

10 Appendix 1: The Real Costs of Incarceration

On January 25, 2017, researchers Peter Wagner and Bernadette Rabuy published a paper in prisonpolicy.org entitled *Following the Money of Mass Incarceration* (Wagner & Raby, 2017). This article included an infographic, which is a sort of hierarchy chart showing the costs this article tracked in relation to their relative proportions. While this is a very useful way of demonstrating these items and their assessment included various useful figures, there were various important items which were not accounted for in this set of figures, these include any estimate of the moneys lost by virtue of the fact that incarceration impacts the incomes of those who are incarcerated, and the various additional economic burdens incurred by the families, children and communities of the incarcerated. These are important considerations when looking at the overall impact which the incarceration of a given individual can exert on the loved ones of those incarcerated, as well as our communities and more generally our Gross Domestic Product.

To adjust for this shortcoming, included here are figures from an earlier and in many ways more complete, but less visually dynamic report, *The Economic Burden of incarceration in the U.S.* (McLaughlin, 2016). For the category Inmate Wages Lost, we use \$33,066.00 per inmate, per year in the published 2014 dollars {which should be appreciated to have increased with inflation since that time}, which in turn originates from a 1999 study. It is unclear what criteria were used to arrive at this number, but McLaughlin et al state that this number accounts for wages earned by incarcerated persons during the time of their incarceration, and

is assumed to reflect the U.S. median income. However, McGiauglin, et al, go on to illustrate how the actual economic burden incurred by inmates is \$392.6 billion, and for families, children and communities of these individuals comes to \$531 billion per year. When dividing these numbers out across the number of inmates {which albeit is slightly mismatched as we are using a mix of numbers from 2014 and 2017}, we come to the startling conclusion that the costs borne by incarcerated individuals, their families, children and communities greatly exceeds any amount one could expect many of the individual units to come in tangible contact with in a given year. And so, it can be gathered that these shortfalls shift on to regular taxpayers and other constituents of the economic base writ large. This being the case, while the column Dollars Per U.S. Resident is an imperfect fit, as the immediate burden falls on the inmate and those most closely proximate to that individual, there is some aspect of considering it in these terms which gives an approximation of the actual impact on the regular citizen.

As can be observed through these data, for each year that a person is incarcerated, they not only exert a financial burden on others, they also decrease in some measurable way the economic health of our society at various levels. While some number of those incarcerated have wound up in prison due to illegal money-making activities, whether those be explicitly black-market activities, or financial wrongdoings within the legitimate business framework, it can be assumed that a substantial portion, most likely the majority of those incarcerated, could be otherwise gainfully employed in the legal job market. The potential impacts of this, while being beyond the scope of this paper to analyze are several. The most obvious immediate impact of this situation is that those incarcerated, in

the typical medium and high security institutions are unable to earn sufficient income to meet their own consumer activities, much less contribute to the various expenses, or wealth building activities which their loved ones might otherwise expect some contribution toward. The economic impact of this situation is such that for those families who are already burdened by the situation of their loved ones by the direct expenses they endure as indirect punishment for caring about an incarcerated person, are further harmed by the situationally imposed inability to improve their own economic status, or presumably in many cases, prevent themselves from slipping down the economic ladder. This in turn can have deleterious effects on the communities which the incarcerated person's family resides, as they will have less income, which in-turn most likely corresponds to the economic factors which contribute to the generation of more crime.

The overall effect of this arrangement is a tangible reduction in national productivity and correspondingly to GDP. In looking at these numbers, along with the other financial data associated with the American incarceration model suggests that the overall impact of the ways in which we handle crime in this society create both tangible and avoidable economic damage to our society, but also make us less safe than more pragmatic alternatives to the current arrangements. The key feature of Excel which is useful here beyond the groupings and subtotals is the Conditional Formatting button, which is located on the Home tab. In this case, I have elected to highlight those values which exceed 1% of GDP (6% is the estimated total cost of Criminal Justice when all factors are considered). This demonstrates that the greatest costs of this way of doing things, outside of

those put on the incarcerated (which can also be seen as direct depletions from GDP) are borne by the families and communities of those who are incarcerated, or are otherwise re-appropriated from other monies which would otherwise have benefitted these groups see table 1 (below).

Table 1 US Annual Justice Costs

Spending Category	Sub-Category	Annual Amount (In Billions of Dollars)	Percentage of Total	Dollars Per US Resident (=B/314,785,000)	Dollars Per Detainee* (=B/2.3 Million)
Public Corrections Agencies (Prisons, jails, parole and probation)	Public Employees	\$38.40	3.48%	\$121.99	\$16,695.65
Public Corrections Agencies (Prisons, jails, parole and probation)	Health Care	\$12.30	1.12%	\$39.07	\$5,347.83
Public Corrections Agencies (Prisons, jails, parole and probation)	Construction	\$3.30	0.30%	\$10.48	\$1,434.78
Public Corrections Agencies (Prisons, jails, parole and probation)	Interest Payments (On past construction)	\$1.90	0.17%	\$6.04	\$826.09
Public Corrections Agencies (Prisons, jails, parole and probation)	Food	\$2.10	0.19%	\$6.67	\$913.04
Public Corrections Agencies (Prisons, jails, parole and probation)	Utilities	\$1.70	0.15%	\$5.40	\$739.13
Public Corrections Agencies (Prisons, jails, parole and probation)	Private Corrections (aka private prisons)	\$3.90	0.35%	\$12.39	\$1,695.65
Public Corrections Agencies (Prisons, jails, parole and probation)	Private Prison Profits	\$0.37	0.03%	\$1.18	\$160.87
Public Corrections Agencies (Prisons, jails, parole and probation)	Other (non-specified)	\$16.73	1.52%	\$53.15	\$7,273.91
	Total	\$80.70	7.32%	\$256.37	\$35,086.96
Judicial and Legal (Criminal law only)	Prosecution	\$5.80	0.53%	\$15.89	\$2,521.74
Judicial and Legal (Criminal law only)	Indigent Defense	\$4.50	0.41%	\$12.33	\$1,956.52
Judicial and Legal (Criminal law only)	Other (non-specified)	\$18.70	1.70%		\$8,130.43
Judicial and Legal	Total	\$29.00	2.63%	\$28.22	\$12,608.70
Policing (Criminal law only)	Total	\$63.20	5.73%	\$200.77	\$27,478.26
Civil Asset Forfeiture	Total	\$4.50	0.41%	\$14.30	\$1,956.52
Bail Fees	Total	\$1.40	0.13%	\$4.45	\$608.70
Costs to Families and Communities	Commissary	\$1.60	0.15%	\$5.08	\$695.65
Costs to Families and Communities	Telephone Calls	\$1.30	0.12%	\$3.56	\$565.22
Costs to Families and Communities	Other (McGlaughlin, et al)	\$528.10	47.90%	\$1,446.85	\$229,608.70
Costs to Families and Communities	Total	\$531.00	48.17%	\$8.64	\$1,260.87
Costs to Inmates	Total	\$392.60	35.61%	\$1,075.62	\$170,695.65
Grand Total (approx. 6% of GDP)		\$1,107	100.00%	\$3,243.57	\$479,304.35
Items in Red are ≥ 1% GDP (183 Billion Dollars)					

Other costs which are not detailed here include such things as the costs of transportation imposed on the loved ones who visit persons incarcerated both remotely and even locally, as jails and prisons are rarely conveniently located, opportunity costs imposed on such loved ones who need to take time off from work to visit incarcerated persons, and similarly, opportunity costs associated with the need to turn down whatever employment opportunities become unmanageable to the person who is connected to the incarcerated. Furthermore, the impact of incarceration on the children of the incarcerated person have real and economically significant impact in various ways (McLaughlin, 2016). It is known for example that such children are more likely to need therapy around the emotional impact of their parents' situation, they might also wind up taking on various burdens associated with the maintenance of the household, including caring for younger siblings and so forth which might otherwise have devolved to the parent, direct financial burdens in needing to enter the job market to earn income to lend support to their families or even meet their own material needs. These various burdens carried by the children of the incarcerated can in turn lead to diminished ability to succeed in academic as well as social life, leading in some cases to additional far-flung and multi-generational economic impacts and even to more crime.

Conclusion

In considering the data evaluated in this analysis, it is clear that there are various flaws in our national thinking on the arrangements made around crime and punishment which perpetuate and even exacerbate the conditions which lead to the need for some kind of response. It is hoped that in considering these facts,

that discussion around these topics will lead to thoughtful reconsideration of our approaches to the various social and psychological problems which are currently addressed through the criminal justice framework. It is apparent that even failing any more meaningful systemic changes in our approaches to those behaviors we currently define as criminal, that there are at the very least ways in which prison inmates could be allowed to participate in the economic health of their families, communities and the nation as a whole, and that there are ways in which the various economic, social and emotional costs imposed on loved ones could be mitigated if not eliminated. It is the author's hope that the data analyzed here will contribute to meaningful and effective discussion in this area.