

Profit Behind Bars: The Evolution of Private Correctional Companies in the U.S.

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Abstract

This research investigates how publicly traded private prison firms—CoreCivic and GEO Group—adapted to changing incarceration trends, policy reforms, and public scrutiny. Using SEC filings, academic literature, and policy reports, it shows that profitability is driven not by efficiency but by diversification into immigration detention, electronic monitoring, and real estate leasing. Despite reformist pressures, these companies maintain dominance through lobbying and market agility, raising concerns over the commodification of punishment.

Research Question

How have market dynamics and policy shifts influenced the profitability and business strategies of private correctional companies in the United States from its emergence in the 1980s to now?

Introduction

Private prison corporations grew during the neoliberal shift of the 1980s, capitalizing on the War on Drugs, overcrowded public prisons, and zero tolerance policies. Companies like CoreCivic and GEO Group became central players by marketing themselves as cost-effective partners to overwhelmed governments. They leveraged policy changes and financial incentives to expand.

Historical Background

Founded in 1983, CoreCivic (then CCA) pioneered the private prison model with immigration detention contracts from ICE. Legislative changes like the Sentencing Reform Act (1984) and Anti-Drug Abuse Acts (1986, 1988) fueled prison expansion and created profitable conditions for private actors. By 2000, over 150 private facilities operated nationwide, and Wall Street praised these firms for their “recession-proof” investments.

Policy & Financial Trends

From Yates Memo (2016) to Trump’s anti-immigration stance, policy swings directly impact revenues. Trump-era policies led to a sharp rise in ICE detention, with GEO deriving 43% and CoreCivic 30% of total revenue from ICE contracts alone. Biden’s Executive Order 14006 limited DOJ contracts but excluded DHS, allowing Intergovernmental Service Agreements to bypass restrictions.



Strategic Adaptations

CoreCivic and GEO Group rely heavily on federal contracts and occupancy-based revenue. Their REIT conversions reduced taxes while locking in investor returns. Despite scrutiny, profitability remains high due to guaranteed contracts, diversified service lines, and political responsiveness.

Facing growing criticism, both firms rebranded and expanded into community corrections and surveillance tech. GEO’s acquisition of BI Inc. and CoreCivic’s reentry initiatives demonstrate how they capitalize on “alternatives to incarceration” to continue profiting from social control, often under the guise of rehabilitation.

Conclusion

In essence, correctional corporations sustain profitability through political manipulation, policy circumvention, and diversification—not through rehabilitative outcomes. As neoliberalism reconfigures citizens as market subjects, firms like GEO and CoreCivic become agents of racialized social control.

The private prison industry thrives not through efficiency but through political adaptability and market alignment. True reform requires dismantling the economic and structural incentives that sustain carceral capitalism.