US$40,000 plus a further US$700,000 was raised from individuals and businesses to acquire the land for a state prison (Clement, 2002).

The small town of Stanley, Wisconsin, population of 1,898 in 2000, contributed US$740,000 towards the cost of land for the Stanley Correctional Facility which was built by the Dominion Venture Group as a speculative venture. Construction of the 1,500-bed medium-security prison began in 1998 but the company did not have state permission to operate the prison. Dominion’s original plan was to persuade the state to lease and operate the prison. However, this plan was overturned and agreement reached to purchase the prison for US$79.9m. A state law was passed, Act 16, effective 1 January 2001, prevents private developers from beginning construction of a prison or converting an existing building without the specific authorisation of the state Building Commission (Wisconsin Legislative Reference Bureau, 2001).

It later transpired that Dominion executives donated US$125,000 to a campaign group, Independent Citizens for Democrats, in summer 2001 and US$4,000 to the Governor’s re-election campaign fund. It also hired several lobbyists to press for the state to purchase the prison. The former Senate Majority Leader, Chuck Chivala, and former Assembly Speaker Scott Jenson were later convicted of corruption (Milwaukee Journal Sentinel, 2006).

A series of building code violations were later discovered at the prison which required a US$5m replacement programme of heating and cooling systems, smoke controls, electrical wiring and move metal stairs (ibid).

Increased cost of local infrastructure

The town of Limon, Colorado, was required by the state Department of Corrections to spend US$90,000 on road improvements and construct a US$252,000 wastewater treatment plant at a time when the town’s annual budget was only US$4m (Setti, 2001). Because crimes committed within prison are dealt with locally, Lincoln County had to expand the county jail and courthouse. This was financed by a 2% increase in the local sales tax (ibid).

In the early 1990s the town of Abilene, Texas offered the state a US$4m incentive package consisting of a 316 acre site for the prison, 1,100 acres of adjacent farmland, roads into the facility, housing for prison administrators, computers, communications upgrades and the use of a private plane and hangar for state officials (cited in King et al, 2004).

Cost cutting

Cost cutting policies have clearly underpinned the rural prison policies – cheaper land, construction and infrastructure; recruitment of staff at rural rather than urban wages rates; centralised procurement of goods and services. These are only partially reduced by higher transportation costs.

The cost of law enforcement, judicial and jail expenses soared after the opening of the Corrections Corporation of America prison in Bent County, Colorado in 1993. Using data from Colorado Economic and Demographic Information System (CEDIS) on county spending...
between 1985-2000, the cost of law enforcement and justice increased from US$50 per capita in 1993 to over US$250 by 2000. In contrast the cost in non-prison counties was consistently higher than the Bent County costs throughout the period until 1999.

The increased costs were due to a 98.9% increase in County Court filings in the four-year period following the opening of the prison (Raher, 2003). Similar findings were observed in Logan, Lincoln and Crowley Counties. Crime in prison is handled by county courts, not by the prison, and civil actions involving prisoners are also processed locally. Local and state police are also called in to deal with prison disturbances.

**Effect on justice expenditure**

The level of dependency of rural areas on prisons creates certain perverse situations – they have a vested interest ensuring that the prison operates to capacity in order to maximise employment/payroll, visitors and the supply chain even though the economic impact may be limited (see Part 3). This can also contribute to social attitudes of seeking maximum sentences and generally conservative criminal justice policies.

Counties in Colorado reported much larger increases in crime in prison counties compared to non-prison counties. Crowley, Bent and Lincoln counties reported a 60.4% increase in juvenile crime between 1993-97 compared to a 37.9% increase in Logan County (Setti, 2001). Misdemeanors increased 89.6% in prison counties compared with a 16.2% decrease in Logan County.

**Political economy of justice**

“It is widely believed that the flow of federal funds on the basis of population provides a significant advantage to rural communities in which prisons are located. Donzinger (1996) notes that between 1980 and 1990, prisoners—most of them African-American and Hispanic prisoners from urban areas—accounted for 5 percent of the entire increase in rural populations in the United States. The rural and predominantly white areas in which most prisons are located increase their share of federal grants and political representation; the impoverished urban communities that these prisoners leave behind lose funds and representation” (Hooks et al, 2004).
Part 6

Conclusions

The 1990’s location of prisons in rural areas was based on a high dose of economic development hype and the hopes and expectations of local elected representatives, business and community leaders who believed state prisons were a ‘gold plated’ solution to their economic problems.

The rural prison policy did not have an evidence base in support of the external economic/community benefits, which only emerged in the last decade (as distinct from the internal case relating to costs, efficiency etc). No comprehensive impact studies were undertaken as part of the planning process. The few academic and public policy studies, which were undertaken, were narrow conceived and selective.

Once more comprehensive and rigorous impact studies did emerge, they demonstrated that many of the apparent benefits of rural prison location for local communities were invalid.

This demonstrates the importance of rigorous economic, social, environmental and sustainable development impact studies being a mandatory and integral part of the options appraisal and planning process. Determining cause and effect is often difficult in assessing economic and social impacts but transparent estimating is better than none at all.

It is important to recognise that a comprehensive study has not been undertaken which combines the internal cost and other drivers of the prison service and the external impacts on employment, the local economy, prisoner’s families and criminal justice policies in general.
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