

The Price of Prisons: Measuring the Costs of Incarceration



**National Conference of State Legislatures Fiscal Analysts Seminar
August 30, 2012**

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Vera Institute of Justice

Making justice systems fairer and more effective through research and innovation.

Cost-Benefit Analysis Unit

- Created to assist jurisdictions in making informed decisions about justice system policies and programs.
- Helps policymakers get clear and accessible information on the economic pros and cons associated with criminal and juvenile justice investments.

Price of Prisons Project

- Project of Vera's Center on Sentencing and Corrections and Cost-Benefit Analysis Unit.
- Funded by the Pew Center on the States.

Agenda

- Research Questions
- Methodology
- Findings
- Next steps: cost-benefit analysis

Research Questions

Problem

The cost of prison is not transparent in some states

- Published costs often exclude prison-related expenses paid outside the corrections department.
- The cost of underfunded retirement contributions is not disaggregated by department.

Research Questions

1. What is the total budgetary cost of prison?
2. Do differences in the ways states budget for their prisons explain differences in state-by-state costs?

1. What is the total budgetary cost?

- The cost of prison is widely cited both in the press and in discussions of budget priorities. Are we citing the right numbers?
- The cost of prison is also a common input in fiscal impact and cost-benefit analyses. Are all costs being counted?

2. State by state variation in costs

- Do differences in methodology explain differences in costs?

The highest per inmate cost is **four times** higher than the lowest state per inmate cost.

This interstate range is unusual. In contrast, the highest state per pupil cost is about **two times** the lowest state per pupil cost.

Methodology

Methodology and Data

Methodology:

- Developed in consultation with panel of advisors
- Field tested in five states

Data:

- Survey of state Departments of Corrections (DOC)
- Consolidated Annual Financial Reports (CAFR)
- Statewide Administrative Cost Plans (SWCAP)
- Vera calculated DOC share of statewide underfunding of retirement benefits.

Potential costs outside the corrections budget

Costs budgeted centrally for administrative purposes

Contributions for pension and retiree healthcare benefits

Other fringe benefits and taxes

Capital costs

Legal judgments and claims

Statewide administrative costs

Inmate services funded through other agencies

Hospital care for inmates

Educational and job training programs

Underfunded contributions for retirement benefits

Pensions

Retiree health care

Calculation of underfunded contributions for retirement benefits

Survey data:

Pension and retiree health care contributions for corrections employees, when available

Payroll for corrections employees

CAFR data:

Annual Required Contribution (ARC)

Percentage of ARC contributed

Covered payroll

Calculation of underfunded contributions for retirement benefits

Method A:

Amount of retirement contribution for DOC employees divided by percentage of ARC contributed for all state employees.

Method B:

ARC for prison employees calculated as a pro rata share of the total ARC.

$(\text{DOC payroll} / \text{total covered payroll}) \times \text{ARC}$.

Applications of the methodology

The Price of Prisons methodology:

- Provides a checklist of the costs that should be considered in an analysis of the cost of prison.
- Measures the cost of underfunded retirement contributions for each government agency.

Findings

What is the total taxpayer cost?

In the 40 states that responded to the survey:

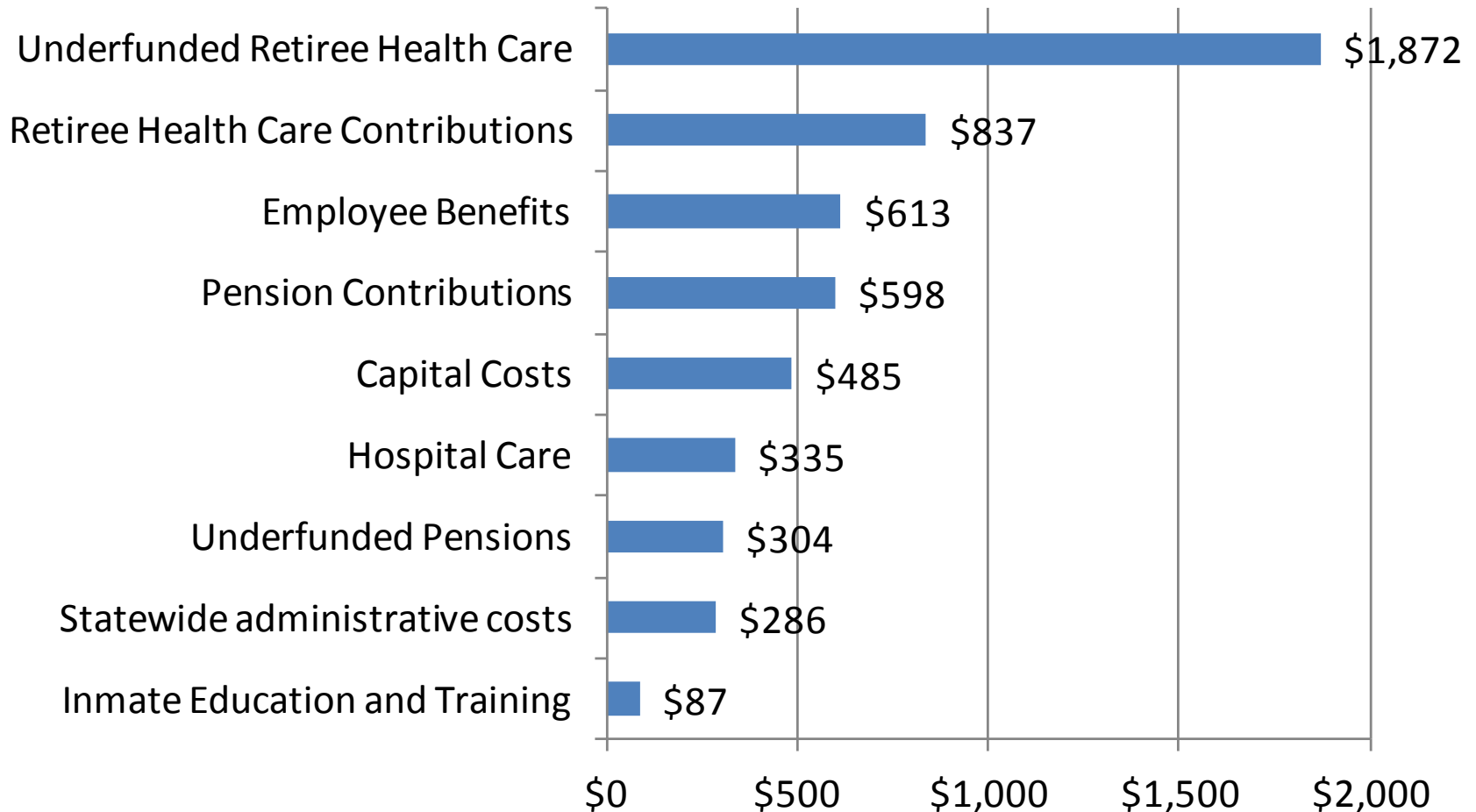
- \$31,286: average cost per-inmate
- \$38.9 billion: total cost of prisons
- 13.9 percent of total cost outside corrections budget

Alaska, Hawaii, Massachusetts, Mississippi, New Mexico, Oregon, South Dakota, Tennessee, and Wyoming did not complete the survey. The South Carolina Department of Corrections was unable to certify the state data submitted prior to publication of this report.

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Costs outside corrections budgets (40 states)

Dollars in millions



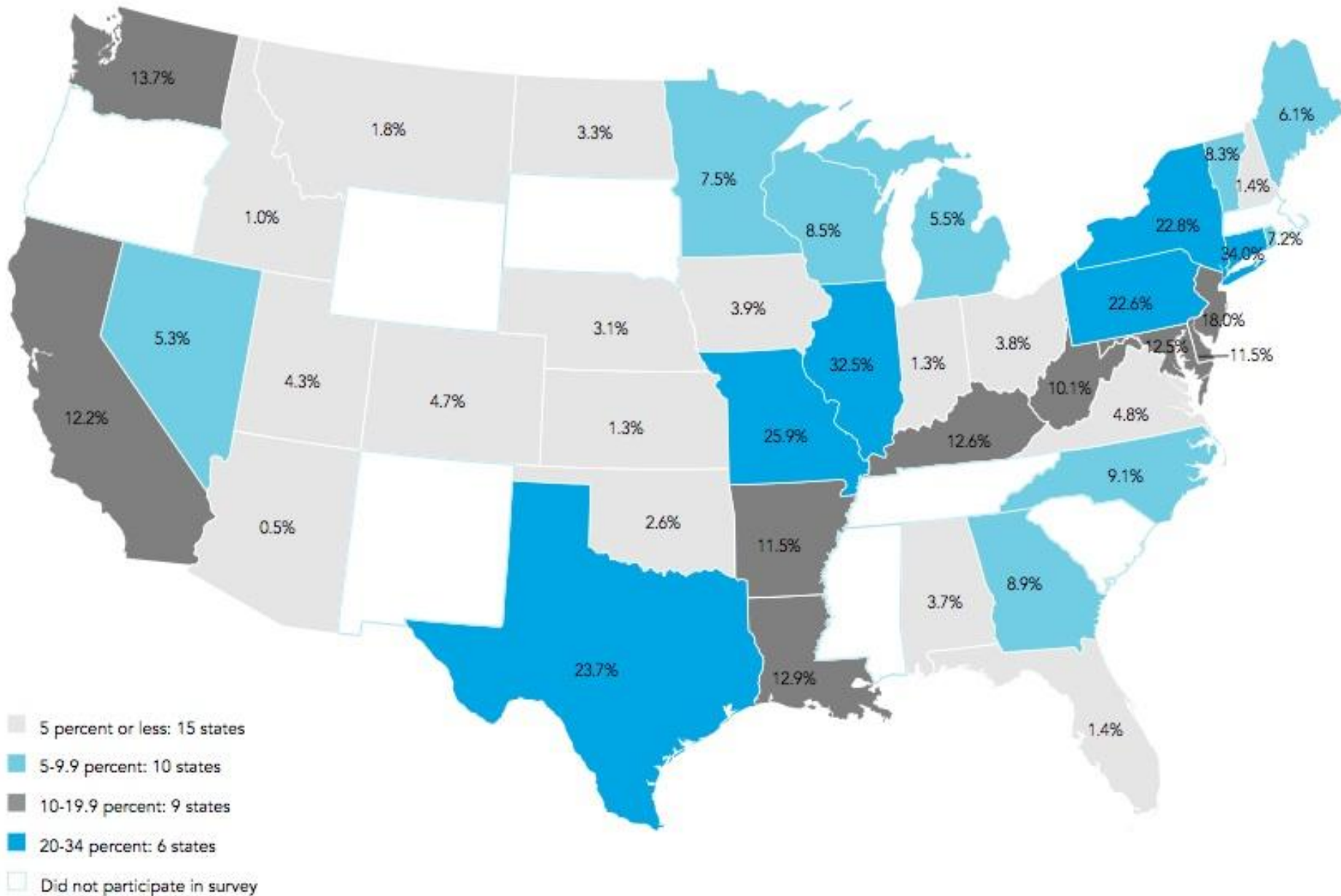
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Costs outside corrections budgets

- The percent of prison costs outside the corrections department ranged from 1 percent to 34 percent.

% of cost outside corrections department	Number of states
20 - 34	6
10 - 19.9	9
5 - 9.9	9
1 - 4.9	16

Figure 1: Percentage of Prison Costs Outside States' Corrections Departments



Distribution of state per-inmate costs

Per-inmate cost	Number of states
\$45,000-\$60,000	8
\$35,000-\$45,000	7
\$25,000-\$35,000	11
\$15,000-\$25,000	14

Next steps: cost-benefit analysis

Widening the lens

An accurate measurement of costs is essential, but it is only a part of the analysis.

Other important questions include:

- What are the outcomes?
- What are the alternatives?
- What are the non-budgetary costs?

Cost-benefit analysis (CBA)

An analysis which shows how the benefits generated by a policy compare to the costs generated by the policy;

Identifies the various outcomes of a policy;

Identifies those who are affected;

Places a dollar value on the outcomes; and

Compares the benefits and costs in the long run.

Different perspectives

Cost-benefit analysis evaluates policy from the perspective of society:

- Level of government considering the policy
- Other levels of government
- Victims
- Program participants
- Others

Conclusion

The measurement of cost is only one side of the equation.

The cost of prison extends beyond the budget:

- Collateral costs to offenders, families, and communities.

The benefits (i.e., outcomes) must also be considered.

Resources

Vera Institute of Justice, <http://www.vera.org>

Pew Center on the States, <http://www.pewstates.org/>

- Public Safety Performance Project

- Results First

Price of Prisons, <http://www.vera.org/priceofprisons>

Cost-Benefit Knowledge Bank <http://www.cbkb.org>

Resources

Cost-Benefit Knowledge Bank

Vera's National Cost-Benefit Knowledge Bank for Criminal Justice (CBKB) aims to broaden and deepen the understanding and use of CBA in criminal justice.

Funded by the U.S. Department of Justice's Bureau of Justice Assistance

- An information clearinghouse
- Center of a community of practice
- Education, training, and news
- Direct technical assistance to build CBA capacity

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Cost-Benefit Knowledge Bank for Criminal Justice

Twitter <http://www.twitter.com/CBKBank>

Facebook <http://www.facebook.com/costbenefit>

This project is supported by Grant No. 2009-MU-BX K029 awarded by the Bureau of Justice Assistance. The Bureau of Justice Assistance is a component of the Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking. Points of view or opinions in this document are those of the author and do not represent the official position or policies of the United States Department of Justice.