

Fall 12-14-2018

# Boom and Bust: How Private Detention Centers Wreak Economic Havoc on the Counties that Turn to them for Stability

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## Recommended Citation

Parrott, Max W. and Leanos, Reynaldo Jr., "Boom and Bust: How Private Detention Centers Wreak Economic Havoc on the Counties that Turn to them for Stability" (2018). *CUNY Academic Works*.

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# **BOOM AND BUST:**

## **HOW PRIVATE DETENTION CENTERS WREAK ECONOMIC HAVOC ON THE COUNTIES THAT TURN TO THEM FOR STABILITY**

In 2015, a riot broke out at a federal prison in a small Texas town not far from the U.S.-Mexico border. Prisoners tore through the kevlar tents of their dorms and a fire broke out, rendering the private prison uninhabitable. The facility was an economic engine for the impoverished, Rio Grande Valley county, so when the facility closed, it left the county \$2 million short of its estimated budget, with \$78 million in unpaid bonds and 400 fewer jobs for a population of about 21,000 people. This summer, three years after experiencing near economic collapse, Willacy County rushed back into business with the company that ran the failed prison to open its doors again—this time as El Valle, a 1,000 bed immigrant detention center.

Why would a county jump back into the arms of the same private prison company that brought it to near-financial ruin? Our investigation follows the story of the prison's construction. In the early 2000s a group of architects, builders and consultants traveled town to town across Texas and neighboring states convincing these struggling counties that taking out for-profit prisons would rake in cash for the municipality. We traveled down to Willacy to follow the trail of corruption and deceit that the private prison left in its wake.

We talked to experts about the risks involved in the municipal financing of private prison projects. Willacy's financial crisis was not unique. At least 11 Texas counties who used municipal bonds to build private prisons have defaulted on their debt since 2009.

The boom and bust cycle of private prisons is not a new phenomenon, but it is one that is restarting under President Trump. Trump's election caused a sea change in which the prison industry, which rallied to capitalize on his immigration policies and reap in the profits of contracts with Immigration and Customs Enforcement. As more abandoned prisons open up in the southwest, the risks of a change in federal immigration policy are mounting for the counties that house them.