



# **CORRECTIONAL PUBLIC-PRIVATE PARTNERSHIP:**

## **A SENSIBLE SOLUTION FOR CORRECTIONS SYSTEMS**

Today, federal, state and local governments face intense fiscal challenges. A proven strategy for long-term cost control is the use of public-private partnerships to deliver a few key government services. Corrections is a prime example – the construction and operation of prisons, jails and detention centers.

More than 12 percent of all federally sentenced offenders and more than 6 percent of state offenders are currently managed by privately-operated corrections management companies – and those figures are growing. More than 30 states, the District of Columbia, all three federal corrections agencies, along with dozens of county agencies now partner with private management companies.

Numerous states – including New Mexico, Colorado, Oklahoma, Tennessee, Alaska, Hawaii, Idaho, Montana and Wisconsin – house between 20 to nearly 50% of their inmates in private facilities. And Texas has the largest overall privatization program, with more than 40 facilities capable of handling nearly 30,000 inmates.

Research comparing public and private corrections demonstrates that private operators deliver reduced costs, high quality and enhanced accountability. Privately-managed prisons generate savings during design, construction, and start-up as well as program management for years in the future. Structured and fiscally responsible operations enable government leaders to allocate scarce financial resources to other important programs.

### **PRIVATE PRISONS PROVIDE COST SAVINGS. THIS IS CONFIRMED BY MANY STUDIES.**

- ***Privatization has a major impact on overall state corrections budgets.***

A very important fact is that the presence of competition from private prisons benefits government-run facilities as well. Researchers from Vanderbilt University, in a report released in 2003, found that the use of privatization by state corrections departments resulted in the reduction of daily incarceration costs

for the public corrections system by 4.45% annually. This could result in a cost avoidance of approximately \$20 million annually for states with a typical annual corrections budget of \$445 million (this is in addition to the direct operational cost savings by the private sector of an average 10-20%).

A research report by the Washington Policy Center cited findings that states that have at least 20% of their prisons privately operated had a lower net increase in their overall state budget during the study period of June 1997 and June 2001. (Washington Policy Center, February 2003)

- ***Construction time falls 40% and cost savings appear to be more than 20%.***

A recent report published by the Confederation of British Industry (CBI) in the United Kingdom stated that “Competition is currently saving the taxpayer £40m to £60m a year and between £200m and £260m over the period 1991 to 2002 – equivalent to 20 new secondary schools or three new general hospitals.” Savings are derived through appropriate contracting, competition, innovation, staffing and lessons learned. (CBI, July 2003)

- ***Corrections management companies offer important capital savings.***

With capital funds available today, some private corrections management companies are able to aid corrections agencies by financing, building and managing a new facility, with favorable terms for the government agency, who, due to strapped budgets, may not be in a position to finance a typical \$50 million for a new government-owned correctional facility.

- ***Private prisons save taxpayers 5 – 15% on prison operational costs.***

A comprehensive review of the privatization literature by the Reason Public Policy Institute (RPPI) examined 28 research reports that compared cost data for private prisons to government-operated facilities. Of those studies, 22 (79%) found significant budget savings, conservatively estimated to be between 5 and 15%, due to privatization. (RPPI, January 2002).

Cost savings are achieved because private firms are free from time-consuming and costly government procurement rules. Additionally, private prisons apply innovative techniques and modern correctional technology that ensure not only a safe environment, but also reduce costs. Private prisons are also not subject to government civil service requirements that often hinder efficient personnel management.

## **QUALITY AT PRIVATE PRISONS IS AS GOOD OR BETTER THAN PUBLIC COUNTERPARTS.**

Qualitative standards are imposed on the private prisons through government mandated contractual arrangements and regularly monitored, in most cases, by government staff to ensure compliance. Research has proven that, although private prisons result in significant cost savings, quality is not diminished or compromised.

- ***11 of 18 (61%) qualitative studies found services at private prisons equal or better.***

Of the 18 qualitative studies reviewed, RPPI determined that 11 found quality of services at the private prisons were as good as or better than the services provided at public prisons. (RPPI, January 2002)

- ***44% of private prisons meet national standards in contrast to 10% of public prisons.***

Agencies and facilities throughout the U.S. strive to meet nationally recognized standards from the American Correctional Association (ACA). At the end of 2001, the RPPI review of facilities established that “Only 532 are accredited by the ACA—465 of 4,800 government-managed facilities (10 percent ACA accredited) and 67 of 150 privately managed facilities (44 percent ACA accredited).” (RPPI, January 2002)

- ***Comparative analysis reveals private prisons perform better.***

Private prisons “...perform better in terms of escapes, time out of cell and hours of purposeful activity” according to the report published by CBI in the United Kingdom. The report stated that “Privately managed prisons have also brought about a revolution in the decency of staff-prisoner relationships.”

- ***Two-year study reveals private prison quality equal to public prisons.***

The Arizona Department of Corrections conducted a comprehensive study which demonstrated that three private Arizona prisons exceeded the 15 public state prisons in quality. The study stated, “Combined results for both fiscal years indicate that the private prisons performed at or above the aggregate performance of Level 2 [minimum security] public prisons 62.3 percent of the time.” (Arizona Department of Corrections, October 2000)

## **PRIVATE PRISONS HAVE GREATER SCRUTINY AND ACCOUNTABILITY.**

Contractors who fail to meet contract terms face contract termination, fines, business reduction and other negative impacts. Private prisons are scrutinized by their government customers, stockholders, inmates and their legal representatives, and, in many cases, other external entities including the media.

- ***Legal accountability is high.***

The Harvard Law Review points out that there are many legal factors which increase private prison accountability beyond that of the public prisons. The article holds that “...private prisons are, if anything, more accountable for their constitutional violations than are public prisons.” (Harvard Law Review, May 2002)

- ***Contracts spell out desired results.***

State-of-the-art contracting calls for performance based contracts, which are now common in the industry as a means to enhance accountability. These contracts spell out what outcomes the contractor must produce and in many cases provide financial incentives for meeting the desired results. (RPPI, January 2002)