The history of the American correctional system revolves largely around incarceration. The aspect of corrections that has changed is the perspective on imposed incarceration and the various reforms over time that have brought corrections to the current models and the trend toward community-based corrections.

The first penitentiary in America was established in Philadelphia, Pennsylvania, in 1790 in the Walnut Street Jail. This was the implementation of the first philosophy of isolating criminals from the general public as a theory to fighting criminal activity. The prisoners were divided up depending on their age and type of violation that had been committed. Under this system, there were sentences for criminal activity that were not administered in a small jail setting.

The Auburn prison in New York was built in 1816 and was the first of two prisons built by the state of New York. The nature of the Auburn system was one of rehabilitation of inmates using severe discipline and hard work.

The first effort to reform the prison system and to emphasize individual needs among inmates occurred at the Elmira Reformatory. Individual training, education, and parole were first used at Elmira. This was the first shift to an individual perspective on crime, as opposed to an en masse lockup of offenders.

As the correctional system has matured and grown, it has seen many changes. There has been a significant shift from the debtor's prisons in the state of Georgia during the colonial era of America to the current trends toward community-based options. Initially, severe punishments and harsh environments were used as a tool toward rehabilitation. It was believed that through introspection and repentance, offenders would find salvation and correct their criminal ways.

Circumstances have changed within society, affecting the perspective of corrections officials. The gang violence of the 1920s led to the establishment of a federal government authority to oversee federal prisons. The blitz of illegal narcotics trafficking into America led to mandatory prison sentences in the 1980s to combat this activity. Those prison sentences have led to overcrowding and criticisms of the justice system as punitive, racist, and inefficient. Those same sentences have created a drain on state governments specifically, as they must find space to house the enormous influx of inmates that resulted from gang creation, narcotics trafficking, and a general increase in crime rates.

Several things have taken place in an effort to alleviate the conditions of the prisons. The first is the privatization of corrections. State governments contract with a private company to provide prison services. This option is usually cheaper for the state than to build and staff prisons that are government run.
The second thing is a trend toward community-based corrections. The current overcrowded state of prisons, as well as a recidivism rate that has been relatively unchanged despite the reform of prisons, has led to considering new paradigms in corrections. Community-based options are designed to rehabilitate offenders and reform criminal behavior by allowing the offender to remain free with condition placed upon that freedom. Those conditions are determined by the needs of the individual (for example, education needs, drug treatment needs, or the need of other social services).

As long as an offender chooses to comply with the restrictions placed upon his or her freedom, and to become a contributing member of society and make an effort to change, the theory holds that the offender will make a change that will lead to a permanent difference in his or her life and the quality of life in his or her community.