



## New Solutions Campaign

Promoting Fair & Effective Criminal Sentencing • Strengthening Families & Communities

## Economic Costs

### Economic Costs of New Jersey's Out-of-Control Prison Growth

The economic cost of New Jersey's prison growth has been staggering. Over the last twenty years the Corrections budget has grown from \$289 million to an incredible \$1.33 billion. This budget growth far outstrips all other parts of the state's budget. From 1979 until 2006, the corrections budget grew by a factor of 13 while the overall budget grew only by a factor of six. The factors driving this explosive growth has been the passage of mandatory minimum sentences and expanded incarceration of nonviolent drug offenders.

Corrections spending has far outstripped that of many other critical budget areas. New Jersey spends more than \$46,000 per inmate annually and about \$331 million dollars a year just to incarcerate nonviolent drug offenders—more than sixteen other states spend on their entire corrections budgets. During the 1980s and 1990s, corrections spending in New Jersey rose at three times the rate of spending on higher education.

But the direct costs of incarceration tell only part of the story of the economic burden placed on New Jersey by the current system. In addition to the direct costs of incarcerating nonviolent drug offenders such as salaries for prison staff and facility maintenance, New Jersey also incurs substantial indirect and hidden costs by incarcerating large numbers of nonviolent drug offenders. To get a complete understanding of the costs of incarceration for New Jersey, costs such as lost wages while incarcerated, lost lifetime wages after release from prison due to reduced employability, and lost taxable income must be calculated. Including these hidden costs can increase the total cost of incarceration between 70 and 150 percent.

It has been estimated that for individuals with prison records hourly wages are reduced by about 15 percent and annual earnings by 30 to 40 percent. These lost earnings mean less money to support families, spend in communities, and less money sent to the state in the form of taxes.

A 2008 report on the hidden costs of incarceration for New Jersey found:

- Prisoners who entered New Jersey's prisons in 2003 lost an estimated quarter of a billion dollars in wages by the time they were released. These wages would have gone to pay taxes and support families and communities.
- At the same time the state was losing the benefit of these prisoners wages, it was paying \$1.26 billion to keep them incarcerated.
- The cost of incarcerating just those who entered prison for drug law violations in 2003 will total \$469 million and those incarcerated for these offenses will lose more than \$87 million in wages while incarcerated.
- Over their lifetimes, those who entered New Jersey's prisons in 2003 will lose about \$1.5 billion in earnings after their release due to reduced prospects for employment.

Incarceration is an expensive and economically inefficient method for addressing nonviolent drug offenses. It is like using emergency rooms to provide primary medical care — expensive and inefficient. Treatment, community supervision and other innovative and effective programs could save taxpayer money and provide a return on investment.

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