The Price of Prisons
What Incarceration Costs Taxpayers
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Christian Henrichson • Ruth Delaney
Persistent fiscal challenges in the United States have spurred greater scrutiny of government spending. States’ corrections expenditures, which have nearly quadrupled over the past two decades, are receiving considerable attention.

These circumstances make it crucial for policy makers and the public to understand the full cost of prisons to taxpayers—something that is easier said than done. Although corrections departments pay the vast majority of costs for state prisons, other departments pay related expenses—some of which are substantial. Depending on the state, these can include employee benefits, capital costs, in-prison education services, or hospital care for inmates. Additionally, the cost of underfunded contributions for corrections employees’ pension and retiree health care plans must be included in a comprehensive accounting of prison costs.

In partnership with the Pew Center on the States, staff from the Vera Institute of Justice’s Center on Sentencing and Corrections and Cost-Benefit Analysis Unit developed a methodology for calculating the full cost of prisons to taxpayers. The application of this methodology, which was developed in collaboration with a panel of advisers in the fields of corrections and public finance and field-tested in five states, is the subject of this report.

Vera researchers found that the total taxpayer cost of prisons in the 40 states that participated in this study was 13.9 percent higher than the cost reflected in those states’ combined corrections budgets. The total price to taxpayers was $39 billion, $5.4 billion more than the $33.5 billion reflected in corrections budgets alone. The greatest cost drivers outside corrections departments were as follows:

- underfunded contributions to retiree health care for corrections employees ($1.9 billion);
- states’ contributions to retiree health care on behalf of their corrections departments ($837 million);
- employee benefits, such as health insurance ($613 million);
- states’ contributions to pensions on behalf of their corrections departments ($598 million);
- capital costs ($485 million);
- hospital and other health care for the prison population ($335 million); and
- underfunded pension contributions for corrections employees ($304 million).

Among the participating states, costs outside the corrections department ranged from less than 1 percent of the total cost of prisons, in Arizona, to as much as 34 percent in Connecticut. The extra costs accounted for less than 5 percent of total prison costs in 16 states, 5 to 9.9 percent of total prison costs in nine states, and 10 to 19.9 percent of total prison costs in nine states (Arkansas, California, Delaware, Kentucky, Louisiana, Maryland, New Jersey, Washington, and West Virginia). In six states—Connecticut, Illinois, Missouri, New York, Pennsylvania, and Texas—20 to 34 percent of the total taxpayer cost of prison was outside the corrections department budget. (To complement this report, the authors have produced a series of fact sheets with details about each state’s spending. The fact sheets are available on Vera’s website, at www.vera.org/priceofprisons.)

While it is essential to recognize the full amount a state spends on its prisons, it is also important to recognize that officials are responsible for ensuring their prisons are safe, secure, and humane—a necessarily expensive undertaking. The temptation to compare states’ per-inmate spending should therefore be avoided, as low per-inmate costs may invite poorer outcomes in terms of safety and recidivism. To help policy makers pursue better alternatives, this report identifies measures that have been shown to reduce spending without jeopardizing public safety—such as modifying sentencing and release policies, strengthening strategies to reduce recidivism, and boosting operating efficiency.
FROM THE CENTER DIRECTOR

Everyone—individuals, families, and government—is paying attention to what things cost. Perhaps more than ever, it is necessary to know the real price of our choices, be those in education, health care, or criminal justice policies.

In this spirit, the Vera Institute of Justice, working with a team of advisers and the Pew Center on the States’ Public Safety Performance Project, has developed a methodology for unpacking the financial cost of operating state prisons—including costs that fall beyond the corrections budget and are often overlooked. This methodology will be a powerful tool for policy makers and others who need to know what prisons cost.

We cannot pass along this valuable tool, however, without also speaking to its risks. Chief among them is that in these times of lean budgets, policy makers will want to compare their per-inmate cost with those of other states—and demand to know why theirs is higher and that it be cut. Per-inmate cost is a measure of cost and cost alone. It reflects neither quality, as measured by, say, staff safety, nor outcomes, like the impact on recidivism. In some states, for example, this cost has been limited by incarcerating people in numbers far beyond what facilities were built to hold.

Other states rely heavily on housing state prisoners in local jails, which typically saves money, while still others incarcerate a larger proportion of low-risk offenders who are less expensive to manage. All these practices reduce a system’s per-inmate cost but do not necessarily contribute to greater public safety.

Decades of research have given us many tools for improving crime desistance among those who have been incarcerated, and states are using that research to reform their sentencing, release, and supervision policies. Many of these reforms require some up-front investment, but present the greatest opportunities for budget savings over the long run while also enhancing public safety. Knowing the taxpayer cost of any public policy option is important—especially now. But it is just as important to examine and weigh those costs against the benefits they promise to deliver.

Peggy McGarry
Director, Center on Sentencing and Corrections
Introduction

Decades of increasing incarceration and soaring corrections costs have been well documented and are a familiar story to policy makers and the public. Over the past 40 years, the United States has seen a dramatic increase in the use of prisons to combat crime. As a result, incarceration rates have skyrocketed, with the country’s state prison population having grown by more than 700 percent since the 1970s.¹ Today, more than 1 in 100 adults are in prison or jail nationwide.² This trend has come at great cost to taxpayers. States’ corrections spending—including prisons as well as probation and parole—has nearly quadrupled over the past two decades, making it the fastest-growing budget item after Medicaid.³

Although these numbers are alarming, what is less widely understood is that in some cases, expenditures at corrections departments account for only a portion of the financial obligation a state commits to when it sentences an individual to prison. Existing figures often underestimate the total cost of state prisons—and in some states, the overlooked costs are substantial.

The best available figures sometimes fail to capture the entire cost of prisons because they rely solely on expenditures by state corrections agencies. Although these departments are responsible for the vast majority of prison expenditures, their budgets often do not reflect a full accounting of state spending on imprisonment. Other state agencies pay many costs, including employee health insurance, pension contributions, and inmate hospital care. Consequently, these costs are often overlooked when reporting prison spending. This means that policy makers and other stakeholders are likely to have an incomplete picture of the financial cost of incarceration.

This report addresses the existing discrepancies by introducing a methodology to help stakeholders determine the total taxpayer cost of prisons. Drawing on guidance from leading experts in the field, the report identifies the items that must be included to calculate the taxpayer cost of prison accurately, provides the taxpayer cost of incarcerating a sentenced adult offender to state prison in 40 states, and presents a methodology states can use to calculate their total prison costs. The report concludes with recommendations on steps policy makers can take to safely rein in these costs. Fact sheets with additional details about the 40 states that participated in this report are available at www.vera.org/priceofprisons.

Data Collection

In early 2011, staff of the Vera Institute of Justice’s Center on Sentencing and Corrections and Cost-Benefit Analysis Unit developed a survey on prison costs in consultation with advisers in the fields of corrections and public finance, as well as staff at the state departments of corrections in Florida, Illinois, Louisiana, New York, and Washington.⁴ Through the initial work with these five departments,
Vera determined that prison costs outside the corrections budget fall under three categories: (1) costs that are centralized for administrative purposes, such as employee benefits and capital costs; (2) inmate services funded through other agencies, such as education and training programs; and (3) the cost of underfunded pension and retiree health care plans.

In August 2011, analysts distributed a survey to the department of corrections in every state to collect these costs. Corrections departments from 40 states completed and returned the survey, which asked respondents to provide prison expenditures paid by the department of corrections, as well as prison costs paid by other agencies.5 Data was collected for fiscal year 2010 and includes costs funded by both state and federal revenue.6

Using publicly available documents, Vera researchers then collected information regarding funding levels for pensions and retiree health care, as well as statewide administrative costs.7 After using this information to calculate the total prison costs for each state, Vera returned this information to the state for certification. Through the certification process, respondents reviewed their responses and commented on any concerns they had about Vera’s calculations of the cost of underfunded pensions and retiree health care. A detailed description of this process and a copy of the survey tool are provided, respectively, in appendices A and B.

Findings

After calculating the price of prisons using the methodology described above, Vera staff examined the results. The findings fall into the following categories: (1) the number of prison costs that are outside the corrections budgets; (2) the total taxpayer cost of prisons; and (3) the total taxpayer cost per inmate. Each of these findings is discussed below.

COLLATERAL COSTS

This study is an analysis of the direct cost of state prisons to taxpayers. Vera did not attempt to measure every cost that arises as a result of incarceration.

When a person is in prison, taxpayers may incur additional—or indirect—costs, such as the costs of social services, child welfare, and education, for example. For the most part, these indirect costs are borne by government agencies other than the department of corrections. They are not included in the calculations presented here, however. Incarcerated men and women also bear economic and social costs associated with prison—as do their families and communities.* As a 2005 study concluded, “Incarceration impacts the life of a family in several important ways: it strains them financially, disrupts parental bonds, separates spouses, places severe stress on the remaining caregivers, leads to a loss of discipline in the household, and to feelings of shame, stigma, and anger.”** Although these costs—typically referred to as collateral costs—are important for policy deliberations, they are not tallied in this report.

Finally, it is important to note that all corrections spending presents an opportunity cost. This simply means that any state resources spent on corrections cannot be used for other purposes.†

† Patricia M. Harris and Todd R. Clear. Costs of Incarceration Policies: Literature Review (School of Criminal Justice, Rutgers University, 1989), 5.
PRISON COSTS OUTSIDE THE CORRECTIONS BUDGET

In total, 11 types of prison costs fall outside the corrections budget. State responses also revealed considerable variation with respect to the number of prison costs that are not included in the corrections budget. The 11 cost categories are listed below, along with a brief description of the findings in 40 states.

Costs budgeted centrally for administrative purposes

- **Employee benefits and taxes.** Although the salaries for corrections employees are always included in the department’s budget, funding for some personnel costs (such as health insurance or the employer share of social security taxes) is provided by a central administrative fund in seven states: Connecticut, Illinois, Missouri, New Hampshire, New Jersey, New York, and Texas.

- **Pension contributions.** Some states make contributions to pension plans for all state employees through a central fund. Six states—Connecticut, Illinois, Missouri, New Jersey, New York, and Texas—fund pension contributions for corrections employees through an account outside the corrections budget.

- **Retiree health care contributions.** Most states provide retirees with health care benefits in addition to their pensions. Twenty-one states pay these costs through a central account and not the corrections budget.

- **Capital costs.** In 26 states, funding for capital projects to construct and renovate prisons is provided outside the corrections budget.

- **Legal judgments and claims.** The costs of prison-related legal judgments and claims, as well as contributions to the state tort fund, are provided through a central account in 16 states.

- **Statewide administrative costs.** Central state agencies provide administrative services related to prison operations. In most states, many of these costs are not billed to the corrections department and are therefore outside that budget.

- **Private prisons.** The costs of private facilities are typically paid through the corrections budget in states that contract with outside operators. In Florida and Maryland, however, other departments pay for some of these expenses. Maryland does not use private prisons, although costs for contracted prerelease facilities are paid by the Division of Parole and Probation.

Inmate services funded through other agencies

- **Hospital care.** In eight states, a portion of the costs for inmate hospital care is funded outside the corrections department.

- **Education and training.** In 12 states, departments other than corrections pay for some costs of education and training for men and women in prison.
<table>
<thead>
<tr>
<th>State</th>
<th>Costs Budgeted Centrally for Administrative Purposes</th>
<th>Inmate Services</th>
<th>Underfunded Retirement Benefits</th>
<th>Number of Costs Outside the Corrections Department</th>
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</thead>
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<tr>
<td></td>
<td>Employee Benefits and Taxes</td>
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<td>Retiree Health Care Contributions</td>
<td>Capital Costs</td>
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<td>Wisconsin</td>
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Total (40 states) | 7 | 6 | 21 | 26 | 16 | 2 | 38 | 8 | 12 | 21 | 30 | 187 |

Source: Vera Institute of Justice, True Cost of Prisons survey.

Note: Bullet points denote that some portion of the cost is outside the 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. Maryland does not use private prisons, however, costs for contracted prerelease facilities are paid by the budget of the Division of Parole and Probation.
Underfunded contributions for retirement benefits

› Underfunded pensions benefit. Twenty-one states did not pay the full cost of the annually required pension contribution for corrections personnel in 2010. States that did not fully fund the contribution necessary to pay for benefits in the long run will need to pay this cost, plus interest, in the future.

› Underfunded retiree health care benefits. Similarly, 30 states did not pay the full cost of retiree health care obligations for corrections employees in 2010. States that did not fully fund the contribution to pay for benefits in the long run will need to pay this cost, plus interest, in the future.

Figure 1 shows the number of cost categories that applied to each state in the study. Seven states—Connecticut, Illinois, Louisiana, Missouri, New Jersey, Texas, and Virginia—had more than six types of costs outside the corrections department. At the opposite extreme, nine states had three or fewer types of such costs.

TOTAL TAXPAYER COST OF STATE PRISONS

The total taxpayer cost of prisons in the 40 states that provided data was 13.9 percent higher than the costs represented by their combined corrections budgets. The full price of prisons to taxpayers—including costs that fell outside the corrections budgets—was $39 billion, $5.4 billion more than the states’ aggregate corrections department spending, which totaled $33.5 billion.

Of the $5.4 billion in prison costs outside the corrections department, the greatest costs were underfunded contributions to retiree health care ($1.9 billion); states’ contributions to retiree health care on behalf of the corrections department ($837 million); employee benefits and taxes ($613 million); states’ contributions to pensions on behalf of the corrections department ($598 million); capital costs ($485 million); health and hospital care for the prison population ($335 million); and underfunded pension contributions ($304 million). Because Vera could not obtain data for some costs outside states’ correction budgets, these are conservative estimates that undercount the total amount of prison-related costs outside the corrections budget.

Individually, states saw variety in the difference between their corrections budgets and their overall prison spending. Among 40 states surveyed, costs outside the corrections department ranged from less than 1 percent of the total cost of prisons in Arizona to as much as 34 percent in Connecticut. Prison costs outside the corrections budget accounted for as much as 5 percent of total prison costs in 16 states, 5 to 9.9 percent of total prison costs in nine states, and 10 to 19.9 percent of total prison costs in nine states: In six states—Connecticut, Illinois, Missouri, New York, Pennsylvania, and Texas—20 to 34 percent of the total taxpayer cost of prison was outside the corrections department budget (see figures 2 and 3).

Figure 3 compares the corrections department and non-corrections department costs for corrections in each participating state, along with aggregate figures for all 40 states.
Figure 2: Percentage of Prison Costs Outside States’ Corrections Budgets, Fiscal Year 2010

Source: Vera Institute of Justice, True Cost of Prisons survey. (Alaska and Hawaii did not participate in the survey.) Taxpayer costs include expenses funded by state and federal revenue. See the state fact sheets at www.vera.org/priceofprisons for more details.
## Figure 3: The Taxpayer Costs of State Prisons, Fiscal Year 2010
(dollars in thousands)

<table>
<thead>
<tr>
<th>State</th>
<th>Corrections Department Prison Costs</th>
<th>Prison Costs Outside Corrections Department</th>
<th>Total Taxpayer Cost of Prisons</th>
<th>Percentage of Prison Cost Outside the Corrections Budget</th>
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</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$445,514</td>
<td>$16,993</td>
<td>$462,507</td>
<td>3.7%</td>
</tr>
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<td>Arizona</td>
<td>$998,453</td>
<td>$5,100</td>
<td>$1,003,553</td>
<td>0.5%</td>
</tr>
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<td>Arkansas</td>
<td>$288,609</td>
<td>$37,471</td>
<td>$326,081</td>
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</tr>
<tr>
<td>California</td>
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<td>$969,652</td>
<td>$7,932,388</td>
<td>12.2%</td>
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<td>$584,724</td>
<td>$21,484</td>
<td>$606,208</td>
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<td>Connecticut</td>
<td>$613,269</td>
<td>$316,169</td>
<td>$929,438</td>
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<td>Delaware</td>
<td>$190,409</td>
<td>$24,801</td>
<td>$215,210</td>
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<td>Florida</td>
<td>$2,053,154</td>
<td>$29,377</td>
<td>$2,082,531</td>
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<td>$1,029,553</td>
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<td>$1,129,858</td>
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<td>$10,630</td>
<td>$276,039</td>
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<td>$158,198</td>
<td>1.3%</td>
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<td>$39,192</td>
<td>$311,727</td>
<td>12.6%</td>
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<td>$90,300</td>
<td>$698,363</td>
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<td>Maine</td>
<td>$93,968</td>
<td>$6,590</td>
<td>$100,558</td>
<td>6.6%</td>
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<td>Maryland</td>
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<td>Nevada</td>
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<td>$282,903</td>
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<td>New Hampshire</td>
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<td>$1,204,667</td>
<td>9.1%</td>
</tr>
<tr>
<td>North Dakota</td>
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<td>$1,905</td>
<td>$58,065</td>
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</tr>
<tr>
<td>Ohio</td>
<td>$1,265,012</td>
<td>$50,465</td>
<td>$1,315,477</td>
<td>3.8%</td>
</tr>
<tr>
<td>Oklahoma</td>
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<td>$11,584</td>
<td>$453,356</td>
<td>2.6%</td>
</tr>
<tr>
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<td>$463,829</td>
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<tr>
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</tr>
<tr>
<td>Texas</td>
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<td>Utah</td>
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</tr>
<tr>
<td>Vermont</td>
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<td>$9,233</td>
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<td>8.3%</td>
</tr>
<tr>
<td>Virginia</td>
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<tr>
<td>Washington</td>
<td>$684,561</td>
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<td>14.4%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$152,128</td>
<td>$17,062</td>
<td>$169,190</td>
<td>10.1%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$800,310</td>
<td>$74,111</td>
<td>$874,421</td>
<td>8.5%</td>
</tr>
<tr>
<td><strong>Total (40 states)</strong></td>
<td><strong>$33,495,070</strong></td>
<td><strong>$5,408,235</strong></td>
<td><strong>$38,903,304</strong></td>
<td><strong>13.9%</strong></td>
</tr>
</tbody>
</table>

Source: Vera Institute of Justice, True Cost of Prisons survey. Taxpayer costs include expenses funded by state and federal revenue. Apparent discrepancies are the result of rounding. See the state fact sheets at www.vera.org/pricedofprisons for more details.

The corrections systems in Connecticut, Delaware, Rhode Island, and Vermont have a unified structure, meaning that jails and prisons are operated by the state rather than county and state jurisdictions, respectively. Thus, the prison expenditures in these four states also include some of the costs of jails. The figures Connecticut and Vermont provided include inmates in both sentenced and accused status. Delaware’s figures include all expenditures in the Bureau of Prisons, Bureau of Correctional Healthcare Services, and Level IV facilities (work-release centers and residential drug treatment). The figures Rhode Island provided exclude the costs of pretrial incarceration in jail and community confinement.
TOTAL TAXPAYER COST PER INMATE

Among the 40 states surveyed, representing more than 1.2 million inmates (of 1.4 million total people incarcerated in all 50 state prison systems), the total per-inmate cost averaged $31,286 and ranged from $14,603 in Kentucky to $60,076 in New York (see Figure 4). The methodology provides an “apples to apples” comparison of state prison costs because it standardizes the measure and counts the comprehensive costs to taxpayers in every state.

The value of such a comparison is clear: corrections officials understand that prison costs are counted differently in every state. In the course of this study, for example, a Florida Department of Corrections official told interviewers that the department is often asked why its costs appear to be higher than those of other states. The answer is, in part, because Florida measures prison costs more comprehensively than some other states do, because relatively few of its prison costs are outside the corrections budget.

Including prison spending outside the corrections department changes comparisons between states. If, for example, one were to look only at spending within the corrections budget, the per-inmate cost in Florida ($20,263) appears to be higher than that cost in two other Southern states, Georgia ($19,171) and Louisiana ($15,225). When costs outside the corrections budget are included, however, the per-inmate cost among these three states is greatest in Georgia ($21,039), followed closely by Florida ($20,553). By either calculation, the per-inmate cost is lowest in Louisiana ($17,486), but the per-inmate cost is closer to that of its neighbors when outside costs are included.

While having a reliable, comparable figure is useful for policy makers and others, any comparisons of states’ costs should be done carefully. (For an important discussion of the risks associated with such comparisons, see “Reducing Costs Safely” on page 12.) After all, per-inmate costs do not measure how effective spending is. They merely measure spending itself—and some states’ per-inmate costs are lower because of factors that may result in collateral costs to society or other jurisdictions. A few of these variables are as follows:

- **Overcrowding**: The per-inmate cost will likely be lower in states where there is crowding, meaning that the inmate population exceeds the facilities’ rated capacity. In contrast, the per-inmate cost will likely be higher in states that have reduced their prison populations but have not reduced operating capacity to generate savings.

- **Greater incarceration of low-level offenders**. Fewer staff are required in minimum- and medium-security prisons that house low-level offenders. The per-inmate cost for the entire state prison system may therefore be lower in states that incarcerate a larger proportion of these individuals.

- **Use of local jails**. Many states reimburse local jails to house state-sentenced inmates. State reimbursement rates, however, often do not cover the total cost of services because they are sometimes set by statute and are not regularly updated to accommodate rising costs. Jails are also less likely to provide inmate programming. The per-inmate cost may be lower in states that rely heavily on local jails.

*Per-inmate costs do not measure how effective spending is. They merely measure spending itself.*
## Figure 4: The Taxpayer Costs of State Prisons per Inmate, Fiscal Year 2010

<table>
<thead>
<tr>
<th>State</th>
<th>Average Daily Inmate Population</th>
<th>Taxpayer Cost of Prisons ($ in 000s)</th>
<th>Average Annual Cost per Inmate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>26,758</td>
<td>$462,507</td>
<td>$17,285</td>
</tr>
<tr>
<td>Arizona</td>
<td>40,458</td>
<td>$1,003,553</td>
<td>$24,805</td>
</tr>
<tr>
<td>Arkansas</td>
<td>13,369</td>
<td>$326,081</td>
<td>$24,391</td>
</tr>
<tr>
<td>California</td>
<td>167,276</td>
<td>$7,932,388</td>
<td>$47,421</td>
</tr>
<tr>
<td>Colorado</td>
<td>19,958</td>
<td>$606,208</td>
<td>$30,374</td>
</tr>
<tr>
<td>Connecticut</td>
<td>18,492</td>
<td>$929,438</td>
<td>$50,262</td>
</tr>
<tr>
<td>Delaware</td>
<td>6,528</td>
<td>$215,210</td>
<td>$32,967</td>
</tr>
<tr>
<td>Florida</td>
<td>101,324</td>
<td>$2,082,531</td>
<td>$20,553</td>
</tr>
<tr>
<td>Georgia</td>
<td>53,704</td>
<td>$1,129,858</td>
<td>$21,039</td>
</tr>
<tr>
<td>Idaho</td>
<td>7,402</td>
<td>$144,669</td>
<td>$19,545</td>
</tr>
<tr>
<td>Illinois</td>
<td>45,551</td>
<td>$1,743,153</td>
<td>$38,268</td>
</tr>
<tr>
<td>Indiana</td>
<td>38,417</td>
<td>$569,451</td>
<td>$14,823</td>
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<tr>
<td>Iowa</td>
<td>8,384</td>
<td>$276,039</td>
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<tr>
<td>Kansas</td>
<td>8,689</td>
<td>$158,198</td>
<td>$18,207</td>
</tr>
<tr>
<td>Kentucky</td>
<td>21,347</td>
<td>$311,727</td>
<td>$14,603</td>
</tr>
<tr>
<td>Louisiana</td>
<td>39,938</td>
<td>$698,363</td>
<td>$17,486</td>
</tr>
<tr>
<td>Maine</td>
<td>2,167</td>
<td>$100,558</td>
<td>$46,404</td>
</tr>
<tr>
<td>Maryland</td>
<td>21,786</td>
<td>$836,223</td>
<td>$38,383</td>
</tr>
<tr>
<td>Michigan</td>
<td>45,096</td>
<td>$1,267,954</td>
<td>$28,117</td>
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<tr>
<td>Minnesota</td>
<td>9,557</td>
<td>$395,319</td>
<td>$41,364</td>
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<td>Missouri</td>
<td>30,447</td>
<td>$680,487</td>
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<td>Montana</td>
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<td>4,542</td>
<td>$163,284</td>
<td>$35,950</td>
</tr>
<tr>
<td>Nevada</td>
<td>13,696</td>
<td>$282,903</td>
<td>$20,656</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>2,389</td>
<td>$81,417</td>
<td>$34,080</td>
</tr>
<tr>
<td>New Jersey</td>
<td>25,822</td>
<td>$1,416,727</td>
<td>$54,865</td>
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<tr>
<td>New York</td>
<td>59,237</td>
<td>$3,558,711</td>
<td>$60,076</td>
</tr>
<tr>
<td>North Carolina</td>
<td>40,203</td>
<td>$1,204,667</td>
<td>$29,965</td>
</tr>
<tr>
<td>North Dakota</td>
<td>1,479</td>
<td>$58,065</td>
<td>$39,271</td>
</tr>
<tr>
<td>Ohio</td>
<td>50,960</td>
<td>$1,315,477</td>
<td>$25,814</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>24,549</td>
<td>$453,356</td>
<td>$18,467</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>48,543</td>
<td>$2,055,269</td>
<td>$42,339</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>3,502</td>
<td>$172,065</td>
<td>$49,133</td>
</tr>
<tr>
<td>Texas</td>
<td>154,576</td>
<td>$3,306,358</td>
<td>$21,390</td>
</tr>
<tr>
<td>Utah</td>
<td>6,338</td>
<td>$186,013</td>
<td>$25,129</td>
</tr>
<tr>
<td>Vermont</td>
<td>2,248</td>
<td>$111,280</td>
<td>$49,502</td>
</tr>
<tr>
<td>Virginia</td>
<td>29,792</td>
<td>$748,642</td>
<td>$26,498</td>
</tr>
<tr>
<td>Washington</td>
<td>17,050</td>
<td>$799,590</td>
<td>$46,897</td>
</tr>
<tr>
<td>West Virginia</td>
<td>6,385</td>
<td>$169,190</td>
<td>$37,994</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>23,015</td>
<td>$874,421</td>
<td>$31,286</td>
</tr>
<tr>
<td><strong>Total (40 states)</strong></td>
<td><strong>1,243,487</strong></td>
<td><strong>$38,903,304</strong></td>
<td><strong>$31,286</strong></td>
</tr>
</tbody>
</table>

Source: Vera Institute of Justice, True Cost of Prisons survey. Taxpayer costs include expenses funded by state and federal revenue. Apparent discrepancies are the result of rounding. See the state fact sheets at www.vera.org/priceofprisons for more details.

The corrections systems in Connecticut, Delaware, Rhode Island, and Vermont have a unified structure, meaning that jails and prisons are operated by the state rather than county and state jurisdictions, respectively. Thus, the prison expenditures in these four states also include some of the costs of jails. The figures Connecticut and Vermont provided include inmates in both sentenced and accused status. Delaware’s figures include all expenditures in the Bureau of Prisons, Bureau of Correctional Healthcare Services, and Level IV facilities (work-release centers and residential drug treatment). The figures Rhode Island provided exclude the costs of pretrial incarceration in jail and community confinement.
Cutting Costs, Maintaining Safety

As states continue to deal with unprecedented fiscal strain, most are taking steps to reduce their inmate populations and costs while protecting public safety and holding offenders accountable. Because the size of the inmate population is determined by two factors—the number of admissions and length of stay—the largest impact on prison budgets comes from changing sentencing and release policies. In recent years, some states have changed these policies enough to close parts of facilities or entire prisons, an essential step toward cost savings. The only way for states to decrease their prison budgets substantially is to reduce the inmate population and then reduce the operating capacity and related costs.10

Offenders who have not been convicted of new crimes but have broken the rules of their probation or parole account for a significant number of prison admissions. This has prompted many states to strengthen their efforts to combat recidivism by holding offenders accountable for violations in the community at a fraction of the cost of imprisonment.

In addition, virtually every state has reported taking measures to trim its operating costs and boost efficiency. These changes are important in both lean and fair fiscal times and can sometimes generate meaningful savings. But few if any states will be able to reduce costs enough through these methods to reach their budget goals.

The growth of state corrections budgets has largely been the result of policy choices, rather than broad social or economic trends beyond policy makers’ influence. Lawmakers can develop and implement policies and practices that protect public safety and control correctional costs. Some recent state efforts include the following:

- **Sentencing and Release Policies:** In 2010, as part of a sentencing overhaul, South Carolina increased penalties for certain violent crimes while restructuring controlled-substance offenses to provide community supervision options for first- and second-time offenders not convicted of trafficking offenses. Similar reforms in Kentucky in 2011 revised sentencing laws for certain nonviolent offenses to better distinguish between serious and lower-level crimes, including eliminating some penalty enhancements for subsequent drug-possession offenses. A number of states, including Alabama, California and Washington, have raised the threshold dollar amounts for certain felony property crimes, in part to adjust for inflation penalty levels that were set decades ago.11

Other states have rolled back release policies that extended the amount of time people spend in prison. Mississippi made perhaps the most remarkable change, reducing in 2008 the percentage of sentences that nonviolent offenders must serve from 85 percent to 25 percent. This policy shift has substantially reduced prison terms for thousands of people.12 Other states have expanded “earned time” credits for inmates who complete programs designed to reduce recidivism.13 In a 2010 survey of state corrections departments, Vera found that at least 20 states had taken steps to moderate length of stay.14

The largest impact on prison budgets comes from changing sentencing and release policies.
Finally, more than 15 states have engaged in “justice reinvestment,” a comprehensive data-driven process that identifies opportunities to reduce prison costs and reinvest part of the resulting savings into efforts that reduce recidivism. Texas and Kansas were among the first to employ the approach in 2007. More recently, Arkansas, Kentucky, New Hampshire, North Carolina, Ohio, and South Carolina have used the justice reinvestment approach with the goals of slowing prison growth and using the savings or averted costs to strengthen alternatives to incarceration and contribute to overall state budget reductions.15

Recidivism-Reduction Strategies:
Given that more than four in 10 prisoners return to custody within three years of release,16 many state policy makers are stepping up efforts to reduce future criminal activity and violations of probation and parole. Reducing recidivism offers significant potential savings. Effective reentry planning begins by preparing people for release as soon as they enter prison, using a thorough screening instrument that helps staff identify priority areas for intervention and develop case management plans. In Oregon and Michigan, for example, community supervision officers communicate with inmates before their release to describe the expectations for their behavior in the community and establish continued programming priorities.17 States are also optimizing their resources by beginning supervision in the community with a validated risk and needs assessment that helps assign offenders to the appropriate level of supervision based on their risk of reoffending and need for targeted services. Kentucky, Illinois, New Hampshire, Washington, and other states have recently codified the use of a risk and needs assessment tool in statute.18

Since much recidivism occurs when offenders return to prison for technical violations—breaking the administrative rules of their community-based supervision—several states are responding to these violations with meaningful but less expensive consequences. Alternative sanctions that are swift, certain, and proportional to the severity of the violation are providing promising results. Hawaii’s Opportunity Probation with Enforcement (HOPE), for example, punishes rule breakers with a swift and certain few days in jail for failed drug tests and other technical violations. Research has shown that HOPE has cut new arrests and positive drug screens by more than 50 percent, while reducing probation revocations that result in prison terms.19

Finally, states are providing financial incentives for agencies that reduce recidivism. Eight states, including California, Illinois, and South Carolina, have passed laws that return to county probation agencies some of the state savings that accrue when those agencies improve performance and return fewer violators to state prison.20

Operating Efficiencies: In addition to adopting policies that address the drivers of prison population growth, states are taking steps to ensure that
their correctional systems maximize operational efficiency. In 2010, at least 32 states had either cut staff positions or instituted hiring freezes. Many agencies that made these reductions exempted correctional officers in the interest of staff and inmate safety. Other common budget-cutting measures include employing video surveillance in prisons, using videoconferencing for court hearings to reduce transportation costs, and instituting energy and fuel conservation efforts. Although enhancing operating efficiency rarely sparks controversy, these changes may offer agencies relatively little savings.

At least 15 states reported plans to close entire facilities, parts of facilities, or reduce bed space in 2010. This is a critical step because reductions in the prison population do not automatically translate into substantial cost savings if corrections departments continue to operate with the same number of staff.

**Conclusion**

In the current fiscal climate, states are increasingly forced to do more with less and make difficult decisions about competing priorities. Policy makers must have complete information to make the best decisions possible. They must understand the full fiscal implications of their policy choices, particularly those related to the criminal justice system, whose costs make up a significant part of every state budget.

As a supplement to this report, fact sheets with detailed summaries about each of the 40 states that completed the survey are available at www.vera.org/priceofprisons. Interested policy makers and practitioners may also consult the appendix of this report for the methodology and survey if in the future they wish to update the figures presented in this report. This will be most useful for states that have high prison costs outside the corrections department (such as benefits for corrections employees). Notably, a number of these states have some of the country’s largest inmate populations—including Illinois, New York, Pennsylvania, and Texas—where more than 20 percent of prison costs fell outside the corrections budget in 2010.

A growing body of research suggests—and government officials acknowledge—that beyond a certain point, further increases in incarceration have significantly diminishing returns as a means of making communities safer. This means that for many systems, putting more lower-risk offenders in prison is yielding increasingly smaller improvements in public safety and may cost more to taxpayers than the value of the crime it prevents. As states look to strike a balance that results in better outcomes, it is essential to assess the benefits and costs of incarceration. This report provides a tool to capture a more accurate picture of these costs to taxpayers.
ENDNOTES


4 The advisers were John Cape, former New York State budget director and managing director of the PFM Group; David Eichenhalt, senior managing consultant of the PFM Group; Dick Hickman, deputy staff director for the Senate Finance Committee in the Commonwealth of Virginia; Jun Peng, associate professor in public administration at the University of Arizona, and Michael Jacobson, director of the Vera Institute of Justice. The methodology was piloted in Florida, Illinois, Louisiana, New York, and Washington. Additionally, Kil Huh and David Draine at the Pew Center on the States provided feedback on the methodology to calculate the underfunding of pension and retiree health care contributions.

5 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.

6 Fiscal year 2010, is the year ending June 30, 2010 in most states. The exceptions are New York (fiscal year ends March 31), Texas (August 31), and Michigan and Alabama (September 30).

7 Vera obtained pension and retiree health care data from the fiscal year 2010 Consolidated Annual Financial Report (CAFR) for each pension and retiree health care plan (except in Georgia, for which Vera used 2009 data). Vera obtained statewide administrative cost data from each state’s Statewide Cost Allocation Plan (SWCAP) for fiscal year 2009, which was usually the most recent data publicly available. Vera obtained data from a different year for Alabama (2007), Connecticut (2008), Georgia (2005), Iowa (2010), Maine (2008), Maryland (2008), Minnesota (2008), North Carolina (2005), Pennsylvania (2008), Tennessee (2008), Texas (2007), Vermont (2010), Virginia (2008), and West Virginia (2005).

8 Vera could not obtain all the costs outside the corrections department. For each of the following cost centers, the number of states for which costs were not estimated is in parentheses: Employee benefits (2), retiree health care contributions (3), capital costs (8), legal costs (7), hospital care (2), education and training (2), unfunded pension contributions (2), and unfunded retiree health care contributions (3). Among the 40 states that participated in the survey, a total of 187 costs were paid outside the corrections department (see Figure 1). Survey respondents and Vera researchers were able to obtain the amounts for 158 of these costs, but not for 29 others in 18 states. The 18 states for which Vera could not obtain all costs outside the corrections budget are as follows—and the number of costs per state that were not estimated is in parentheses: Arizona (1), California (1), Connecticut (1), Idaho (1), Indiana (1), Iowa (1), Maine (1) Michigan (2), Missouri (1), New Hampshire (4), New Jersey (1), New York (1), North Carolina (2), Pennsylvania (1), Rhode Island (1), Texas (1), Virginia (3), and West Virginia (1). For more details, see the state fact sheets at www.vera.org/pricedofprisons.

9 The average per-inmate cost ($31,286) was calculated by dividing the total taxpayer cost of prisons in 40 states ($38,903,304,484) by the total number of inmates in these states (1,243,487). The average per-inmate cost in these 40 states—i.e., the average of the 40 per-inmate costs tabulated in Figure 4—is $31,979. The total number of inmates in 50 state prisons (1.4 million) was obtained from the Pew Center on the States’ report Prison Count 2010, p. 1.

10 When states close prisons or parts of prisons, only the marginal cost can be eliminated. The marginal cost is composed of variable costs, and, if prison capacity is reduced sufficiently, step-fixed costs. Variable costs include expenses such as food, clothing, and medical care. Step-fixed costs include staff salaries and benefits when prison capacity is reduced enough to reduce staffing (for example, if a housing unit closes). The marginal cost is lower than the average cost, which also includes the fixed costs of operating prisons (such as debt service and central administration). This report presents states’ average per-inmate cost. Potential savings will be overstated if the average costs in this report are used to calculate the savings of a reduction in prison capacity.


13 Vera Institute of Justice, The Continuing Fiscal Crisis in Corrections (New York: Vera Institute of Justice, 2010), 17.

14 Ibid.

15 The advancement of justice reinvestment has been a policy goal of both the federal government and private funders. The U.S. Department of Justice’s Bureau of Justice Assistance and the Pew Center on the States’ Public Safety Performance Project have offered support to many states in recent years. Funding for such work is often directed to research and technical assistance organizations as well as states. Vera has received some of this funding and provided technical assistance to a number of states, including Alabama, Delaware, and Louisiana. For more information about justice reinvestment, see http://www.vera.org/project/justice-reinvestment-initiative.


17 Ibid., p. 19.


20 For more information about performance incentive funding programs, see http://www.vera.org/project/performance-incentive-funding.

21 Vera Institute of Justice, The Continuing Fiscal Crisis in Corrections, 2010, p. 11.

22 Ibid.

Appendix A: Methodology

This section describes how Vera calculated the total cost of prisons presented in this report. This methodology, along with the survey (Appendix B), provides the information necessary for states to calculate these costs on their own. Vera calculated the total cost of prisons by analyzing expenses funded through all state and federal revenue sources in fiscal year 2010. The actual cost of any activity is best calculated by examining expenses already incurred and not budgets for the current year, because government expenditures typically vary from the budgets enacted.

For this report, Vera collected prison costs, in corrections departments and beyond, through a survey of the departments of corrections in all 50 states. Vera then used publicly available data on the costs of underfunded contributions to pensions and retiree health care and on indirect costs to state administrative agencies. Analysts estimated the costs of contributions to pensions and retiree health care for states that could not provide these amounts.

The survey first asked respondents to provide the amount the department of corrections spent on state prisons, subtracting any expenditures on services such as probation, parole, and juvenile justice, if applicable. (The survey defined prisons as residential facilities that hold sentenced adult offenders in state custody.) Prison costs include state expenses for the operation of state-run prisons, privately operated prisons, and any payments to local jails or other states for housing state-sentenced inmates.

The survey then asked states to indicate whether portions of the following nine costs were provided outside the corrections department:

- contributions for pension benefits;
- contributions for retiree health care benefits;
- other fringe benefits, such as health insurance, and taxes, such as social security;
- capital costs for prison construction and renovation;
- legal judgments and claims, as well as contributions to the state tort fund;
- expenses for private prisons;
- hospital care for inmates;
- educational and job training programs for inmates; and
- any other costs outside the corrections budget, if applicable.

If states funded any of these costs outside their corrections budget, survey respondents were asked to provide the total of each cost. If the respondents did not have this information, they were asked to refer Vera researchers to a contact at the relevant state agency.

1 Alaska, Hawaii, Massachusetts, Mississippi, New Mexico, Oregon, South Dakota, Tennessee, and Wyoming did not participate in the survey. The South Carolina Department of Corrections was unable to certify the state data submitted prior to publication of this report.
In many states, calculating the total cost of prisons also requires estimating the cost of underfunded contributions to pensions and retiree health care as well as indirect prison-related costs to state administrative agencies.

The remainder of this section describes the methods used to estimate the cost of underfunded pension and retiree health care benefits. (One method also provided a means to calculate the actual contribution for these benefits when states were unable to provide this information.) It also describes the methods used to identify indirect costs of prisons to state administrative agencies and the method used to calculate capital costs in some states that could not provide this information.

PENSIONS AND RETIREE HEALTH CARE

Pension benefits are periodic income payments made to employees upon retirement. These benefits are paid by a trust fund that is financed through employers and, in most states, through employee contributions and the investment returns on them. Pensions are pre-funded so that contributions made during employment provide for retirement benefits.

Many states also provide retirees with other post-employment benefits (OPEB) in addition to retirement benefits. Retiree subsidies for health insurance premiums are the largest component of OPEB, although some states provide dental and vision care as well as life, disability, and long-term-care insurance. Like pensions, these benefits are deferred compensation, meaning that they are earned in the present and paid in the future. They are different from pension benefits in that they are not usually pre-funded through a trust fund, but are funded on a pay-as-you-go basis. This means that current revenues pay for current retirees and no savings or investment income finances future benefits.

To calculate the total cost of prisons, two questions regarding pension and retiree health care costs must be answered: first, does the corrections department pay the state’s contribution for pension and retiree health care benefits for corrections employees? Second, does the state’s annual contribution to these benefits provide the total amount necessary to fully fund these benefits in the long run?

Corrections departments answered the first question in the state survey. The second was answered by reviewing publicly available financial reports for each state’s pension and retiree health care plans.

The annual government contribution necessary to ensure that total assets can pay for retirement benefits in the long run is called the annual required contribution. So long as the government fully funds the annual required contribution—and future economic conditions meet the assumptions used to calculate this figure—

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2 The benefit rules are different in every state, but in general, the amount of the benefit is determined by multiplying the employee’s final salary by the number of years of service and a benefit multiplier. For example, in a plan with a benefit multiplier of 2 percent, an employee with a final salary of $60,000 and 30 years of service will receive an annual pension benefit of $36,000 ($60,000 multiplied by 30 multiplied by 2 percent).

3 Jun Peng, State and Local Pension Fund Management (New York: CRC Press, 2009), 211.

4 See endnote 7 on page 14.
the state will have sufficient assets to cover future pension or retiree health care benefits. From the taxpayer’s perspective, the annual required contribution is the true annual cost of pensions and retiree health care. Although most states do not pre-fund retiree health care benefits through a trust fund, states calculate the annual required contribution for these benefits so they can report their long-term financial obligations.

Many states, however, contribute less than the annual required contribution for pension and retiree health care benefits. In fiscal year 2009, states paid, on average, 83 percent of the required contribution for pension benefits and 36 percent of the required contribution for retiree health care benefits. This means that the government’s contributions for pensions and retiree health care—that is, the funds actually spent—were lower than the true costs of these benefits in 2009. Thus, in states that did not fully fund the annual required contribution, the employer contribution for all state employees understates the true cost of retirement benefits by shifting it to the future.

Every year, administrators of benefit plans calculate the annual required contribution as well as the percentage of this amount that the state actually paid and publish these figures in a Consolidated Annual Financial Report (CAFR) according to a standardized reporting framework issued by the Government Accounting Standards Board (GASB). These reports are available online to the public. GASB is an independent organization that establishes the standards of accounting and financial reporting for state and local governments in the United States, to provide greater transparency to readers of government financial documents.

Plan administrators provide this information for the pension or retiree health care plan, and this data can be used to determine annual required contribution and the underfunding of contributions to pensions and retiree health care for corrections employees.

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8 Vera researchers downloaded CAFRs for each state (and its pension plan) surveyed for this report. Data reported in the various CAFRs for major public pension plans are also accessible in the Public Plans Database, produced by the Center for Retirement Research at Boston College, http://pubplans.bc.edu/ (accessed December 1, 2011). The authors are not aware of a similar public database that aggregates financial reporting for other post-employment benefits.
UNDERFUNDING OF PENSIONS AND RETIREE HEALTH CARE

For each state, Vera used one of two methods to calculate the cost of underfunding the annual required contribution for corrections employees. Method A, which is the most accurate method of calculation, requires data on the actual pension or retiree health care contribution for corrections employees. Method B estimates the cost of underfunding by using the total corrections payroll as an input and was used when department pension contribution data was not available. See the detailed description of each method below.

Method A. Vera used this method when survey respondents provided the amount contributed to pensions and/or retiree health care for corrections employees. To calculate the cost of underfunding the annual required contribution for corrections employees, Vera obtained data for the percentage contributed from the Schedule of Employer Contributions in the Consolidated Annual Financial Report (CAFR) for the pension and retiree health care plan in each state.

For example, the Louisiana Department of Public Safety and Corrections contributed $36.7 million for employee pensions in 2010. As a whole, however, the state contributed only 87.2 percent of the total annual required contribution. The total annual required contribution for corrections is calculated by dividing the actual contribution for corrections employees ($36.7 million) by the percentage contributed (87.2 percent). The result, $42.1 million, is the annual required contribution for corrections employees. The difference between $42.1 million and $36.7 million, or $5.4 million, was the cost of underfunded pension contributions for corrections employees in 2010.

Method B. Survey respondents from some states were not able to provide the amount contributed to pensions or retiree health care for corrections employees because these costs were either not in their department’s budget or were commingled with contributions for other benefits. In these cases, Vera calculated the total cost of pensions or retiree health care for corrections employees using survey data for the corrections payroll (total staff salary). Analysts then obtained the total payroll amount covered by the pension or retiree health care plan—called the covered payroll—from the Schedule of Funding Progress and the annual required contribution, from the Schedule of Employer Contributions in the pension or retiree health care plan’s CAFR.

9 “Corrections employees” refers to the employees who are responsible for the operations of prisons. These employees also include administrative staff whose salaries are allocated to prison costs.

10 Because corrections departments usually make the payment for pension contributions and were able to provide data on them, Vera used Method A to calculate the cost of underfunded pension contributions for all states except Illinois and Texas. Because retiree health care contributions are typically paid outside the corrections department and Vera could not obtain those amounts, analysts used Method B to calculate the cost of retiree health care contributions and underfunded retiree health care contributions for most states (except for Alabama, California, Kentucky, Louisiana, Maine, Missouri, Nevada, Ohio, Pennsylvania, Rhode Island, Washington, and West Virginia).
In Illinois, for example, the corrections payroll for prison employees was $573.3 million and the total covered payroll for the pension plan was $4.1 billion. This means that corrections personnel account for 13.9 percent of the payroll covered by the pension plan ($573.3 million divided by $4.1 billion equals .139). This figure was multiplied by the state’s annual required contribution for the entire pension plan—which is $1.2 billion—to calculate the annual required contribution for corrections employees ($163.8 million).

In 2010, the state of Illinois contributed 93.1 percent of the annual amount required to fully fund pension benefits in the long run. Thus, the actual pension contribution for corrections employees was $152.5 million ($163.8 million multiplied by .931). The difference between $163.8 million and $152.5 million, $11.3 million, was the cost of underfunded pension contributions for corrections employees in 2010.

The weakness of this approach is that it assumes that the cost of retirement benefits for prison employees is equivalent to the cost for other plan members. This may not be the case for two reasons. First, corrections employees may end their careers with a final salary and number of years of service that differ, on average, from other plan members. Second, in some plans, corrections employees have more generous pension benefits than other plan members. Method A is the preferred approach because of these limitations. Method B, however, can provide a reasonable, if less precise, estimate when data on the actual contribution for corrections employees is unavailable.

It is important to note that these two methodologies estimate the underfunding of required pension and retiree health care contributions based on funding estimates that each state’s actuaries calculated. There is significant debate, however, about the economic assumptions that states use. Many economists believe that assumptions regarding forecasted investment returns are too optimistic and that greater employer or employee contributions will be necessary in the future to fully fund scheduled benefits. Therefore, the costs of underfunded retiree benefits calculated in this report may be conservative.

Future retiree health care benefits do not have the same protections as future pension benefits. Pension benefits are usually considered a contractual right and are protected by state constitutions, court rulings, and statutes. The legal protections for retiree health care benefits are not as strong in some states. Thus, in some states, it is possible that future retiree health care costs could be reduced by reducing benefits. This does not negate the fact, however, that these costs have been incurred under current law.


STATEWIDE ADMINISTRATIVE COSTS

In addition to the direct costs states pay for prison operations, they also incur indirect costs related to prisons. These costs are for centrally administered services that are necessary for a department to function but benefit more than one department. For example, many states provide certain administrative services—such as legal, group purchasing, and human resources—to agencies on a centralized basis. In some instances, the benefiting agencies are billed for the services provided centrally. Because billed expenses are charged to these agencies, the costs are included in the agencies’ annual spending (that is, agencies pay for the centrally administered services from their budgets). However, administrative expenses that are not billed to the benefiting agencies are not captured by each agency’s spending figures. These are called “allocated” indirect costs.

Allocated indirect costs for all state agencies, including corrections, are calculated annually and submitted to the federal government in a Statewide Cost Allocation Plan (SWCAP). This document lists the central services billed directly to the agencies and those services that are not billed to them.

Each state’s cost allocation plan is available from the U.S. Department of Health and Human Services’ Division of Cost Allocation. The accounting of allocated indirect costs, by department, is provided on Schedule A. Indirect costs amount to only a fraction of total statewide spending, but are necessary to calculate the total cost of prison operations.

CAPITAL COSTS

The total cost of prisons also includes the cost of purchasing and rehabilitating the capital assets that support the prison system. Capital assets are goods such as buildings, equipment, and land that have a useful life of many years after their initial purchase.

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16 States’ allocated indirect costs cannot be compared because the distinction between billed and allocated cost varies by state. Additionally, the methodology states use to apportion allocated costs among the benefitting agencies is not standardized. The guidelines are governed by OMB Circular A-87, but are not uniform across the states.

States often borrow from the public by issuing bonds to provide the funding necessary for large projects and then pay off this debt over a period of years. This payment is called debt service and consists of regular payments of principal and interest in a manner similar to a home mortgage. The payment period usually coincides with the useful life of the asset.

The costs of debt service are often budgeted outside the corrections department but are nonetheless a part of the total cost of prison. Although many states were able to provide these data, some states—including Illinois and Georgia—were not, because the cost of debt service for prisons is bundled with other debt. For these states, Vera estimated the cost of debt service for prisons by prorating the state’s total debt-service costs by calculating the proportion of debt authorized for corrections.

For example, Illinois finances capital costs for prisons by issuing general obligation bonds that also finance other state capital projects. In 2010, the debt service for general obligation bonds was $350 million. To estimate the prison-related share of that amount, Vera used the proportion of general obligation debt that is authorized for prisons. Of the $8.9 billion in general obligation debt, $1.6 billion, or 18.5 percent, is authorized for corrections. Thus, the cost of corrections debt service was calculated to be $64.8 million, 18.5 percent of the $350 million in total debt service for those bonds in 2010.18

A CLOSER LOOK AT CAPITAL COST CALCULATIONS

Although most states finance capital purchases through debt (which they repay through debt service after a prison is built), some capital costs are paid with current revenues, meaning that the entire cost of the project is paid up front (the “pay-as-you-go” approach). In states that finance capital assets with current revenues—whether these costs are inside or outside the corrections department—the total cost of prisons in 2010 is understated in this report because prior capital investment appears to be “free” in the current period even though the assets remain in use. Similarly, capital costs will be overstated in years when states make new investments, because the cost of an asset, which will have a useful life of many years, will be erroneously attributed to only one year of use. Thus capital costs cannot be compared between states that finance capital costs through debt and current revenues.

Vera found that capital costs were not typically funded through current revenues when these costs are funded outside the corrections budget. Only four states (Arizona, New Jersey, Nebraska, and North Dakota) reported that a portion of their prison-related capital costs outside the corrections budget were funded with current revenues. The survey for this study did not ask whether capital costs within the corrections budget are funded through current revenues or debt service. This issue merits consideration and further analysis in states that have made substantial capital investments through current revenues.

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Appendix B: Survey

### True Cost of Prisons: State Survey

Thank you for completing the True Cost of Prisons survey on prison costs in your state. Please take a few minutes to review the survey data below and then check the box and enter your name and the date in the field provided to certify that the data presented here is accurate to the best of your knowledge.

- I hereby certify that the information on this form is correct to the best of my knowledge and that I have reviewed the information below and am satisfied with its accuracy.

Name:________________________ Date:____________

All questions in this survey should be answered for FY2010. (the fiscal year that ended in 2010).

For the purposes of this survey, prisons are residential facilities that hold sentenced adult offenders in state custody.

**Part I: Background Information**

<table>
<thead>
<tr>
<th>State: [ ]</th>
<th>Name of survey respondents: [ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrections Department: [ ]</td>
<td>E-mail: [ ]</td>
</tr>
<tr>
<td>Department Acronym: [ ]</td>
<td>Phone: [ ]</td>
</tr>
</tbody>
</table>

**Part II: Corrections Expenditures and Other Metrics**

1. **Corrections expenditures**

   - Total corrections department expenditures: [ ]
   - What functions does the department administer besides prisons? [ ]
   - Corrections department spending for prisons only: [ ]
   - Total corrections employee payroll for prisons only: [ ]

2. **Other metrics**

   - Average Daily Inmate Population (ADP): [ ]
   - Average number of department employees for prisons only: [ ]

**Part III: Pension and Retiree Healthcare Costs for Prison Employees**

1. **Pension costs**

   - Which pension plan(s) do prison employees participate in? [ ]
   - Is the employer share of pension contributions included in the corrections agency’s budget? [ ]
   - What was the state’s pension contribution for prison employees? [ ]

2. **Pension questions**

   - Select yes or no. If no, which department(s) pays this cost? Please provide contact at this department if you cannot provide the cost.
### Part IV: Prison-Related Costs Outside the Corrections Budget

**1. Costs related to prison operations**

<table>
<thead>
<tr>
<th>Description</th>
<th>Is Any Portion of This Cost Outside the Corrections Budget?</th>
<th>If Yes, What is the Cost Outside the Corrections Budget?</th>
<th>If Yes, which other department(s) pay(s) this cost? Please provide contact at this department if you cannot provide the cost.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Fringe benefits and taxes (excluding pensions and OPEB)</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
<tr>
<td>B. Capital costs: Debt service for corrections / Pay as you go capital</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
<tr>
<td>C. Payments for legal judgments and claims or contributions to the state tort fund</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
<tr>
<td>D. Expenses related to the payment, administration, or oversight of private prisons</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
</tbody>
</table>

**2. Inmate services**

<table>
<thead>
<tr>
<th>Description</th>
<th>[fill in here]</th>
<th>[fill in here]</th>
<th>[fill in here]</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Payments for inmate hospital care</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
<tr>
<td>B. Inmate education and training</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
<tr>
<td>C. Other costs for services relating to the confinement of adult offenders</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
<td>[fill in here]</td>
</tr>
</tbody>
</table>

### 2. Retiree healthcare / Other Post Employment Benefits (OPEB) for Prison Employees

**A.** Which OPEB plan(s) do prison employees participate in?

**B.** Is the employer share of retiree healthcare cost included in the corrections department’s budget? [fill in here]

**C.** What was the state’s retiree health care & other post employment benefits (OPEB) contributions for prison employees?

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**Return Completed Surveys via email to:**

Ruth Delaney, Program Analyst
Vera Institute of Justice
233 Broadway - 12th Floor, New York, NY 10279-3205
(212) 376-3035; rdelaney@vera.org

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Page 23
Acknowledgments

We would like to thank the advisers we consulted on the methodology for this project—John Cape, David Eichenthal, Dick Hickman, Jun Peng, and Michael Jacobson—and the state agencies that helped refine the survey: Louisiana Department of Public Safety and Corrections, Illinois Department of Corrections, New York State Department of Correctional Services, Washington State Department of Corrections, Florida Department of Corrections, and the Florida Office of Program Policy Analysis and Government Accountability. Thank you to Michele Levine and Joyanne Gibson at the New York City Office of Management and Budget for their guidance with cost allocation plans. Thank you to Valerie Levshin and Michael Woodruff, who contributed to the production of the report as data analysts during the pilot phase. Thank you also to Adam Gelb, Samantha Harvell, and Ryan King at the Public Safety Performance Project of the Pew Center on the States for their helpful review of earlier drafts of this report, and to Kil Huh and David Draine at the Pew Center on the States for their feedback on the methodology and for providing data on funding levels for retiree health care plans. Finally, we’d like to thank Jeanne Criscola of Criscola Design for designing the fact sheets.
Suggested Citation

IN FISCAL YEAR 2010, the Alabama Department of Corrections (ALDOC) had $445.5 million in prison expenditures. However, the state also had $17 million in prison-related costs outside the department’s budget. The total cost of Alabama’s prisons—to incarcerate an average daily population of 26,758—was therefore $462.5 million, of which 3.7 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the ALDOC’s budget included the following:

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, Alabama contributed 50 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $7.8 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **JUDGMENTS AND LEGAL CLAIMS.** In 2010, the Alabama Department of Finance’s Division of Risk Management paid $405,000 in costs for corrections-related judgments and legal claims.

- **INMATE EDUCATION AND TRAINING.** The Department of Postsecondary Education paid $8.4 million for education and training programs in 2010.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Arizona Department of Corrections (ADC) had $998.5 million in prison expenditures. However, the state also had more than $5.1 million in prison-related costs outside the department’s budget. The total cost of Arizona’s prisons—to incarcerate an average daily population of 40,458—was therefore more than $1 billion, of which less than 1 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the ADC’s budget included the following:

- **CAPITAL COSTS.** Although debt service is included in the ADC budget, a limited number of pay-as-you-go capital costs are funded by the Arizona Department of Administration. In 2010, these costs amounted to $530,000.

- **JUDGMENTS AND LEGAL CLAIMS.** The Arizona Department of Administration’s Risk Management Division paid $2.2 million in costs associated with judgments and legal claims in 2010.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** This cost is outside the ADC budget. Vera could not obtain the necessary financial data to determine these costs. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Taxpayer Costs (dollars in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>ADC prison budget</td>
<td>$998.5</td>
</tr>
<tr>
<td>Other state costs</td>
<td></td>
</tr>
<tr>
<td>Retiree health care contributions</td>
<td>NE</td>
</tr>
<tr>
<td>Capital costs</td>
<td>$0.5</td>
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<tr>
<td>Judgments and legal claims</td>
<td>$2.2</td>
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<tr>
<td>Statewide administrative costs</td>
<td>$2.4</td>
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<tr>
<td>Subtotal: Other state costs</td>
<td>$5.1</td>
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<tr>
<td><strong>TOTAL TAXPAYER COST</strong></td>
<td><strong>$1,003.60</strong></td>
</tr>
</tbody>
</table>

Source: Vera Institute of Justice, True Cost of Prisons survey. See “Methodology” for more details. Taxpayer costs include expenses funded by state and federal revenue. Vera could not obtain information about all prison costs outside the state’s corrections budget. These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
In Fiscal Year 2010, the Arkansas Department of Correction (DOC) had $288.6 million in prison expenditures. However, the state also had $37.5 million in prison-related costs outside the department’s budget. The total cost of Arkansas’s prisons—to incarcerate an average daily population of 13,369—was therefore $326.1 million, of which 11.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **Retiree Health Care Contributions.** The state of Arkansas made a payment of $4.4 million for corrections employees in 2010.
- **Underfunded Retiree Health Care.** In 2010, the state contributed 24 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $13.8 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.
- **Capital Costs.** In 2010, the Arkansas General Improvement Fund spent $9 million on debt service for the Department of Correction.
- **Inmate Education and Training.** In 2010, $8 million for adult basic education and vocational and technical education for adults in prison were funded outside the corrections budget.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the California Department of Corrections and Rehabilitation (CDCR) had $7 billion in prison expenditures. However, the state also had $969.7 million in prison-related costs outside the department's budget. The total cost of California's prisons—to incarcerate an average daily population of 167,276—was therefore $7.9 billion, of which 12.2 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside CDCR's budget included the following:

- **Retiree Health Care Contributions.** The state of California made a payment of $320.1 million for corrections employees in 2010.
- **Underfunded Retiree Health Care Contributions.** In 2010, California contributed 34.5 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $607 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.
- **Statewide Administrative Costs.** In 2009, the most recent year for which Vera could obtain data, CDCR incurred $38 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).
- **Inmate Education and Training.** In 2010, the California Department of Forestry and Fire Protection paid $4.5 million for education and training programs.

These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

**Key Findings**

- **$7 billion**
  - CDCR prison budget
- **$7.9 billion**
  - Total state cost of prisons
- **$47,421**
  - Average annual cost per inmate

**Taxpayer Costs (dollars in millions)**

<table>
<thead>
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<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
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<td>CDCR prison budget</td>
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<tr>
<td>Other state costs</td>
<td></td>
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<tr>
<td>Retiree health care contributions</td>
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<tr>
<td>Underfunded retiree health care</td>
<td>$607.0</td>
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<tr>
<td>Statewide administrative costs</td>
<td>$38.0</td>
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<tr>
<td>Inmate hospital care</td>
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<tr>
<td>Inmate education and training</td>
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<tr>
<td><strong>Subtotal: Other state costs</strong></td>
<td><strong>$969.7</strong></td>
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<tr>
<td><strong>TOTAL TAXPAYER COST</strong></td>
<td><strong>$7,932.4</strong></td>
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</table>

**Source:** Vera Institute of Justice, True Cost of Prisons survey. See “Methodology” for more details. Taxpayer costs include expenses funded by state and federal revenue. Vera could not obtain information about all prison costs outside the state’s corrections budget. These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Colorado Department of Corrections (DOC) had $584.7 million in prison expenditures. However, the state also had $21.5 million in prison-related costs outside the department’s budget. The total cost of Colorado’s prisons—to incarcerate an average daily population of 19,958—was therefore $606.2 million, of which 3.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Colorado contributed 62 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $16.2 million, plus interest, to provide for corrections employees’ pension benefits.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state made a payment of $3.2 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE.** In 2010, the state contributed 94 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $205,000, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the DOC incurred $1.9 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Connecticut Department of Corrections (DOC) had $613.3 million in prison expenditures. However, the state also had more than $316.2 in prison-related costs outside the department's budget. The total cost of Connecticut's prisons and jails—to incarcerate an average daily population of 18,492—was therefore $929.4 million, of which 34 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Connecticut’s corrections system has a unified structure, meaning that jails and prisons are operated by the state rather than county and state jurisdictions, respectively. Thus, the figures provided for Connecticut are for both jails and prisons.

Prison costs outside the DOC’s budget included the following:

- **Employee Benefits.** Employee fringe benefits for Connecticut corrections employees were paid by the Office of the State Comptroller. In 2010, these expenses totaled $104.2 million.

- **Pension Contributions.** The Office of the State Comptroller made a contribution of $147.1 million toward corrections employees' pensions in 2010.

- **Underfunded Pensions.** In 2010, the state of Connecticut contributed 80.3 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $36.1 million, plus interest, to provide for corrections employees' pension benefits.

- **Other State Costs.** Portions of capital costs and of judgments and legal claims for prisons are funded outside the corrections department. Vera could not obtain this information and the costs are not included in this fact sheet. Vera was also unable to obtain the necessary financial data to determine the cost of retiree health care contributions and underfunded retiree health care costs for corrections staff. Therefore, the state's total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Delaware Department of Corrections (DDOC) had $190.4 million in prison expenditures. However, the state also had $24.8 million in prison-related costs outside the department's budget. The total cost of Delaware's prisons—to incarcerate an average daily population of 6,528—was therefore $215.2 million, of which 11.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees' pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Delaware's corrections system has a unified structure, meaning that jails and prisons are operated by the state rather than county and state jurisdictions, respectively. The figures here represent all expenditures in the Bureau of Prisons, Bureau of Correctional Healthcare Services, and Level IV facilities (such as drug treatment facilities and work release centers).

Prison costs outside the DDOC's budget included the following:

- **Retiree Health Care Contributions.** The state of Delaware made a payment of $7 million for corrections employees in 2010.
- **Underfunded Retiree Health Care Contributions.** In 2010, the state of Delaware contributed 35 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $13 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.
- **Inmate Education and Training.** The Delaware Department of Education and the Delaware Department of Health and Social Services spent a combined $3.5 million on inmate education and training programs in 2010.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Florida Department of Corrections (FLDOC) had $2.05 billion in prison expenditures. However, the state also had $29.4 million in prison-related costs outside the department’s budget. The total cost of Florida’s prisons—to incarcerate an average daily population of 101,324—was therefore $2.08 billion, of which 1.4 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the FLDOC’s budget included the following:

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Florida contributed 32.3 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $20.4 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **PRIVATE PRISONS.** The state’s Department of Management Services’ Bureau of Private Prison Monitoring oversees Florida’s seven private prisons. The bureau spent $2.2 million in 2010.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the FLDOC incurred $6.7 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Georgia Department of Corrections (GDC) had more than $1.0 billion in prison expenditures. However, the state also had $100.3 million in prison-related costs outside the department’s budget. The total cost of Georgia’s prisons—to incarcerate an average daily population of 53,704—was therefore more than $1.1 billion, of which 8.9 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the GDC’s budget included the following:

- **Retiree Health Care Contributions.** The state of Georgia made a payment of $22 million for corrections employees in 2009, the most recent year for which Vera could obtain data.

- **Underfunded Retiree Health Care.** In 2009, the state contributed 44 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $28 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **Capital Costs.** In 2010, the state spent $49.7 million on debt service for the GDC’s capital costs.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Idaho Department of Correction (IDOC) had $143.2 million in prison expenditures. However, the state also had more than $1.5 million in prison-related costs outside the department’s budget. The total cost of Idaho’s prisons—to incarcerate an average daily population of 7,402—was therefore $144.7 million, of which 1.0 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the IDOC’s budget included the following:

- **Retiree Health Care Contribution.** The state of Idaho made a payment of $247,000 for corrections employees in 2010.

- **Underfunded Retiree Health Care Contributions.** In 2010, the state contributed 51 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $237,000, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **Statewide Administrative Costs.** In 2009, the most recent year for which Vera could obtain data, the IDOC incurred $973,000 in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations that are provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **Other State Costs.** A portion of the costs of capital improvements, judgments, and legal claims were funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Illinois Department of Corrections (IDOC) had nearly $1.2 billion in prison expenditures. However, the state also had $566.1 million in prison-related costs outside the department’s budget. The total cost of Illinois’s prisons—to incarcerate an average daily population of 45,551—was therefore more than $1.7 billion, of which 32.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the IDOC’s budget included the following:

- **EMPLOYEE BENEFITS.** The state of Illinois spent $163.8 million on health insurance for corrections employees.
- **PENSION CONTRIBUTIONS.** The state made a contribution of $152.5 million for corrections employees in 2010.
- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Illinois contributed 93 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $11.3 million, plus interest, to provide for corrections employees’ pension benefits.
- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state made a payment of $48.4 for corrections employees.
- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Illinois contributed 33 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay $99.1 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.
- **CAPITAL COSTS.** In 2010, the state spent $64.8 million on debt service for the IDOC’s capital assets.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Indiana Department of Correction (IDOC) had $562.2 million in prison expenditures. However, the state also had more than $7.2 million in prison-related costs outside the department’s budget. The total cost of Indiana’s prisons—to incarcerate an average daily population of 38,417—was therefore $569.5 million, of which 1.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the IDOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Indiana contributed 92 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $2.2 million, plus interest, to provide for corrections employees’ pension benefits.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the IDOC incurred $5.1 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **CAPITAL COSTS.** These costs are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Iowa Department of Correction (DOC) had $265.4 million in prison expenditures. However, the state also had more than $10.6 million in prison-related costs outside the department’s budget. The total cost of Iowa’s prisons—to incarcerate an average daily population of 8,384—was therefore $276 million, of which 3.9 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Iowa contributed 89.5 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $1.6 million, plus interest, to provide for corrections employees’ pension benefits.

- **CAPITAL COSTS.** In 2010, the state funded $8.4 million in debt service for the DOC.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2010, the DOC incurred $0.6 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** These costs could not be determined using information available to Vera and are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Kansas Department of Corrections (KDOC) had $156.1 million in prison expenditures. However, the state also had $2.1 million in prison-related costs outside the department’s budget. The total cost of Kansas’s prisons—to incarcerate an average daily population of 8,689—was therefore $158.2 million, of which 1.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the KDOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Kansas contributed 72 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $1.9 million, plus interest, to provide for corrections employees’ pension benefits.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which data is available, the KDOC incurred $173,000 in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Kentucky Department of Corrections (DOC) had $272.5 million in prison expenditures. However, the state also had $39.2 million in prison-related costs outside the department’s budget. The total cost of Kentucky’s prisons—to incarcerate an average daily population of 21,347—was therefore $311.7 million, of which 12.6 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Kentucky contributed 99 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $202,000, plus interest, to provide for corrections employees’ pension benefits.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state made a payment of $13.7 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 63.5 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $7.9 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, the Kentucky Finance and Administration Cabinet paid $14.8 million in debt service for the DOC’s capital costs.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Louisiana Department of Public Safety and Corrections (DPS&C) had $608.1 million in prison expenditures. However, the state also had $90.3 million in prison-related costs outside the department’s budget. The total cost of Louisiana’s prisons—to incarcerate an average daily population of 39,938—was therefore $698.4 million, of which 12.9 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DPS&C’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state contributed 87.2 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $5.4 million, plus interest, to provide for corrections employees’ pension benefits.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Louisiana contributed 25.3 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $32.2 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **INMATE HOSPITAL CARE.** When incarcerated individuals require hospital care, they are served by the Louisiana State University (LSU) hospital system. In 2010, LSU spent $40.7 million on hospital care for state inmates.

- **INMATE EDUCATION AND TRAINING.** Education and training programs are funded in part by the Louisiana Department of Education and Louisiana Community and Technical College System. In 2010, the two organizations spent $3.9 million for educational and vocational services for inmates.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Maine Department of Corrections (MDOC) had $94.0 million in prison expenditures. However, the state also had $6.6 million in prison-related costs outside the department's budget. The total cost of Maine’s prisons—to incarcerate an average daily population of 2,167—was therefore $100.6 million, of which 6.6 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the MDOC’s budget included the following:

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Maine contributed 59.8 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $3.6 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, the state of Maine paid $1.6 million to fund debt service for the MDOC.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2008, the most recent year for which Vera could obtain data, MDOC incurred $1.4 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **INMATE HOSPITAL CARE.** MaineCare pays a portion of these costs. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Maryland Division of Correction (DOC) had $731.3 million in prison expenditures. However, the state also had $104.9 million in prison-related costs outside the department’s budget. The total cost of Maryland’s prisons—to incarcerate an average daily population of 21,786—was therefore $836.2 million, of which 12.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Maryland contributed 70 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $11.4 million, plus interest, to provide for corrections employees’ pension benefits.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 28 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $55.5 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, $10 million in pay-as-you-go funding was budgeted by the Maryland Department of Public Safety and Correctional Services’ Office of the Secretary, but not within its Division of Corrections. The state of Maryland also issues bonds for DOC capital projects, but those costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

- **INMATE EDUCATION AND TRAINING.** In 2010, the Department of Labor, Licensing and Regulation paid $17.3 million for programming in the Division of Workforce Development and Adult Learning.

- **OTHER COSTS.** In 2010, the Division of Parole and Probation paid $2.7 million for the operations of contractual pre-release facilities.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Michigan Department of Corrections (MDOC) had almost $1.2 billion in prison expenditures. However, the state also had more than $69.7 million in prison-related costs outside the department’s budget. The total cost of Michigan’s prisons—to incarcerate an average daily population of 45,096—was therefore nearly $1.3 billion, of which 5.5 percent was outside the corrections department.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the MDOC’s budget included the following:

- **CAPITAL COSTS.** In 2010, the state of Michigan spent $47.1 million on debt service that financed the purchase of capital assets for the MDOC.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the MDOC incurred $22.6 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **UNDERFUNDED CONTRIBUTIONS TO PENSIONS AND RETIREE HEALTH CARE.** MDOC offered defined benefit retirement plans to employees hired prior to 1997 and Vera could not obtain the necessary financial data to determine the cost of underfunded retiree health care and the pensions for corrections staff hired before 1997. Employees hired since 1997 are enrolled in defined contribution retirement plans for which there are no underfunded costs.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Minnesota Department of Corrections (MNDOC) had $365.5 million in prison expenditures. However, the state also had $29.8 million in prison-related costs outside the department’s budget. The total cost of Minnesota’s prisons—to incarcerate an average daily population of 9,557—was therefore $395.3 million, of which 7.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the MNDOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Minnesota contributed 63 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $9.6 million, plus interest, to provide for corrections employees’ pension benefits.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 44 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $3.5 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, Minnesota’s Department of Administration paid $14.3 million through bonded funds for the costs associated with the MNDOC’s capital improvements.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Missouri Department of Corrections (DOC) had $503.9 million in prison expenditures. However, the state also had $176.5 million in prison-related costs outside the department’s budget. The total cost of Missouri’s prisons—to incarcerate an average daily population of 30,447—was therefore $680.5 million, of which 25.9 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **EMPLOYEE BENEFITS.** In 2010, the Missouri Office of Administration paid $90.4 million for DOC employee benefits.

- **PENSION CONTRIBUTIONS.** The Office of Administration made a contribution of $35.3 million for corrections employees in 2010.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The Office of Administration paid $11.2 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Missouri contributed 79 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $2.9 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** The Missouri Office of Administration spent $26.4 million on debt service for the DOC’s capital assets.

- **JUDGMENTS AND LEGAL CLAIMS.** The state legal defense fund makes payments for corrections-related judgments and claims on behalf of the DOC. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Source: Vera Institute of Justice, True Cost of Prisons survey. See "Methodology" for more details. Taxpayer costs include expenses funded by state and federal revenue. Vera could not obtain information about all prison costs outside the state’s corrections budget. These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Montana Department of Corrections (DOC) had $74.6 million in prison expenditures. However, the state also had $1.3 million in prison-related costs outside the department’s budget. The total cost of Montana’s prisons—to incarcerate an average daily population of 2,513—was therefore $76 million, of which 1.8 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Montana contributed 73.5 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $776,000, plus interest, to provide for corrections employees’ pension benefits.

- **INMATE HOSPITAL CARE.** In 2010, the state Medicaid budget provided $77,000 for a portion of the cost of inmate hospital care.

- **INMATE EDUCATION AND TRAINING.** In 2010, $84,000 for adult basic and literacy education programming was provided outside the corrections budget.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2008, the most recent year for which Vera could obtain data, DOC incurred $343,000 in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
In Fiscal Year 2010, the Nebraska Department of Correctional Services (NDCS) had $158.2 million in prison expenditures. However, the state also had $5.1 million in prison-related costs outside the department's budget. The total cost of Nebraska's prisons—to incarcerate an average daily population of 4,452—was therefore $163.3 million, of which 3.1 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the NDCS's budget included the following:

- **Capital Costs.** In 2010, the state of Nebraska spent $4.8 million outside the corrections budget on improvements and renovations to NDCS facilities.
- **Statewide Administrative Costs.** In 2009, the most recent year for which Vera could obtain data, the NDCS incurred $336,000 in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Nevada Department of Corrections (NDOC) had $267.9 million in prison expenditures. However, the state also had $15 million in prison-related costs outside the department’s budget. The total cost of Nevada’s prisons—to incarcerate an average daily population of 13,696—was therefore $282.9 million, of which 5.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the NDOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Nevada contributed 93 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $2.5 million, plus interest, to provide for corrections employees’ pension benefits.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 21.5 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state of Nevada will need to pay the remaining $11.5 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the NDOC incurred $1.1 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using Nevada’s Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the New Hampshire Department of Corrections (NHDOC) had $80.3 million in prison expenditures. However, the state also had more than $1.1 million in prison-related costs outside the department’s budget. The total cost of New Hampshire’s prisons—to incarcerate an average daily population of 2,389—was therefore more than $81.4 million, of which 1.4 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the NHDOC’s budget included the following:

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the NHDOC incurred $1.1 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **OTHER STATE COSTS.** A portion of the cost of employee fringe benefits, capital costs, and corrections-related judgments and legal claims is funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Vera was also unable to obtain the necessary financial data to determine the cost of contributions to retiree health care for corrections staff. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the New Jersey Department of Corrections (NJDOC) had almost $1.2 billion in prison expenditures. However, the state also had $255.5 million in prison-related costs outside the department's budget. The total cost of New Jersey's prisons—to incarcerate an average daily population of 25,822—was therefore $1.4 billion, of which 18 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the NJDOC’s budget included the following:

- **EMPLOYEE BENEFITS.** In 2010, the state of New Jersey made a payment of $60.7 million on behalf of NJDOC for the employer's share of social security taxes, unemployment insurance, and temporary disability insurance.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state paid $52.1 million from the interdepartmental account for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 28.4 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $131.2 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, the state of New Jersey paid $2.2 million for pay-as-you-go capital costs for the NJDOC.

- **PENSION CONTRIBUTIONS.** NJDOC reported that the state did not make a pension contribution in 2010. Vera could not obtain the necessary financial data to determine the cost of the unfunded pension contribution for corrections staff. Therefore, these costs are not included in this fact sheet and the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the New York Department of Correctional Services (DOCS) had $2.7 billion in prison expenditures. (In 2011, DOCS merged with the Division of Parole to become the Department of Corrections and Community Supervision.) However, the state also had $812.5 million in prison-related costs outside the department's budget. The total cost of New York's prisons—to incarcerate an average daily population of 59,237—was therefore almost $3.6 billion, of which 22.8 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOCS budget included the following:

- **PENSION CONTRIBUTIONS.** The state of New York made a contribution of $179.5 million for corrections employees in 2010.
- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state paid $223.9 million for corrections employees in 2010.
- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, New York contributed 37.6 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $371.7 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.
- **EMPLOYEE BENEFITS.** Fringe benefits, such as health insurance and the employer’s share of Social Security taxes, are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the North Carolina Department of Corrections (DOC) had $1.1 billion in prison expenditures. However, the state also had $109.3 million in prison-related costs outside the department’s budget. The total cost of North Carolina’s prisons—to incarcerate an average daily population of 40,203—was therefore $1.2 billion, of which 9.1 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The North Carolina Department of the State Treasurer made a payment of $28.2 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 27 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $76.3 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2005, the most recent year for which Vera could obtain data, the DOC incurred $4.7 million in indirect costs related to prison operations (such as auditing or information technology) provided by state administrative agencies. Indirect costs related to prison operations were determined using North Carolina’s Statewide Cost Allocation Plan (SWCAP).

- **OTHER STATE COSTS.** Capital costs and a portion of inmate education and training costs are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the North Dakota Department of Corrections and Rehabilitation (DOCR) had $56.2 in prison expenditures. However, the state also had $1.9 million in prison-related costs outside the department’s budget. The total cost of North Dakota’s prisons—to incarcerate an average daily population of 1,479—was therefore $58.1 million, of which 3.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOCR’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of North Dakota contributed 56 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $1.3 million, plus interest, to provide for corrections employees’ pension benefits.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state made a payment of $215,000 for corrections employees in 2010.

- **JUDGMENTS AND LEGAL CLAIMS.** In 2010, the North Dakota Office of Management and Budget’s Risk Management Division paid $28,220 for corrections-related judgments and claims.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Ohio Department of Rehabilitation and Correction (DRC) had nearly $1.27 billion in prison expenditures. However, the state also had $50.5 million in prison-related costs outside the department’s budget. The total cost of Ohio’s prisons—to incarcerate an average daily population of 50,960—was therefore more than $1.32 billion, of which 3.8 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DRC’s budget included the following:

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Ohio contributed 38 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $49.1 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the DRC incurred $1.4 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by state administrative agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Oklahoma Department of Corrections (ODOC) had $441.8 million in prison expenditures. However, the state also had $11.6 million in prison-related costs outside the department’s budget. The total cost of Oklahoma’s prisons—to incarcerate an average daily population of 24,549—was therefore $453.4 million, of which 2.6 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

In 2010, underfunded pension contributions were the major prison cost outside the ODOC’s budget. The state of Oklahoma contributed 66.8 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $11.6 million, plus interest, to provide for corrections employees’ pension benefits.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
Key Findings

<table>
<thead>
<tr>
<th>$1.6 billion</th>
<th>PADOC prison budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.1 billion</td>
<td>Total state cost of prisons</td>
</tr>
<tr>
<td>$42,339</td>
<td>Average annual cost per inmate</td>
</tr>
</tbody>
</table>

IN FISCAL YEAR 2010, the Pennsylvania Department of Corrections (PADOC) had almost $1.6 billion in prison expenditures. However, the state also had $463.8 million in prison-related costs outside the department’s budget. The total cost of Pennsylvania’s prisons—to incarcerate an average daily population of 48,543—was therefore almost $2.1 billion, of which 22.6 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the PADOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Pennsylvania contributed 31.4 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $120.1 million, plus interest, to provide for corrections employees’ pension benefits.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 60.7 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $35.4 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2008, the most recent year for which Vera could obtain data, the PADOC incurred $5.1 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. These costs were determined using Pennsylvania’s Statewide Cost Allocation Plan (SWCAP). PADOC also reported $30.2 million in additional administration costs outside the corrections budget.

- **INMATE HEALTH CARE.** All inmate health care is funded by the state of Pennsylvania outside the corrections budget. In 2010, the state incurred $231.7 million in inmate health care costs.

- **INMATE EDUCATION AND TRAINING.** In 2010, the state paid $41.3 million for inmate education and training programs.

- **CAPITAL COSTS.** The cost of debt service, which funds PADOC capital improvements, is outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
**Key Findings**

- **$159.8 million**
  - RIDOC prison budget

- **$172.1 million**
  - Total state cost of prisons

- **$49,133**
  - Average annual cost per inmate

**Taxpayer Costs (dollars in millions)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>RIDOC prison budget</td>
<td>$159.8</td>
</tr>
<tr>
<td>Other state costs</td>
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<tr>
<td>Underfunded retiree health care</td>
<td>$2.3</td>
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<tr>
<td>Capital costs</td>
<td>NE</td>
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<tr>
<td>Statewide administrative costs</td>
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<td>Inmate hospital care</td>
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<tr>
<td>Inmate education and training</td>
<td>$0.1</td>
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<td><strong>Subtotal: Other state costs</strong></td>
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</tr>
<tr>
<td><strong>TOTAL TAXPAYER COST</strong></td>
<td><strong>$172.1</strong></td>
</tr>
</tbody>
</table>

Source: Vera Institute of Justice, True Cost of Prisons survey. See “Methodology” for more details. Taxpayer costs include expenses funded by state and federal revenue. Vera could not obtain information about all prison costs outside the state’s corrections budget. These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

In Fiscal Year 2010, the Rhode Island Department of Corrections (RIDOC) had $159.8 million in prison expenditures. However, the state also had $12.3 million in prison-related costs outside the department’s budget. The total cost of Rhode Island’s prisons—to incarcerate an average daily population of 3,502—was therefore $172.1 million, of which 7.2 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Rhode Island operates a unified correctional system, meaning that both prisons and jails are under the jurisdiction of the state’s Department of Corrections. However, the figures Rhode Island provided exclude the costs of pretrial incarceration in jail and community confinement.

Prison costs outside the RIDOC’s budget included the following:

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Rhode Island contributed 73.1 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $2.3 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2009, the most recent year for which Vera could obtain data, the RIDOC incurred $9.9 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by other state administrative agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **INMATE HOSPITAL CARE.** In 2010, the Rhode Island Department of Human Services provided $49,000 toward hospital care for Medicaid-eligible inmates.

- **INMATE EDUCATION AND TRAINING.** The RIDOC’s Correctional Industries Internal Service Fund paid $100,000 toward inmate education and training programs in 2010. These costs are not included in the RIDOC’s budget.

- **CAPITAL COSTS.** A portion of these costs are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Texas Department of Criminal Justice (TDCJ) had $2.5 billion in prison expenditures. However, the state also had $782.9 million in prison-related costs outside the department’s budget. The total cost of Texas’s prisons—to incarcerate an average daily population of 154,576—was therefore $3.3 billion, of which 23.7 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the TDJC’s budget included the following:

- **EMPLOYEE BENEFITS.** The state’s Employees Retirement System paid $194.5 million for employee health insurance premiums on behalf of TDCJ.
- **PENSION CONTRIBUTIONS.** The Employees Retirement System paid $83.4 million for corrections employees in 2010.
- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the Employees Retirement System contributed 63.4 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $48.1 million, plus interest, to provide for corrections employees’ pension benefits.
- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state of Texas made a payment of $61.6 million for corrections employees in 2010.
- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Texas contributed 25.8 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $177.2 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.
- **CAPITAL COSTS.** In 2010, the Texas Public Finance Authority paid $208.7 million to fund debt service for repair and rehabilitation of TDCJ facilities.
- **JUDGMENTS AND LEGAL CLAIMS.** A portion of these corrections-related costs are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Utah Department of Corrections (UDC) had $178.1 million in prison expenditures. However, the state also had $7.9 million in prison-related costs outside the department’s budget. The total cost of Utah’s prisons—to incarcerate an average daily population of 6,338—was therefore $186 million, of which 4.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the UDC’s budget included the following:

- **Retiree Health Care Contributions.** The state of Utah made a payment of $5.4 million for corrections employees in 2010.
- **Statewide Administrative Costs.** In 2009, the most recent year for which Vera could obtain data, the UDC incurred $2.4 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).
- **Inmate Education and Training.** The Utah State Board of Education paid $80,000 toward inmate education and training programs in 2010.

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
IN FISCAL YEAR 2010, the Vermont Department of Corrections (DOC) had $102 million in prison expenditures. However, the state also had $9.2 million in prison-related costs outside the department’s budget. The total cost of Vermont’s prisons and jails—to incarcerate an average daily population of 2,248—was therefore $111.3 billion, of which 8.3 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Vermont’s corrections system has a unified structure, meaning that jails and prisons are operated by the state rather than county and state jurisdictions, respectively. Thus, the figures provided for Vermont are for both jails and prison.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Vermont contributed 84.1 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $878,000, plus interest, to provide for corrections employees’ pension benefits.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state made a payment of $1.5 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Vermont contributed 38.8 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $2.4 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, the Vermont Department of Buildings and General Services paid $680,000 in debt service for the DOC’s capital assets.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2010, the DOC incurred $3.7 million in indirect costs (such as auditing or information technology) paid by state administrative agencies in 2010. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

Download the report, which fully explains the methodology, at [www.vera.org/priceofprisons](http://www.vera.org/priceofprisons).
Key Findings

$712.4 million
DOC prison budget

$748.6 million
Total state cost of prisons

$25,129
Average annual cost per inmate

Taxpayer Costs (dollars in millions)

<table>
<thead>
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<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>DOC prison budget</td>
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<td>Underfunded pensions</td>
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<td>Retiree health care contributions</td>
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<td>Judgments and legal claims</td>
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<td>Statewide administrative costs</td>
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<td>Inmate education and training</td>
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<td>Subtotal: Other state costs</td>
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<td>TOTAL TAXPAYER COST</td>
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Source: Vera Institute of Justice, True Cost of Prisons survey. See “Methodology” for more details. Taxpayer costs include expenses funded by state and federal revenue. Vera could not obtain information about all prison costs outside the state’s corrections budget. These costs were not estimated and appear as NE. Apparent discrepancies between subtotals and totals are the result of rounding.

IN FISCAL YEAR 2010, the Virginia Department of Corrections (DOC) had $712.4 million in prison expenditures. However, the state also had $36.2 million in prison-related costs outside the department’s budget. The total cost of Virginia’s prisons—to incarcerate an average daily population of 29,792—was therefore $748.6 million, of which 4.8 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies.

Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of Virginia contributed 67 percent of the amount necessary to fully fund pensions in the long run. The state will need to pay the remaining $21.9 million, plus interest, to provide for corrections employees’ pension benefits.

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state of Virginia made a payment of $6.6 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state of Virginia contributed 53.5 percent of the amount necessary to fully fund retiree health care benefits. The state will need to pay the remaining $5.8 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

- **OTHER COSTS.** Capital improvements, corrections-related judgments and legal claims, and a portion of the cost of inmate education and training are funded outside the corrections department. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

Download the report, which fully explains the methodology, at www.vera.org/priceofprisons.
IN FISCAL YEAR 2010, the Washington Department of Corrections (DOC) had $684.6 million in prison expenditures. However, the state also had $115 million in prison-related costs outside the department’s budget. The total cost of Washington’s prisons—to incarcerate an average daily population of 17,050—was therefore $799.6 million, of which 14.4 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **RETIREE HEALTH CARE CONTRIBUTIONS.** The state of Washington made a payment of $21.3 million for corrections employees in 2010.

- **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 19.8 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state of Washington will need to pay the remaining $86.3 million, plus interest, to provide for the retiree health care benefits of corrections employees that are scheduled under current law.

- **CAPITAL COSTS.** In 2010, the state made a payment of $4.7 million for debt service to finance capital assets for the DOC.

- **INMATE HOSPITAL CARE.** When inmates require hospital care, the DOC transports them to local hospitals that bill the state for their services. The Health and Recovery Services Administration paid $2.7 million for hospital costs for inmates who were eligible for Medicaid during their hospital stay. The corrections department paid for the care of those who were not eligible for Medicaid.

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IN FISCAL YEAR 2010, the West Virginia Division of Corrections (WVDOC) had $152.1 million in prison expenditures. However, the state also had $17.1 million in prison-related costs outside the department’s budget. The total cost of West Virginia’s prisons—to incarcerate an average daily population of 6,385—was therefore $169.2 million, of which 10.1 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the WVDOC’s budget included the following:

> **UNDERFUNDED PENSION CONTRIBUTIONS.** In 2010, the state of West Virginia contributed 88 percent of the annual amount required to fully fund pension benefits in the long run. The state will need to pay the remaining $919,000, plus interest, to provide for corrections employees’ pension benefits.

> **UNDERFUNDED RETIREE HEALTH CARE CONTRIBUTIONS.** In 2010, the state contributed 16.9 percent of the annual amount required to fully fund retiree health care benefits in the long run. The state will need to pay the remaining $15.2 million, plus interest, to provide for the retiree health care benefits for corrections employees that are scheduled under current law.

> **STATEWIDE ADMINISTRATIVE COSTS.** In 2005, the most recent year for which Vera could obtain data, the WVDOC incurred $1 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using West Virginia’s Statewide Cost Allocation Plan (SWCAP).

> **JUDGMENTS AND LEGAL CLAIMS.** The cost of corrections-related judgments and claims are funded by the Court of Claims and the Board of Risk and Insurance Management. Vera could not obtain this information and these costs are not included in this fact sheet. Therefore, the state’s total prison cost calculated for this report is a conservative estimate.

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IN FISCAL YEAR 2010, the Wisconsin Department of Corrections (DOC) had $800.3 million in prison expenditures. However, the state also had $74.1 million in prison-related costs outside the department’s budget. The total cost of Wisconsin's prisons—to incarcerate an average daily population of 23,015—was therefore $874.4 million, of which 8.5 percent were costs outside the corrections budget.

Determining the total cost of state prisons requires accounting for expenditures in all areas of government that support the prison system—not just those within the corrections budget. The additional costs to taxpayers can include expenses that are centralized for administrative purposes (such as employee benefits and capital costs) and services for inmates funded through other agencies. Prison costs also include the cost of underfunded contributions to corrections employees’ pensions and retiree health care plans; states must pay the remainder of those contributions in the future.

Prison costs outside the DOC’s budget included the following:

- **CAPITAL COSTS.** In 2010, the state of Wisconsin paid $13 million for debt service to finance capital assets for the DOC.

- **STATEWIDE ADMINISTRATIVE COSTS.** In 2010, the DOC incurred $1.3 million in indirect costs (such as auditing or information technology) paid by state administrative agencies. Indirect costs related to prison operations provided by these agencies were determined using the Statewide Cost Allocation Plan (SWCAP).

- **INMATE HOSPITAL CARE.** In 2010, the state of Wisconsin spent $59.8 million for care through the Wisconsin Resource Center, a mental health facility established as a prison to house certain adults in the state’s custody.

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