

Executive Summary

Everyone Pays: A Social Cost Analysis of Incarcerating Parents for Drug Offenses in Hawai'i

**Thomas E. Lengyel and Marilyn Brown
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This study takes as its primary goal the construction of an economic foundation for corrections policy in the State of Hawai'i. Up to this point, Hawai'i's citizens, elected representatives, and state administrators have not had access to a serious accounting of the costs of putting their fellow citizens in prison. These costs and benefits of prison time are much more diverse and affect far more people than has been portrayed in the local media, whose reports often focus narrowly on the cost of the prison bed. As the title of this work implies, costs and benefits spread across society, and the costs for the state, for the prisoner, and for the prisoner's family far outweigh the benefits. We explore this subject using as a case study the cohort of drug offenders released from Hawai'i's prisons in fiscal year 2006.

The main impediment to appreciating the ramifications of imprisonment is the way we think about cost. We are most comfortable applying the logic of household and government line-item budgeting, which treats concrete, time-specific expenditures as the real measure of cost. But every action that changes the welfare of a person or of a community has costs that are not immediately concrete but may come due at an unknown time in the future, not unlike an inveterate smoker who will suffer the health consequences and health costs at a later stage in life. If those costs were figured into the price of a pack of cigarettes the price per pack would be astronomical. So it is with public policy. Policy actions that alter personal or communal welfare, such as sentencing policy, have a few concrete costs that are immediate, but most of the costs are debits against future accounts and social welfare that are not budgeted. This study makes those debits explicit and concrete by applying the concept of social cost, which includes all costs and benefits traceable to the initial action (a prison sentence) that change the social welfare of the Hawai'i community, no matter how far removed in time and place.

Removing the veil of uncertainty about social costs and benefits requires understanding the offending patterns of those we put behind bars. This too has been unavailable to the public, which explains in part the preference of the local media for characterizing the costs of imprisonment in cost terms that are well documented and easily available. We fill that gap by extrapolating offenses committed from the arrest records of our case study subjects, applying a well codified and accepted methodology from the literature on offending. The results agree with many other studies that have shown, on the basis of more limited evidence, that drug offenders commit primarily non-violent crimes. In fact, 97.6% of the estimated misdemeanor and felony offenses of these released prisoners were not violent or personal crimes. Instead, this cohort of offenders committed mostly drug offenses (62.1%, primarily possession), followed by non-violent property crime (19.0%), traffic offenses (6.3%), weapons possession (6.1%), and

offenses against public order (3.6%).¹ Thus, though their actions diminish public health and welfare through drug use, drug sales, and acquisitive crime, this class of offenders is generally not a threat to the personal safety of citizens of the state.

The literature on the costs of crime finds that personal and violent crimes such as murder, aggravated assault, sexual assault, child abuse, and robbery impose far higher costs on victims and on society than the drug and property crimes characteristic of the cohort examined here. This study offers a concrete calculation of the costs of crimes that the cohort would have committed during their time in prison, had they not been incarcerated, by applying cost-of-crime estimates to the number and type of offenses we derive from arrest records. The calculation of the costs of averted crime amounts to a statement of the benefits derived from the incarceration of this class of offenders. Most experts agree that this element of the social benefits of prison exceeds all of the other benefits enumerated in the literature.

The bottom line on the crimes that would have been perpetrated by cohort members were they “on the street” instead of in prison is that the average drug offender would commit about 30 misdemeanors and felonies per year distributed among types of crime according to the profile given above. Over the average 39-month length of stay in prison for this group the net cost savings for Hawai’i citizens from averted crime is about \$85,000 per drug offender, and approximately \$16.8 million for the full cohort of 197 prisoners.

This apparent windfall from the incapacitation of drug offenders must be balanced against the costs caused by their removal from society and confinement to prison. The \$85,000 per prisoner savings from incapacitation is exceeded simply by Hawai’i’s costs for providing a prison bed, which amount to \$123,000 per prisoner over the 39 month average length of stay. That is the tip of the iceberg for the social costs of incarceration, which include significant losses to the prisoner and the prisoner’s family in terms of reduced quality of life, lost earnings while in prison, lost future earnings of the releasee, lost taxes to the state on lost earnings, up-front criminal justice system costs, the cost of parole, foster care for the children of some prisoners, and a host of other costs, some of which are yet to be estimated. Pursuing this cold reality to its logical conclusion shows that the per-prisoner costs of incarceration for the average length of stay exceed the social benefits by \$600,000. The net cost to the *state* for incarcerating the entire cohort comes to \$15.6 million, and adding costs to the prisoner and the prisoner’s extended family brings the total cost charged against the welfare of the Hawai’i community to \$102 million.

Social costs are spread among a wide variety of players in the drama of crime and incarceration. For parent-prisoners the state, as protagonist, bears about 24% of the net costs, the losses borne by the parent amount to 32% of net costs, and the major share of social costs (44%) is carried by the parent’s family and relatives. This distribution of the costs of prison demonstrates that the prisoner is not the primary party that is punished. Rather, the costs fall disproportionately on the extended family of the prisoner, with ramifications that spread out from there.

The question that immediately follows is whether the state could reapply some of these costs in a manner that more efficiently and effectively reduces the adverse consequences of drug abuse,

¹ A small category of “other” offenses amounts to 0.6%.

both for law abiding citizens and for the drug abusers themselves. Substance abuse treatment is an effective response for a significant portion of drug offenders, and such programs are available in Hawai'i. They are, however, substantially underfunded by the state, and currently cannot serve about one-third of those who are taking illicit drugs, and need treatment. For this reason the State Task Force on Ice and Drug Abatement in 2004 recommended \$10.8 million in additional state funding for substance abuse treatment.

The most expensive, and probably the most effective form of treatment for drug offenders is community-based residential treatment. Such programs reduce subsequent criminal activity, health costs, and drug use itself. At a well-known provider in Hawai'i, a two-month period of residential programming for drug offenders is followed by 10 weeks of outpatient treatment. This two-phase approach costs \$12,200. Assuming that Integrated Case Management services follow the program completer for the balance of the year, the total treatment and case management costs sum to about \$19,000. This investment amounts to about half the cost of a prison bed for the same one-year period.

Assuming that 50% of the 2006 cohort of released drug offenders would be appropriate candidates for this course of substance abuse treatment, we compare first year costs and benefits of incarceration against the first year costs of treatment for half of the cohort. The comparison demonstrates that the state's net first year cost (costs less benefits) for incarcerating a drug offender, regardless of parental status, is about double the cost of a full year of intensive substance abuse treatment, or about \$34,000. If the costs to family are included the differential between incarceration and treatment cost for each parent-prisoner is just over \$111,000 in lost social welfare. This large figure does not count the losses to the prisoner, which would widen the gap between treatment and net incarceration cost to about \$175,000 for the first year of the offender's sentence.

The state's first year savings from diverting 50% of the cohort to intensive substance abuse treatment amount to a little more than \$4.1 million. Savings over the average length of stay are much larger, summing to \$14.4 million for the state alone, and growing to \$57.5 million when all social costs are recognized. First year treatment costs for half the cohort amount to \$1.8 million. Dividing the state's first year net incarceration costs for half the cohort—\$3.3 million—by that figure indicates that every dollar spent on treatment for these drug offenders would return about \$1.80 in avoided incarceration costs for the state alone, during year one.

The magnitude of these social welfare losses is a simple product of incarceration costs that substantially exceed the benefits from averted crime, multiplied by the relatively large number of citizens imprisoned in Hawai'i for drug offenses. The losses to general social welfare are further compounded by the long sentences meted out to convicted drug offenders in Hawai'i, which are almost as long (86%) as the average sentence for all Hawai'i felons released in 2006, and are 10 months longer than the average sentence for a comparable cohort of drug offenders in New York State. In fact, reducing drug offender sentences to the New York average of 29 months would generate enough savings for the state to fully fund substance abuse services for drug abusers, as recommended by the 2004 Task Force.

The study of offending patterns suffers from an emphasis on “high profile crimes.” This is commonly manifested by basing analysis on Part I Index crimes or the crimes commonly covered in national surveillance and reporting systems. Exactly the same bias characterizes the cost-of-crime literature. A focus on high profile crimes grossly distorts the profile and impact of Hawai’i drug offenders and leads the public and policy makers in the wrong direction. It sows the impression that criminals typically commit high profile felonies with catastrophic consequences for victims, reinforcing the public’s fear of crime. For drug offenders this anxiety could not be further from the truth.

Incarceration is an immensely costly form of social control. The full inventory of both costs and benefits is probably more robust than what we inventory here. The incarceration of a parent, and to a somewhat lesser extent a non-parent, constitutes a very substantial public investment in a drama that obligatorily engages a wide variety of actors, from the offender and his family, to law enforcement, court personnel, lawyers, prison staff, day care providers, foster parents, social workers, and a host of others. It is a large cast, and, in ultimate economic and social terms, everyone must be paid. The currency used is the public welfare and the price is heavy.

These findings lead to a set of recommendations for corrections policy and judicial practice in Hawai’i, several of which have been advanced in prior studies (Lengyel and Harris 2003; Lengyel 2006).

- Finding: The cost of incarcerating drug offenders greatly exceeds the corresponding social benefit.
Recommendations:
 - Practice selective non-incarceration. Shift from incarceration to community supervision and support for certain classes of inmates who are now facing sentencing or serving time.
 - Savings from prisoner diversion should be invested in programs that delay or forestall incarceration, such as drug abuse treatment and education, job training, and economic opportunity.

- Finding: Families, grandparents, and relatives bear the greatest share of costs imposed by the incarceration of a parent. They seldom have adequate resources to fulfill the role they play in the lives of the parent and the parent’s children.
Recommendations:
 - Initiate supports for partners, grandparents, and relative caregivers of children with parents in prison, including respite care, housing assistance, parenting support, and material support.

- Finding: Substance abuse treatment services are an appropriate alternative for the majority of drug offenders, but these services are grossly inadequate in prison and fall far short of the need in the community.
Recommendations:
 - Provide appropriate substance abuse treatment on demand both in the community and in prison.

- Finding: Hawai'i lacks accurate knowledge of its parent-prisoners and their children.
Recommendations:
 - Keep demographic information on all children, on custody (legal and informal), on care giving arrangements, and on services needed or anticipated.
 - Integrate family information into the Department of Public Safety central databank on prisoners on a regular basis.

- Finding: Placement on the mainland, based on administrative considerations, forecloses the possibility of visits and imposes stiff costs on families attempting to stay connected.
Recommendations:
 - The Department of Public Safety should factor in the ability to maintain parent-child contact when making prison placements.
 - Parent inmates should be placed on the basis of the "best interest of the family."

- Finding: The social costs of incarceration are largely hidden from public view, and remain unacknowledged by the courts when they dispense justice.
Recommendations:
 - All presentence investigations that recommend incarceration should include an estimate of the social costs of the recommended term based on the parameters documented in this study, as well as the cost of the best reasonable alternative. Judges should explicitly incorporate these estimates in their sentencing decisions, and should acknowledge in court the weight given to them.