



# Corrections

Corrections privatization had a strong year in 2004. Rising costs for medical care, continued fiscal constraints, and increasing incarceration rates all led governments at every level to seek private corrections as a solution.

Currently there are 209 private facilities with a capacity of 127,171 in the United States. Of those, 103 facilities have achieved American Correctional Association accreditation—nearly 50 percent, a much higher rate than publicly operated facilities.



The federal government operates 42 facilities with an operational capacity of 34,775, while states operate 105 facilities housing up to 74,413 inmates. Fifty-seven private facilities cater to county and city governments for 18,259 beds, and private corrections currently operate at every security level of inmate. In addition, countries like Canada, Australia and the United Kingdom operate 9597 international beds.

## Capacity by Security Type

Security Type	Male	Female	Either	Total
Maximum	9,024	1,384	7,224	17,632
Medium	72,112	2,246	5,327	79,685
Minimum	17,153	1,133	663	18,949
Residential - Secure	2,453	419	1,399	4,271
Residential - Open	1,071	267	1,779	3,117
Non-Residential	50	39	3,428	3,517
Total - All Types	101,863	5,488	19,820	127,171

Source: Association of Private Correctional & Treatment Organizations, [www.apcto.org](http://www.apcto.org)

Three new studies showed that privatization has had a major impact on overall state corrections budgets. A report released by two professors from Vanderbilt University found that the use of private prisons in a state resulted in the reduction of daily incarceration costs for the public corrections system by 4.45 percent annually. This could result in a cost avoidance of approximately \$20 million for states with a typical annual budget of \$445 million.



#### Annual Privatization Report 2004

The second study, completed by the Rio Grande Foundation in New Mexico, compared per-prisoner department of corrections budgets across 46 states. By measuring an entire department's spending rather than just a particular prison's spending, the study accounts for the cost savings public prisons can achieve in response to private competition. The study uses the percentage of prisoners under private management as its measurement of the extent of privatization in each state.

Holding other factors constant, this study found that states with 5 percent of their prison population in private prisons spent about \$4,804 less per prisoner in 2001 than states without any privatization. As the extent of privatization increases, so do savings. New Mexico, for example, has 45 percent of its prison population under private management; it spent \$9,660 less per prisoner in 2001 than did counterpart states with no privatization. New Mexico has gone farther down the prison privatization road than any other state, saving \$51 million in 2001 alone, according to the Rio Grande study.

Finally, a research report by the Washington Policy Center cited findings that states with at least 20 percent of their prisons privately operated had a lower net increase in their overall state budget during the study period. Those states using private prisons also had an average increase in their corrections budgets of 38 percent as compared with those states that chose not to privatize correctional facilities increasing 50 percent over the time period.

Corrections privatization received another boost at the annual meeting of the American Legislative Exchange Council in July. The criminal justice task force, chaired by Texas Representative Ray Allen, approved model legislation: "Targeted Contracting for Certain Correctional Facilities and Services." The bill provides the state agency charged with operating the prison system the authority to contract for facilities and services with the private sector or a political subdivision. It includes contract requirements relating to qualifications and standards, and limitations on authority over inmates. The model also allows options to privatize individual services (e.g., food service, health care, and transportation) and/or entire facilities.

Speaking of services contracting...in January the Council of State Governments (CSG) issued a "Trends Alert" about the rising health care costs associated with prisons. It concluded that competition through privatization was one of several options available to states to control costs.

In addition, the report chronicled the rapid growth of prison health care privatization. In 1997, 12 states had contracts for their entire system and another 20 had contracted for a portion of their system. By 2000, 34 states had some component under contract, while 24 entire state systems were privatized.