

Making CCA a Part of Your Corrections Strategy

A STRATEGIC CORRECTIONS PARTNERSHIP



"The cost of corrections is taking a toll on federal, state and local government throughout the United States. One of the most promising strategies to contain these costs is the implementation of public-private partnerships for the construction and operation of prisons, jails and detention facilities. CCA's customers across the country save millions in corrections capital and operating expenses each year from these partnerships."

John Ferguson

President & CEO, Corrections Corporation of America

The logic of a public-private partnership in corrections is quite sound. By outsourcing the management of a portion of their inmate populations, federal, state and county agencies can reduce expenses, avoid untimely capital expenditures, increase their flexibility in addressing fluctuations in inmate populations, and improve the quality of inmate programs that are fundamental to the rehabilitation process.

WHY ARE PUBLIC-PRIVATE CORRECTIONS PARTNERSHIPS SO IMPORTANT NOW?

First, corrections spending represents a substantial cost to taxpayers. Most states spend close to 5% of their total budget on corrections and these expenditures can easily exceed \$200 million a year for a typical state. Even a small county with only 500 inmates spends over \$8 million each year for incarceration expenses.

Second, corrections spending is growing. The number of inmates in the U.S. is increasing at a rate of 3.4% each year according to recent published reports. Over the next five years, that means that hundreds of thousands of inmates will be added to federal, state, and local correctional facilities – significantly more than the 2.2 million offenders incarcerated today. This growth will add billions annually to current incarceration expenses.

Third, today's corrections management has long-term consequences. With current recidivism rates for inmates averaging over 60%, corrections systems are recognizing the importance of not just incarcerating, but rather of providing rehabilitative

services through education, vocational training and substance abuse treatment programs. Corrective action within a correctional setting positively affects offender re-integration into society, thus reducing re-incarceration rates and the expense burden on corrections systems.

WHY SELECT CCA AS YOUR CORRECTIONS MANAGEMENT PARTNER?

There are four key factors that set CCA apart in the minds of corrections professionals and political leaders throughout the United States: performance; experience; flexibility; and value.

1. CCA'S OUTSTANDING PERFORMANCE RECORD IN CORRECTIONS MANAGEMENT

Security. Building and managing safe, secure facilities is CCA's primary responsibility. Being performance-driven and maintaining an excellent track record in fulfilling our responsibilities are the key reasons CCA is the preferred partner for government corrections agencies. CCA's security record in minimum, medium, and maximum-security prisons is exceptional. Our escape rate – 0.15 per 10,000 inmates – is significantly lower than the national av-

erage of publicly managed prisons as demonstrated by the information on the following chart. Another measure of security is homicide and suicide rates within a facility. CCA's rates are lower than in the public sector (see *Prison Mortality Rate Comparison chart*).

Managing All Security Levels. The security-level table dispels a common misconception that CCA and the private sector only manage low-security inmates. Most privately managed prisons are medium-security and include the management of maximum-security inmates as well.

Accreditation. Every CCA facility operates according to practices established by the American

Correctional Association – the highest standards in the corrections industry. The ACA provides over 450 criteria for evaluating operating excellence. Our training and staff development is a keystone to achieving this level of success. CCA is built around the more than 15,000 employees who adhere to stringent training requirements set forth by ACA, our clients and CCA policies.

Approximately 95% of CCA's facilities are ACA accredited, compared to only 15% of government-managed facilities. The average ACA accreditation scores at these CCA facilities is an impressive 99% on a 100% rating scale.

ADULT PRISON ESCAPE RATE COMPARISON PUBLIC SECTOR vs. CCA		Total Number of Escapes	Total Avg. Daily Inmate Population	Escape Rate (per 10,000 inmates)
PUBLIC SECTOR* State and Federal Prisons	1999	1,046	1,313,565	7.96
	2000	587	1,288,300	4.56
	2001	547	1,352,834	4.04
	Total**	2,180	3,954,699	5.51
CCA CCA Prison Facilities	2003	0	42,754	0.00
	2004	1	57,413	0.17
	2005	1	65,972	0.15
	Total**	2	206,413	0.10

* 2002 Corrections Yearbook (Most current data available.)
**3-Year total

PRISON MORTALITY RATE COMPARISON

PUBLIC SECTOR vs. CCA

		Homicides (number of)	Homicides (mortality rate)	Suicides (number of)	Suicides (mortality rate)
PUBLIC SECTOR 2002*					
State & Federal Prisons	<i>Avg. daily pop: 1,203,630</i>	48	0.40%	168	1.40%
CCA 2005					
CCA Prison Facilities	<i>Avg. daily pop: 49,035</i>	0	0.00%	3	0.61%

*BJS Special Report: Suicide and Homicide in State Prisons and Local Jails, August 2005 (NCJ210036).

Internal Quality Assurance Program. CCA has established more than 840 performance indicators by which our facilities are managed. Our active quality assurance program ensures that these standards are met in all facilities. Each CCA facility receives internally conducted audits, as well as numerous external audits annually. In addition, our government customers audit the operation of our facilities.

Program Effectiveness. CCA's frequently updated targeted programs for education, vocational training, faith-based instruction, counseling, and substance abuse help rehabilitate offenders and return them to more productive lives in society. We measure and report program effectiveness as a key part of our accountability to government customers.

Lifeline, the CCA-developed intensive, long-term, therapeutic program, is recognized throughout the corrections industry. This three-phase program emphasizes responsibility, accountability, and the willingness to change.

In 2005, CCA inmates who were enrolled in education programs gained an average of about two months of educational functioning for every month of enrollment, as measured by the Test of Adult Basic Education.

In 2005, more than 3,000 CCA inmates earned high school equivalency diplomas; more than 8,200 inmates earned certificates in vocational training and job skills courses; and more than 6,000 inmates completed courses designed to boost their living skills.

“Our focus on quality is the highest it has ever been in the history of CCA. Not satisfied with our past record of exceptional performance, we continue to set ever higher standards for ourselves. We want there to be no question as to who is the leader in this business.”

Richard P. Seiter

Executive VP and Chief Corrections Officer,
Corrections Corporation of America

2. 23 YEARS OF EXPERIENCE AS THE PRIVATE INDUSTRY FOUNDER AND LEADER

CCA offers its customers 23 years of experience with corrections systems of all sizes and security levels. We have built and operated prisons, jails and detention centers. We manage juvenile and adult facilities; male and female inmate populations; and inmate populations ranging from minimum- to maximum-security levels.

Partnering with All Types of Customers. CCA currently partners with all three federal corrections agencies, almost half of all states, and dozens of county entities. In fact, CCA has designed, built and activated more correctional facilities in the past de-

cade than any other private industry provider. This experience has earned us a strong level of trust by a broad segment of the corrections industry.

Achieving Results. CCA's 95% contract renewal rate testifies to our company's success in meeting the diverse needs of our customer base. These range from a 372-bed county jail in Liberty, Texas, to a detention center for illegal aliens in Elizabeth, New Jersey for the Bureau of Immigration and Customs Enforcement, to a 1,676 medium-security bed prison for the state of Tennessee, to a 2,650 bed institution in California City, California for the Federal Bureau of Prisons.

3. FLEXIBLE SERVICE STRATEGIES – CUSTOMIZED FOR EACH GOVERNMENT PARTNER

An increasingly important advantage of partnering with CCA is the flexibility we afford corrections officials in the overall management of their inmate populations. CCA's system size of more than 72,000 beds, diverse facility locations, and variety of programs give our clients the advantages of customizing their CCA services, obtaining quick adjustments to meet unexpected needs.

Customized Service Packages. CCA can structure service packages – combinations of programs, medical, training, food services, etc. – to meet the specific needs of a given facility and its inmate population. This flexibility allows government officials to customize CCA’s offerings to meet their unique needs or special requirements in each facility.

“CCA manages more than 52% of the private sector market. The company has been selected by government agencies as their corrections partner more times than all other private corrections management companies combined.”

Damon Hininger

VP Federal and Local Customer Relations,
Corrections Corporation of America

Meeting Unexpected Bed Needs. Given CCA’s size – more than 60 facilities in 19 states and the District of Columbia with a total of more than 72,000 beds under ownership or management contract – we frequently can provide immediate solutions when customers have unexpected bed needs. This flexibility relieves much of the requirement for corrections officials to maintain more beds than they actually need.

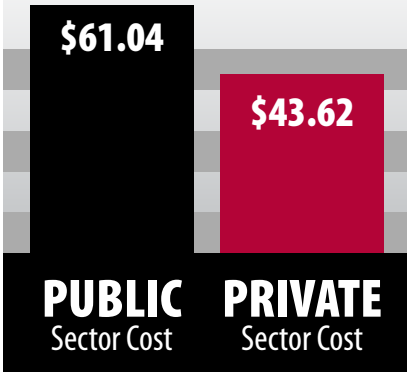
Providing Shorter Construction Times. The average total construction time for a CCA prison is 12 to 24 months, compared to the 36 to 60 months it takes many government agencies to design, bid, approve, build, and activate a facility. The time savings translates into tremendous dollar savings to government corrections agencies and enables governments to more quickly meet their growth needs.

4. VALUE – PROVIDING THE MOST COST-EFFECTIVE ALTERNATIVE FOR CORRECTIONS MANAGEMENT

CCA offers government agencies the opportunity to provide a necessary and fundamental service at less cost to taxpayers. As a focused and innovative company, CCA constantly seeks new methods, new sources, and new technologies to reduce the costs associated with inmate incarceration while maintaining the highest quality standards.

Reduced Costs. In almost every situation, CCA provides federal, state and county corrections agencies with comparable or improved services at lower costs. Given today’s growing corrections expenditures, partnering with CCA can produce substantial savings for almost any governmental agency.

PUBLIC VS. PRIVATE SECTOR COST



Source: As reported by states in The 2001 Corrections Yearbook, Criminal Justice Institute (Note: Public Sector data for calendar year 2000 – the most recent public sector data available).

New Mexico partners with the private sector for approximately 42% of the state's inmate population. A May 23, 2002 Albuquerque Journal article on corrections indicated that the average daily inmate cost in the state's 5 private-run prisons was \$52.08 compared to \$91.53 in 5 state-run facilities. While there may be service factors that contribute to some of this difference, the private facilities are saving the state over \$40 million per year on the 4,471 inmates housed in these private operations.

At least five states in which CCA operates have statutory cost savings requirements for private corrections operators.

CCA's operating cost per inmate per day averages more than 20% lower than the average per diem of all states in which CCA operates. (source: CCA's contracted 2001 rates and 1999-2001 Corrections Yearbooks and state agency web sites)

Financial Strength and Indemnification.

CCA's contractual partners enjoy the benefits of working with a well-managed, fiscally sound organization that moves quickly to accommodate customer needs. Of great significance is the fact that CCA indemnifies its government partners against court actions or judgments relating to facility operations, thus reducing inmate liability.

Built for Savings. CCA produces cost savings by applying proven construction and management principles to a correctional setting. CCA-designed facilities feature efficient design principles aimed at lowering operational costs. All operational areas are housed under one roof, ensuring clear-sight observation areas and avoidance of unused space, and facilities feature the most modern correctional technology to ensure a safe environment.

Avoidance of Capital Expenditures. Given political leaders' efforts to fund new schools, public works, medical facilities, and other much-needed

projects, the partnership with CCA, in effect, provides governments with an alternative source of funding. When the plans can be made cooperatively, CCA can provide the prison facilities – typically costing tens of millions or more – and free the agency to use its funds on other capital projects.

Favorable Influence on Total Costs. One of the less observed but strategically important advantages provided by a partnership with CCA is the influence the relationship has on overall costs – both public and private. The presence of competitive sourcing keeps all corrections costs in a corrections system more closely restrained.

Excellent performance, unparalleled industry experience, flexibility, and value – these are the core advantages that CCA brings to its relationships with its government partners.

CCA can be a long-term partner and an integral component of your corrections management strategy. A corrections partnership with CCA will help you improve the quality of inmate programs and services, reduce the costs associated with corrections management, and obtain the flexibility needed to manage effectively. If you would like to know more about how a CCA partnership would help you, please contact us.

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