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**April 23, 2003**

**Contact: Andrew LeFevre**  
**(703) 548-8532**

## **PRIVATE PRISONS HELP STATES REIN IN PUBLIC CORRECTIONS EXPENDITURES ... POTENTIAL TO GENERATE MILLIONS IN BUDGET SAVINGS**

### *New Study Shows Corrections Budgets in States Without Private Prisons Grow Much Faster*

**(Washington, D.C.)** Private prisons have proven to be an effective strategy for helping states keep their public corrections budgets under control, according to a new study by two researchers from Vanderbilt University and released by the Association of Private Correctional and Treatment Organizations (APCTO). In fact, introducing private prisons into states that do not currently utilize them could reduce public prison operating costs in a single state by an average \$20 million annually.

Professors James Blumstein of Vanderbilt Law School and Mark Cohen of Vanderbilt's Owen Graduate School of Management analyzed state prison and budget data for the period 1999-2001 – the years for which the most accurate information is available. During that period, they found that:

- ◆ States that utilized private prisons succeeded in checking the growth of public corrections budgets. For those states, the growth in daily costs of housing prisoners was reduced by 8.9% or about 4.45% per year.
- ◆ Utilizing private prisons can generate significant budget savings. States without private prisons spent an average of \$455 million in corrections expenditures in 2001. Introducing private prisons would save the “average” state in that group \$20 million for one year in lower public prison operating costs alone. This is in addition to any direct savings realized from shifting some prison populations to the private sector at a lower operational cost.

“This academic study confirms the experience of states all across America – private prisons are an effective strategy for states wrestling to keep their corrections budgets in line,” said Andrew LeFevre, executive director of APCTO, which was a funding source for the study. “With state governments today facing the most challenging fiscal environment in decades, the potential benefits of successful public-private partnerships in providing corrections services have never been more apparent.”

According to the study, even small levels of private prison use can have a large impact on public corrections expenditures. Between 1999-2001, states with less than 5% of their prison population housed in private facilities saw their public corrections budgets grow by 12.5% compared to an 18.9% increase in states with no private prisons. States with even larger percentages (20% and above) of prisoners under private management generated even greater savings, with per capita increases held to just 5.9%.

Numerous previous studies have shown that private prisons can be built more cost effectively and operated at lower costs (between 5-20%) than public facilities. This is the first study to measure the impact of private prisons on **public** corrections budgets.

A complete copy of the study and a two-page summary statement are available at [www.apcto.org](http://www.apcto.org) or at [www.correctionscorp.com/media/pressreleases.html](http://www.correctionscorp.com/media/pressreleases.html).

*APCTO is a 501 (c)(6) non-profit association, serving the private correctional and treatment industry. The commitment of all APCTO members is to assure that correctional services provided by the private sector meet or exceed all applicable constitutional, legal, and professional standards, to facilitate the development of meaningful partnerships between government agencies and APCTO's corporate members, and to sponsor public policy research aimed at enhancing the caliber of correctional services provided by either the private or the public sector.*

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