How to Divest from Immigrant Detention: A Philanthropic Primer

No one should profit off another's imprisonment. It is not only morally repugnant, but also bad policy, as decades of private prison expansion in the United States have demonstrated. For-profit prisons have more dangerous conditions, lack sufficient oversight, and subvert sensible public policy by bankrolling lobbying for excessive incarceration. The industry has multiplied in size recent years, particularly in terms of how many immigrants are held in private facilities—and a growing divestment movement has emerged in response. Foundations can demonstrate their values and support immigrants and their communities by joining this effort, through divestment, reinvestment, and other measures.

Context

Immigrant Detention

- Roughly 71 percent of immigrants held by Immigration and Customs Enforcement (ICE) on any given day are in privately operated prisons, versus 8.5 percent of incarcerated individuals in state and federal custody. The proportion of immigrants in such for-profit facilities has exploded, rising 442 percent between 2000 and 2016. The total number of immigrant detainees is also climbing fast. In each of the past two years, ICE has broken the record for the number of immigrants it incarcerates.
- At least 22 immigrants have died in ICE detention centers over the past two years, and more than 188 have died since 2003. Private prisons are more dangerous for inmates and guards than public prisons, according to a major 2016 Department of Justice report. Private detention facilities generate 175% more grievance filings than government-run centers, according to a 2018 study.
- As with mass incarceration, racism (structural, implicit, and explicit) is a defining factor in who is detained. For example, undocumented immigrants of African descent are turned over to ICE and deported at a rate five times greater than their representation in the undocumented population.
- Since 2009, only one "authorized" ICE facility has been given less than a passing grade on its annual inspection, though there are several facilities where multiple individuals died of possible medical negligence, and internal and external reports have raised serious concerns.

Private Prisons & Ancillary Industries

- There are two major for-profit prison operators in the United States: GEO Group and CoreCivic.
    - Both are organized as Real Estate Investment Trusts (REITs), a structure which helps the companies avoid taxes. It allowed GEO Group, for example, to save an estimated $44M in 2017 alone. However, REITs must distribute 90 percent of profits to shareholders, giving them limited capital and making them heavily reliant on bank credit lines.
    - Over the past three decades, these companies have spent more than $25 million on lobbying for harsher criminal justice and immigration laws and another $10 million in support of their preferred candidates.
- An estimated 3,100 companies have a financial stake in mass incarceration, from private healthcare providers and food service operators to well-known names like Amazon and General Electric.

Divestment Campaign

- Multiple coalitions have come together to advocate for divestment from private prisons. They include The Families Belong Together Corporate Accountability Committee, which is made up of more than 100 organizations; Real Money Moves, a national alliance of actors, athletes, artists, and activists who have moved their money out of the private prison industry; and the Prison Industry Divestment Campaign, a national campaign at the intersection of criminal and immigration systems.

- Responding to extensive public pressure campaigns, seven of the 14 banks who are known to provide private prison financing have publicly committed to stop doing so: JPMorgan Chase, Wells Fargo, Bank of America, SunTrust, BNP Paribas, Fifth Third Bank, and, most recently, PNC Bank. Moreover, US Bancorp has said it plans to exit the sector and Barclay's has made a more limited pledge. The first six banks alone represent a potential loss to GEO Group and CoreCivic of 72% in total future funding, or an estimated $1.9B-plus.
  - Fitch Ratings has downgraded a core CoreCivic's credit rating to a BB and lowered its ratings outlook to negative from stable, among other downgrades.
- Many major foundations, such as The California Endowment and The Edward W. Hazen Foundation, have divested from private prisons and set up screens to avoid such investments going forward, while those prominent foundations that remain invested in such companies, such as the Bill & Melinda Gates Foundation, are seeing reputational repercussions.

Recommendations for Investment Practices

Divest from core companies: Ask your institution's investment committee whether the endowment holds any CoreCivic or GEO Group stock and, if so, initiate discussions on divesting. With only two major operators in the industry, divesting from those holdings and rebalancing the portfolio can be a relatively streamlined process. If your institution cannot withdraw from those investments, consider granting your proxy representation rights to activists to allow them to advocate at shareholder meetings.

Expand divestment: A myriad of other companies, from ankle monitoring providers to food service companies, hold contracts with private and public immigration detention facilities and other prisons. Work with your investment committee or an outside consultant to identify such companies within your institution's holdings, discuss to what extent your institution will extricate itself from such companies, determine what criteria will guide that process, and create a plan for divestment.

Reinvestments and reparations: Move the funds made available by divesting from private prison companies and ancillary services into investments that support the communities impacted by the divested industries, with a focus on organizing and advocacy led by these communities.

Examine your banking and advisor relationships: Initiate an evaluation of whether the institution where your foundation does its banking shares your philanthropic values and community orientation. Cash accounts get comparable returns at most banks and all deposits are insured by the Federal Deposit Insurance Corporation. Consider moving to a Community Development Financial Institution (CDFI). If there are concerns about your current bank but it is not feasible to end the relationship, write a letter or join a sign-on asking for action on those issues. Reevaluating your current investment advisor on a similar basis, particularly considering their ability to institute socially responsible investment (SRI) practices, may also be part of this process.

Recruit board member with Socially Responsible Investment (SRI) experience: An in-house SRI expert and advocate can help make the case for an SRI approach to the institution's investments, credibly address concerns of board members and staff, and examine organization practices to inform a comprehensive SRI approach. Professionals with a financial background, rather than an organizing or activist background, can often more effectively make the case to skeptical members of your institution.

This brief is based on the information shared by Daniel Carrillo of Freedom to Thrive, Lori Bezahler of the Edward W. Hazen Foundation, and Morgan Simon of the Candide Group during GCIR's June 25th webinar, A Primer on Divesting from Immigrant Integration*, and additional research by Michael Kavate of GCIR.*