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State Prison Expenditures, 2001

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Correctional authorities spent \$38.2 billion to maintain the Nation's State correctional systems in fiscal year 2001, including \$29.5 billion specifically for adult correctional facilities. Day-to-day operating expenses totaled \$28.4 billion, and capital outlays for land, new building, and renovations, \$1.1 billion.

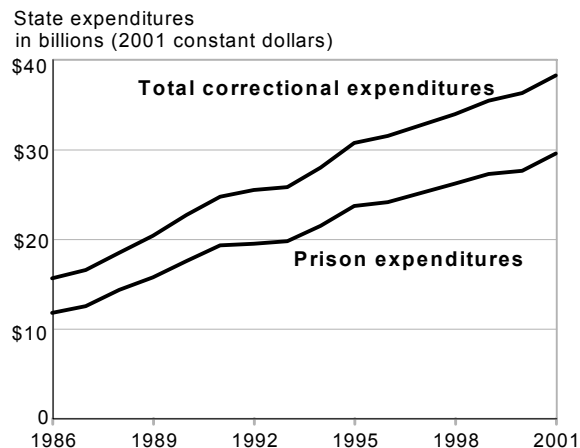
The average annual operating cost per State inmate in 2001 was \$22,650, or \$62.05 per day. Among facilities operated by the Federal Bureau of Prisons, it was \$22,632 per inmate, or \$62.01 per day.

In a followup to a study based on FY 1996 data, this report presents unique statistics on the cost of operating State prisons in FY 2001. Information was obtained by extracting corrections data from each State's responses to the U.S. Census Bureau's annual *Survey of Government Finances*. Item categories were standardized across jurisdictions, and reported figures were verified with State budget officials.

Expenditures are the total amounts paid for prison operations, including interest on indebtedness. Figures are net of amounts derived from revenue-generating activities such as farm and industrial production and services.

Highlights

States spent \$29.5 billion for prisons in 2001, about a \$5½ billion increase from 1996, after adjusting for inflation



- Prison operations consumed about 77% of State correctional costs in FY 2001. The remaining 23% was spent on juvenile justice, probation and parole, community-based corrections, and central office administration.

- State prison costs per U.S. resident more than doubled between 1986 and 2001.

| Year | State prison costs* | |
|------|---------------------|-----------------------------|
| | Total (in billions) | Each year per U.S. resident |
| 2001 | \$29.5 | \$104 |
| 1996 | 24.0 | 91 |
| 1991 | 19.2 | 76 |
| 1986 | 11.7 | 49 |

*2001 constant dollars.

- State correctional expenditures increased 145% in 2001 constant dollars from \$15.6 billion in FY 1986 to \$38.2 billion in FY 2001; prison expenditures increased 150% from \$11.7 billion to \$29.5 billion.

- Excluding capital spending, the average cost of operating State prisons in FY 2001 was \$100 per U.S. resident, up from \$90 in FY 1996.

- Outlays for new prison construction, renovations, equipment, and other capital account activities amounted to less than 4% of total prison expenditures in most States.

- Spending on medical care for State prisoners totaled \$3.3 billion, or 12% of operating expenditures in 2001.

Table 1. Annual per capita costs, in 2001 constant dollars, for selected State expenditures, 1986-2001

| Fiscal year | State expenditures as costs per resident | | | | | |
|---|--|---------|--------|-----------|----------------|-------------------|
| | Total corrections | Prisons | Health | Education | Public welfare | Natural resources |
| 1986 | \$65 | \$49 | \$78 | \$842 | \$425 | \$44 |
| 1991 | 98 | 76 | 109 | 998 | 632 | 52 |
| 1996 | 119 | 91 | 141 | 1,143 | 849 | 56 |
| 2001 | 134 | 104 | 154 | 1,315 | 914 | 61 |
| Average annual percent change, 1986-2001* | 6.2% | 6.4% | 5.8% | 4.2% | 6.4% | 3.3% |

Sources: U.S. Census Bureau, *Survey of State Government Finances*, 1986-2001 editions; U.S. Census Bureau, *Current Population Estimates and Projections, 1986-1996*; and unpublished data from 2001 Current Population Estimates. Bureau of Economic Analysis, chain-type price indexes for gross domestic product, 1959-2002, in *Economic Report of the President*, table B-7, February 2003.

*Based on total expenditures.

The increase in cost of corrections outpaced the cost of health, education, or natural resources

State spending for corrections increased from \$65 per resident in 1986 to \$134 in 2001 (table 1). Per capita expenditures for State prison operations alone rose from \$49 in 1986 to \$104 in 2001.

At an average annual increase of 6.2% for total State correctional spending and 6.4% specifically for prisons, increases in the cost of adult incarceration outpaced those of health care (5.8%), education (4.2%), and natural resources (3.3%).

Although correctional spending grew at a faster rate than many other State payments between 1986 and 2001, it remained one of the smaller cost items. For example, the outlay for education, at \$374.5 billion, was nearly 10 times larger, and that for welfare, at \$260.3 billion, was nearly 7 times larger.

Selected State expenditures, FY 2001:

| | |
|-------------------|-----------------|
| Education | \$374.5 billion |
| Public welfare | 260.3 |
| Health | 43.7 |
| Total corrections | 38.2 |
| Prisons | 29.5 |
| Natural resources | 17.3 |

State correctional expenditures include the cost of operating prisons and related institutions. Such institutions are reformatories; prison farms; centers for the reception, evaluation, and classification of inmates; and correctional facilities exclusively for the criminally insane or for the treatment of drug and alcohol addiction.

State correctional expenditures are primarily for operating adult facilities. Other spending pays for juvenile correctional activities, adult parole boards and programs (including court programs), and correctional administration not associated with specific penal institutions.

States spent \$29.5 billion on prisons in fiscal 2001

State prison expenditures totaled \$29.5 billion in fiscal year 2001. Adjusted for inflation, this was approximately \$5.5 billion more than was spent in FY 1996.

California reported the largest prison expenditure, \$4.2 billion, and North Dakota the smallest, \$26.8 million.

States with the largest prison expenditures:

| | |
|------------|---------------|
| California | \$4.2 billion |
| New York | 2.8 |
| Texas | 2.3 |
| Michigan | 1.6 |

States with the smallest prison expenditures:

| | |
|--------------|----------------|
| North Dakota | \$26.8 million |
| South Dakota | 37.5 |
| Vermont | 46.1 |
| Wyoming | 56.2 |

As a non-State activity, correctional spending by the Federal Bureau of Prisons (BOP) was outside the scope of this report. However, outlays for its operations in FY 2001 amounted to \$3.8 billion, or about 11% of the Nation's prison expenditure.

Operating costs averaged \$22,650 per inmate in fiscal year 2001

State prison operating expenditures totaled \$28.4 billion in fiscal year 2001 (table 2). This total, divided by the number of prisoners, produced a nationwide average annual operating cost per inmate of \$22,650. Adjusted for inflation, the equivalent figure in 1996 was \$22,515.

States with the highest reported average annual operating costs per inmate:

| | |
|---------------|----------|
| Maine | \$44,379 |
| Rhode Island | 38,503 |
| Massachusetts | 37,718 |
| Minnesota | 36,836 |
| New York | 36,835 |

States with the lowest reported average annual operating costs per inmate:

| | |
|-------------|----------|
| Alabama | \$ 8,128 |
| Mississippi | 12,795 |
| Missouri | 12,867 |
| Louisiana | 12,951 |
| Texas | 13,808 |

The average operating cost to incarcerate one inmate in the Federal Bureau of Prisons system during FY 2001 was \$22,632.

The \$28.4 billion State operating cost, divided by the U.S. resident population, resulted in a nationwide average operating expenditure of \$100 per person. The highest costs per resident were recorded in the District of Columbia (\$251), Alaska (\$243), and Delaware (\$204). The lowest costs per resident were in West Virginia (\$34), North Dakota (\$38), and New Hampshire and Minnesota (\$48 each).

State correctional systems with integrated jail-prison facilities may have higher operating costs than other jurisdictions because the costs of housing jail inmates are included as State expenditures. Of the six States with integrated jail-prison systems in 2001, four had average annual operating costs per resident above the average for States not operating integrated systems.

Annual operating costs per resident among —

| | |
|--|-------|
| States with integrated jail-prison systems | \$143 |
| Alaska | 243 |
| Delaware | 204 |
| Connecticut | 148 |
| Rhode Island | 114 |
| Hawaii | 96 |
| Vermont | 73 |
| Other State systems | \$99 |

Table 2. Total, operating, and capital expenditures, and operating costs per State inmate and per U.S. resident, fiscal year 2001

| Region and State | Expenditures (1,000's of dollars) | | | Annual operating costs | | Prisoners under State authority on 6/30/01 |
|--------------------------------|-----------------------------------|--------------|-------------|------------------------|-------------------|--|
| | Total | Operating | Capital | Per inmate | Per U.S. resident | |
| Total | \$29,491,268 | \$28,374,273 | \$1,116,995 | \$22,650 | \$100 | 1,252,743 |
| Northeast | \$6,056,762 | \$5,712,994 | \$343,769 | \$33,037 | \$106 | 172,925 |
| Connecticut ^a | 523,960 | 506,905 | 17,055 | 26,856 | 148 | 18,875 |
| Maine | 76,479 | 75,133 | 1,346 | 44,379 | 58 | 1,693 |
| Massachusetts | 413,071 | 404,862 | 8,209 | 37,718 | 63 | 10,734 |
| New Hampshire | 62,754 | 60,279 | 2,475 | 25,949 | 48 | 2,323 |
| New Jersey | 799,560 | 768,661 | 30,899 | 27,347 | 91 | 28,108 |
| New York | 2,807,259 | 2,547,452 | 259,807 | 36,835 | 134 | 69,158 |
| Pennsylvania | 1,203,219 | 1,183,668 | 19,551 | 31,900 | 96 | 37,105 |
| Rhode Island ^a | 124,333 | 121,167 | 3,165 | 38,503 | 114 | 3,147 |
| Vermont ^a | 46,128 | 44,867 | 1,261 | 25,178 | 73 | 1,782 |
| Midwest | \$6,327,346 | \$5,952,214 | \$375,132 | \$24,779 | \$92 | 240,213 |
| Illinois | 1,011,311 | 996,738 | 14,573 | 21,844 | 80 | 45,629 |
| Indiana | 477,628 | 449,406 | 28,222 | 21,841 | 73 | 20,576 |
| Iowa | 188,391 | 186,298 | 2,093 | 22,997 | 64 | 8,101 |
| Kansas | 199,843 | 182,655 | 17,189 | 21,381 | 68 | 8,543 |
| Michigan | 1,582,611 | 1,573,273 | 9,338 | 32,525 | 157 | 48,371 |
| Minnesota | 253,385 | 239,953 | 13,432 | 36,836 | 48 | 6,514 |
| Missouri | 436,081 | 362,429 | 73,652 | 12,867 | 64 | 28,167 |
| Nebraska | 126,857 | 99,865 | 26,992 | 25,321 | 58 | 3,944 |
| North Dakota | 26,796 | 24,219 | 2,577 | 22,425 | 38 | 1,080 |
| Ohio | 1,277,622 | 1,201,269 | 76,354 | 26,295 | 106 | 45,684 |
| South Dakota | 37,529 | 37,030 | 499 | 13,853 | 49 | 2,673 |
| Wisconsin | 709,292 | 599,080 | 110,212 | 28,622 | 111 | 20,931 |
| South | \$10,002,325 | \$9,750,580 | \$251,745 | \$16,479 | \$91 | 563,818 |
| Alabama | 228,871 | 221,774 | 7,097 | 8,128 | 50 | 27,286 |
| Arkansas | 199,003 | 192,611 | 6,392 | 15,619 | 72 | 12,332 |
| Delaware ^a | 166,327 | 162,397 | 3,930 | 22,802 | 204 | 7,122 |
| Dist. of Columbia ^b | 143,700 | 143,700 | ... | 26,670 | 251 | 5,388 |
| Florida | 1,484,799 | 1,453,799 | 31,000 | 20,190 | 89 | 72,007 |
| Georgia | 923,505 | 900,918 | 22,586 | 19,860 | 107 | 45,363 |
| Kentucky | 288,438 | 274,404 | 14,034 | 17,818 | 67 | 15,400 |
| Louisiana | 479,260 | 459,686 | 19,573 | 12,951 | 103 | 35,494 |
| Maryland | 645,620 | 632,749 | 12,872 | 26,398 | 118 | 23,970 |
| Mississippi | 266,196 | 264,503 | 1,693 | 12,795 | 93 | 20,672 |
| North Carolina | 863,892 | 840,347 | 23,545 | 26,984 | 103 | 31,142 |
| Oklahoma | 384,060 | 377,378 | 6,682 | 16,309 | 109 | 23,139 |
| South Carolina | 405,238 | 373,249 | 31,989 | 16,762 | 92 | 22,267 |
| Tennessee ^c | 421,807 | 421,807 | ... | 18,206 | 73 | 23,168 |
| Texas | 2,315,899 | 2,270,959 | 44,940 | 13,808 | 106 | 164,465 |
| Virginia | 723,767 | 699,104 | 24,663 | 22,942 | 97 | 30,473 |
| West Virginia | 61,944 | 61,194 | 750 | 14,817 | 34 | 4,130 |
| West | \$7,104,834 | \$6,958,485 | \$146,349 | \$25,231 | \$108 | 275,787 |
| Alaska ^a | 154,650 | 154,156 | 494 | 36,730 | 243 | 4,197 |
| Arizona | 618,571 | 609,910 | 8,661 | 22,476 | 115 | 27,136 |
| California | 4,166,573 | 4,107,844 | 58,729 | 25,053 | 119 | 163,965 |
| Colorado | 466,551 | 435,037 | 31,514 | 25,408 | 98 | 17,122 |
| Hawaii ^{a,d} | 117,101 | 117,101 | ... | 21,637 | 96 | 5,412 |
| Idaho | 95,494 | 92,821 | 2,673 | 16,319 | 70 | 5,688 |
| Montana | 71,994 | 71,169 | 825 | 21,898 | 79 | 3,250 |
| Nevada | 182,092 | 180,834 | 1,258 | 17,572 | 86 | 10,291 |
| New Mexico | 149,077 | 148,249 | 828 | 28,035 | 81 | 5,288 |
| Oregon | 404,255 | 399,436 | 4,819 | 36,060 | 115 | 11,077 |
| Utah | 133,963 | 133,683 | 281 | 24,574 | 59 | 5,440 |
| Washington | 488,314 | 459,814 | 28,500 | 30,168 | 77 | 15,242 |
| Wyoming | 56,199 | 48,431 | 7,768 | 28,845 | 98 | 1,679 |

Note: Forty-six States and the District of Columbia began their fiscal years in July and ended them in June. Exceptions included Alabama and Michigan, October to September; New York, April to March; and Texas, September to August. Detail may not add to total because of rounding.

... Not reported.

^aStates have integrated jail-prison systems.

^bThe District of Columbia reported no capital

outlays during FY 2001, a transition period during which its sentenced felons were being transferred to the Federal Bureau of Prisons.

^cDuring FY 2001 Tennessee spent capital amounts from sources outside its Department of Correction.

^dHawaii's Department of Public Safety, Corrections Division had nonrecurring expenditures which State budget officials excluded from the capital category.

Compared to 1996, prison spending in 2001 revealed a greater emphasis on facility operation

Over three-fourths of the States spent 96% or more of prison funds on current operations such as salaries, wages, benefits, supplies, maintenance, and contractual services. In 1996 State spending on current operations accounted for 94% of total expenditures.

The District of Columbia, Hawaii, Alaska, Tennessee, and Utah allocated all or nearly all prison expenditures to current operating activities. By contrast, Nebraska spent the lowest proportion (79%), followed by Missouri (83%), Wisconsin (84%), and Wyoming (86%).

Salaries, wages, and benefits made up about two-thirds of State prison operating expenditures, nationwide, in 2001 (table 3). Other operating costs comprised about a third. Other operating costs covered a wide variety of outlays, such as inmate health care, food, utilities, supplies, fees, commissions, and contractual services.

A majority of States spent 4% or less of prison expenditures on capital projects

Thirty-seven jurisdictions used 4% or less of all prison dollars to finance new construction, renovations, major repairs, equipment, land, buildings, and other nonrecurring outlays during FY 2001 (table 4). Among this group, the District of Columbia, Alaska, Hawaii, and Utah spent less than 1%. Four other States allocated significant proportions of prison funds to capital projects: Nebraska (21%), Missouri (17%), Wisconsin (16%), and Wyoming (14%).

Table 3. Components of State prison operating expenditures, fiscal year 2001

| Region and jurisdiction | Operating expenditures (1,000's of dollars) | | |
|-------------------------|---|------------------------------|-----------------------|
| | Total | Salaries, wages and benefits | Other operating costs |
| Total | \$28,374,273 | \$18,583,923 | \$9,790,350 |
| Northeast | \$5,712,994 | \$4,014,190 | \$1,698,803 |
| Connecticut* | 506,905 | 316,497 | 190,408 |
| Maine | 75,133 | 51,147 | 23,986 |
| Massachusetts | 404,862 | 297,405 | 107,457 |
| New Hampshire | 60,279 | 42,476 | 17,803 |
| New Jersey | 768,661 | 443,235 | 325,426 |
| New York | 2,547,452 | 1,969,750 | 577,702 |
| Pennsylvania | 1,183,668 | 765,038 | 418,629 |
| Rhode Island* | 121,167 | 101,999 | 19,168 |
| Vermont* | 44,867 | 26,643 | 18,224 |
| Midwest | \$5,952,214 | \$3,960,772 | \$1,991,442 |
| Illinois | 996,738 | 713,339 | 283,399 |
| Indiana | 449,406 | 304,310 | 145,096 |
| Iowa | 186,298 | 149,039 | 37,260 |
| Kansas | 182,655 | 107,721 | 74,934 |
| Michigan | 1,573,273 | 1,116,883 | 456,390 |
| Minnesota | 239,953 | 159,981 | 79,971 |
| Missouri | 362,429 | 220,790 | 141,639 |
| Nebraska | 99,865 | 64,327 | 35,538 |
| North Dakota | 24,219 | 13,734 | 10,485 |
| Ohio | 1,201,269 | 760,668 | 440,601 |
| South Dakota | 37,030 | 19,956 | 17,074 |
| Wisconsin | 599,080 | 330,025 | 269,055 |
| South | \$9,750,580 | \$6,017,146 | \$3,733,434 |
| Alabama | 221,774 | 153,077 | 68,697 |
| Arkansas | 192,611 | 108,960 | 83,651 |
| Delaware* | 162,397 | 110,751 | 51,646 |
| District of Columbia | 143,700 | 63,545 | 80,155 |
| Florida | 1,453,799 | 955,791 | 498,008 |
| Georgia | 900,918 | 678,964 | 221,954 |
| Kentucky | 274,404 | 124,787 | 149,617 |
| Louisiana | 459,686 | 196,078 | 263,609 |
| Maryland | 632,749 | 351,870 | 280,879 |
| Mississippi | 264,503 | 125,045 | 139,458 |
| North Carolina | 840,347 | 603,932 | 236,415 |
| Oklahoma | 377,378 | 189,432 | 187,946 |
| South Carolina | 373,249 | 266,518 | 106,732 |
| Tennessee | 421,807 | 168,295 | 253,511 |
| Texas | 2,270,959 | 1,343,459 | 927,500 |
| Virginia | 699,104 | 539,590 | 159,514 |
| West Virginia | 61,194 | 37,052 | 24,142 |
| West | \$6,958,485 | \$4,591,814 | \$2,366,671 |
| Alaska* | 154,156 | 81,508 | 72,648 |
| Arizona | 609,910 | 408,558 | 201,352 |
| California | 4,107,844 | 2,873,065 | 1,234,778 |
| Colorado | 435,037 | 275,095 | 159,942 |
| Hawaii* | 117,101 | 64,813 | 52,288 |
| Idaho | 92,821 | 52,401 | 40,420 |
| Montana | 71,169 | 35,677 | 35,492 |
| Nevada | 180,834 | 123,037 | 57,798 |
| New Mexico | 148,249 | 75,527 | 72,723 |
| Oregon | 399,436 | 197,265 | 202,171 |
| Utah | 133,683 | 82,152 | 51,531 |
| Washington | 459,814 | 299,391 | 160,423 |
| Wyoming | 48,431 | 23,326 | 25,105 |

Note: Detail may not add to total because of rounding.
*States have integrated jail-prison systems.

Table 4. Components of State prison capital expenditures, fiscal year 2001

| Region and jurisdiction | Capital costs (\$1,000's) | |
|-----------------------------------|---------------------------|-----------|
| | Construction | Equipment |
| Total | \$860,954 | \$253,247 |
| Northeast | \$310,770 | \$32,998 |
| Connecticut ^a | 12,837 | 4,218 |
| Maine | 425 | 921 |
| Massachusetts | 4,016 | 4,194 |
| New Hampshire | 1,338 | 1,137 |
| New Jersey | 17,285 | 13,614 |
| New York | 259,807 | ... |
| Pennsylvania | 11,739 | 7,812 |
| Rhode Island ^a | 2,505 | 660 |
| Vermont ^a | 819 | 442 |
| Midwest | \$299,321 | \$75,701 |
| Illinois | 2,219 | 12,354 |
| Indiana | 17,475 | 10,747 |
| Iowa | 334 | 1,748 |
| Kansas | 15,647 | 1,542 |
| Michigan | 272 | 9,066 |
| Minnesota | 4,183 | 9,249 |
| Missouri | 73,230 | 421 |
| Nebraska | 25,256 | 1,736 |
| North Dakota | 2,390 | 188 |
| Ohio | 59,420 | 16,933 |
| South Dakota | 235 | 264 |
| Wisconsin | 98,660 | 11,452 |
| South | \$147,512 | \$102,549 |
| Alabama | 5,448 | 1,649 |
| Arkansas | 4,973 | 1,273 |
| Delaware ^a | ... | 3,930 |
| District of Columbia ^b | ... | ... |
| Florida | 14,129 | 15,820 |
| Georgia | 7,236 | 15,318 |
| Kentucky | 11,881 | 1,876 |
| Louisiana | 15,100 | 4,473 |
| Maryland | 2,075 | 10,797 |
| Mississippi | 430 | 1,263 |
| North Carolina | 16,854 | 6,513 |
| Oklahoma | 1,262 | 5,420 |
| South Carolina | 30,408 | 1,581 |
| Tennessee ^c | ... | ... |
| Texas | 28,311 | 16,629 |
| Virginia | 9,210 | 15,453 |
| West Virginia | 195 | 554 |
| West | \$103,351 | \$41,999 |
| Alaska ^a | ... | 494 |
| Arizona | 1,365 | 7,296 |
| California | 39,237 | 19,329 |
| Colorado | 24,863 | 6,651 |
| Hawaii ^{a,d} | ... | ... |
| Idaho | 800 | 1,874 |
| Montana | 7 | 804 |
| Nevada | ... | 1,258 |
| New Mexico | 530 | 266 |
| Oregon | 3,202 | 1,396 |
| Utah | ... | 281 |
| Washington | 27,700 | 231 |
| Wyoming | 5,648 | 2,120 |

... Not reported.

^aStates have integrated jail-prison systems.

^bThe District of Columbia transferred its sentenced felons to the Federal Bureau of Prisons during FY 2001.

^cTennessee spent capital amounts from sources outside its Department of Correction.

^dHawaii's Department of Public Safety, Corrections Division, excluded some non-recurring expenditures from the capital category.

Spending on State prison capital projects decreased 25% from 1996 to 2001

Total capital expenditures of State prisons, adjusted for inflation, declined 25% from \$1.5 billion in FY 1996 to \$1.1 billion in FY 2001.

| | State prison capital expenditures for fiscal year (\$1,000's) | |
|------------------------|---|-------------|
| | 2001 | 1996* |
| Total | \$1,116,995 | \$1,489,755 |
| Construction | 860,954 | 929,786 |
| Equipment | 253,247 | 346,662 |
| Land and other capital | 2,794 | 213,307 |

*In 2001 dollars.

More than three-fourths of State prison capital expenditures were for new construction, renovations, and major repairs, including fees and services of architects, engineers, appraisers, and attorneys (table 4.) In FY 2001 these components consumed nearly the entire capital account in Missouri (99%) and Washington (97%).

The second-largest capital expenditure was for equipment purchases and installations, including furnishings, office equipment, motor vehicles, and other devices having a useful life of more than 5 years. The average outlay was approximately 23% of total capital

Many factors associated with variation in prison costs

Much of the variation between States in the cost of operating prisons was outside the influence of correctional officials: differences in the cost of living, variation in prevailing wage rates, climate, and other factors. Although important, they were beyond the scope of this study.

However, certain corrections-related factors were possible to analyze. For example, employee salaries, wages, and benefits consumed more than half of prison operating expenditures. Their influence was measurable by comparing inmate-to-staff ratios with operating costs per inmate. High inmate-to-staff ratios were most common in States reporting low average costs per inmate, and low inmate-to-staff ratios predominated in States with high average annual costs per inmate.

States with the lowest inmate-to-staff ratios:

| | Inmates per employee | Operating cost per inmate per day |
|---------------|----------------------|-----------------------------------|
| Maine | 1.7 | \$122 |
| Massachusetts | 1.8 | \$103 |
| Vermont | 1.8 | \$69 |
| West Virginia | 2.0 | \$41 |

States with the highest inmate-to-staff ratios:

| | Inmates per | Operating cost per inmate |
|--|-------------|---------------------------|
|--|-------------|---------------------------|

| | employee | per day |
|--------------|----------|---------|
| Alabama | 6.8 | \$22 |
| Nevada | 4.8 | \$48 |
| South Dakota | 4.6 | \$38 |
| Arkansas | 4.0 | \$43 |

Cost savings may also have been made from the operation of larger capacity prisons. Eight of the 10 States with average annual operating expenditures per inmate over \$30,000 had an average number of inmates per facility under 800. By contrast, 3 of the 7 States with average annual operating expenditures per inmate under \$15,000 had an average number of inmates per facility over 800.

Transfer payments, which included intergovernmental monies from one government to another as well as intra-governmental payments from one department or agency to another, varied significantly by State. In the 1996 State prison expenditure study, when these payments were last identified separately, departments of corrections in the South received about 8% of their total expenditures from transfer payments, compared to about 4% in other regions.

spending. In Alaska, Delaware, Nevada, and Utah, however, equipment accounted for the entire capital spending category in FY 2001.

The purchase of land, rights-of-way, existing structures, title searches, and related costs (not shown in table 4) included less than half of 1% of State prison capital expenditures, nationwide. Four States reported outlays in this category that exceeded 2%: Oregon (4.6%), New Mexico (3.9%), Florida (3.4%), and Arkansas (2.3%).

Over a quarter of prison operating costs for basic living expenses

Prisoner medical care, food service, utilities, and contract housing totaled \$7.3 billion, or about 26% of State prison current operating expenses.

Inmate medical care totaled \$3.3 billion, or about 12% of operating expenditures. Supplies and services of government staff and full-time and part-time managed care and fee-for-service providers averaged \$2,625 per inmate, or \$7.19 per day (table 5). By comparison, the average annual health care expenditure of U.S. residents, including all sources in FY 2001, was \$4,370, or \$11.97 per day.*

Five States reported annual medical costs per inmate above \$4,000: Maine (\$5,601), New Mexico (\$4,665), California (\$4,394), Massachusetts (\$4,049), and Alaska (\$4,047). Three States spent less than \$1,000 per inmate: Louisiana (\$860), Montana (\$922), and Kentucky (\$960).

Factors beyond the scope of this report contributed to the variation in spending levels for prisoner medical care. Lacking economies of scale, some States had significantly higher than average medical costs for everyone, and some had higher proportions of inmates whose abuse of drugs or

alcohol had led to disease. Also influencing variations in expenditures were staffing and funding of prisoner health

care and distribution of specialized medical equipment for prisoner treatment.

Table 5. State prison expenditures for medical care, food service, and utilities, fiscal year 2001

| Region and jurisdiction | 1,000's of dollars | | | Cost per inmate in 2001 | | |
|-----------------------------|--------------------|--------------|-----------|-------------------------|--------------|-----------|
| | Medical care | Food service | Utilities | Medical care | Food service | Utilities |
| Total | \$3,288,200 | \$1,195,854 | \$996,027 | \$2,625 | \$955 | \$795 |
| Northeast | \$590,935 | \$210,400 | \$203,294 | \$3,417 | \$1,217 | \$1,176 |
| Connecticut ^a | 68,330 | 23,451 | 19,838 | 3,620 | 1,242 | 1,051 |
| Maine | 9,483 | 3,107 | 2,781 | 5,601 | 1,835 | 1,643 |
| Massachusetts | 43,460 | 9,497 | 21,266 | 4,049 | 885 | 1,981 |
| New Hampshire | 3,964 | 2,035 | 3,393 | 1,706 | 876 | 1,461 |
| New Jersey | 91,652 | 22,760 | 31,140 | 3,261 | 810 | 1,108 |
| New York | 219,735 | 66,618 | 85,824 | 3,177 | 963 | 1,241 |
| Pennsylvania | 137,291 | 77,083 | 37,452 | 3,700 | 2,077 | 1,009 |
| Rhode Island ^{a,b} | 11,820 | 4,107 | 636 | 3,756 | 1,305 | 202 |
| Vermont ^a | 5,199 | 1,741 | 963 | 2,918 | 977 | 540 |
| Midwest | \$543,001 | \$290,949 | \$198,432 | \$2,260 | \$1,211 | \$826 |
| Illinois | 73,235 | 52,481 | 38,355 | 1,605 | 1,150 | 841 |
| Indiana | 37,601 | 19,965 | 19,018 | 1,827 | 970 | 924 |
| Iowa | 16,713 | 14,225 | 7,253 | 2,063 | 1,756 | 895 |
| Kansas | 22,835 | 11,975 | 7,592 | 2,673 | 1,402 | 889 |
| Michigan | 137,414 | 48,148 | 37,970 | 2,841 | 995 | 785 |
| Minnesota | 25,458 | 10,843 | 7,930 | 3,908 | 1,665 | 1,217 |
| Missouri | 50,207 | 21,144 | 19,050 | 1,782 | 751 | 676 |
| Nebraska | 12,406 | 5,627 | 2,568 | 3,145 | 1,427 | 651 |
| North Dakota | 2,892 | 1,803 | 939 | 2,678 | 1,670 | 870 |
| Ohio | 111,693 | 75,445 | 40,729 | 2,445 | 1,651 | 892 |
| South Dakota | 5,465 | 4,173 | 1,225 | 2,044 | 1,561 | 458 |
| Wisconsin | 47,082 | 25,119 | 15,802 | 2,249 | 1,200 | 755 |
| South | \$1,141,489 | \$411,988 | \$377,792 | \$2,025 | \$731 | \$670 |
| Alabama | 28,700 | 7,152 | 12,616 | 1,052 | 262 | 462 |
| Arkansas | 19,924 | 5,233 | 4,843 | 1,616 | 424 | 393 |
| Delaware ^a | 14,762 | 9,624 | 6,651 | 2,073 | 1,351 | 934 |
| District of Columbia | 10,425 | 2,955 | 2,688 | 1,935 | 549 | 499 |
| Florida | 242,132 | 78,483 | 44,792 | 3,363 | 1,090 | 622 |
| Georgia | 117,384 | 52,174 | 36,280 | 2,588 | 1,150 | 800 |
| Kentucky | 14,782 | 8,688 | 8,338 | 960 | 564 | 541 |
| Louisiana | 30,535 | 12,381 | 11,584 | 860 | 349 | 326 |
| Maryland | 52,193 | 15,316 | 28,454 | 2,177 | 639 | 1,187 |
| Mississippi | 25,946 | 6,142 | 7,149 | 1,255 | 297 | 346 |
| North Carolina | 45,558 | 5,935 | 31,165 | 1,463 | 191 | 1,001 |
| Oklahoma | 46,457 | 23,395 | 9,691 | 2,008 | 1,011 | 419 |
| South Carolina | 28,716 | 9,679 | 15,533 | 1,290 | 435 | 698 |
| Tennessee | 35,943 | 25,552 | 12,969 | 1,551 | 1,103 | 560 |
| Texas | 329,162 | 104,871 | 103,449 | 2,001 | 638 | 629 |
| Virginia | 87,320 | 39,856 | 39,293 | 2,866 | 1,308 | 1,289 |
| West Virginia | 11,550 | 4,550 | 2,296 | 2,797 | 1,102 | 556 |
| West | \$1,012,775 | \$282,516 | \$216,508 | \$3,672 | \$1,024 | \$785 |
| Alaska ^a | 16,987 | 5,242 | 6,930 | 4,047 | 1,249 | 1,651 |
| Arizona | 75,024 | 32,461 | 19,840 | 2,765 | 1,196 | 731 |
| California | 720,436 | 140,922 | 125,890 | 4,394 | 859 | 768 |
| Colorado | 43,509 | 24,399 | 13,242 | 2,541 | 1,425 | 773 |
| Hawaii ^a | 9,788 | 9,615 | 5,207 | 1,809 | 1,777 | 962 |
| Idaho | 9,757 | 3,660 | 2,579 | 1,715 | 643 | 453 |
| Montana | 2,997 | 1,380 | 1,094 | 922 | 425 | 337 |
| Nevada | 29,546 | 14,414 | 8,023 | 2,871 | 1,401 | 780 |
| New Mexico | 24,669 | 4,514 | 3,339 | 4,665 | 854 | 632 |
| Oregon | 14,222 | 7,359 | 8,865 | 1,284 | 664 | 800 |
| Utah | 7,308 | 5,214 | 3,280 | 1,343 | 958 | 603 |
| Washington | 51,998 | 31,617 | 16,672 | 3,412 | 2,074 | 1,094 |
| Wyoming | 6,533 | 1,719 | 1,547 | 3,891 | 1,024 | 921 |

^aStates have integrated jail-prison systems.

^bThe Rhode Island State Department of Health and Hospitals operated a centralized power plant that provided utilities to prisons and other government agencies. Utilities were unmetered and costs were allocated on the basis of square footage.

*U.S. Department of Health and Human Services, National Center for Health Statistics, citing Centers for Medicare and Medicaid Services in *Health, United States, 2003*, table 116.

Food service in FY 2001 cost \$1.2 billion, or approximately 4% of State prison operating expenditures.

As a percentage of total prison operating costs, South Dakota and Hawaii allocated the largest proportions to food services, 11.3% and 8.2%, respectively, and North Carolina and Oregon allocated the smallest proportions, 0.7% and 1.8%.

On average nationwide, State departments of correction spent \$2.62 to feed inmates each day. Pennsylvania (\$5.69) and Washington (\$5.68) reported the largest amounts, followed by Maine (\$5.03), Hawaii (\$4.87), and Iowa (\$4.81). North Carolina indicated the lowest cost (\$0.52), followed by Alabama (\$0.72), Mississippi (\$0.81), and Louisiana (\$0.96).

Reports of low food costs often reflected prisoner-operated farm and food processing operations. For example, Mississippi State Penitentiary, Parchman, and South Mississippi State Penitentiary, Leakesville, grew a wide variety of fruits, vegetables and grains, and raised livestock for other Mississippi prisons. Prison enterprises in North Carolina operated a cannery, a meat processing plant, warehouses, and trucks to deliver food and equipment to correctional facilities statewide.

Utility services for electricity, natural gas, heating oil, water, sewerage, trash removal, and telephone in State prisons totaled \$996 million in FY 2001.

Utilities accounted for about 3.5% of State prison operating expenditure. Among individual States, they consumed the most in Alabama (5.7%), New Hampshire and Virginia (5.6%), and the least in Rhode Island (0.5%), and Montana (1.5%).

Daily utility costs ranged from a high of \$5.43 per inmate in Massachusetts, \$4.52 in Alaska, and \$4.50 in Maine to a low of \$0.55 in Rhode Island, \$0.89 in Louisiana, and \$0.92 in Montana.

40 State correctional systems paid others to house some prisoners

All but 11 States had expenses relating to the contract housing of prison inmates in private facilities, local jails, other States' facilities, or Federal facilities. The 11 States not reporting contract housing costs for inmates in FY 2001 were Alabama, Iowa, Kansas, Illinois, Maine, Massachusetts, Missouri, New Hampshire, North Carolina, Washington, and West Virginia.

Contract housing averaged 6% of operating expenses, nationwide. However, seven States spent more than 3 times this proportion:

| | Contract housing cost as a percentage of total prison expenditure |
|-------------|---|
| Montana | 37% |
| Louisiana | 37 |
| Tennessee | 36 |
| Oklahoma | 30 |
| Mississippi | 26 |
| Alaska | 23 |
| New Mexico | 22 |

Montana spent \$26.1 million, all of it to house inmates in private facilities. Louisiana paid \$171.1 million, 81% of it to house inmates in local jails; and Tennessee spent \$150.7 million, about a third of it to hold inmates in private facilities and two-thirds in local jails.

Methodology

Following a procedure similar to that used to produce *State Prison Expenditures, 1996*, BJS asked government finance specialists at the U.S. Census Bureau to identify each State's corrections function codes, as reported in the *FY 2001 Survey of Government Finances*. Census staff entered this information into a data base, using a standardized format provided by BJS.

The data to produce the graph in the *Highlights* on page 1 are available with other tables of the report on the BJS website <www.ojp.usdoj.gov/bjs>. These data include inflation-adjusted costs for total State corrections and prisons as well as costs per U.S. resident.

This data extraction procedure included both inter- and intragovernmental transfer payments, and clarified missing, repetitious, and out-of-range data items.

Both department of corrections and State central office budget specialists were asked to review the originally submitted numbers. These officials worked with the Census Bureau to eliminate duplicate reports, interpret expenditure codes, and understand organizational functions and accounting procedures.

Budget officials sharpened the scope of the study by including expenditures for central office personnel who performed prison activities and deleting outlays that pertained to probation and parole services, juvenile corrections, and nonresidential community corrections — areas outside the prison function.

Upon final approval by each State's designated financial reviewer, Census staff completed the data adjustment phase of the project with a 100% response rate for total and operating expenditures.

Underreporting

Correctional expenditures shown in the *Highlights* figure may be underreported. As the result of discussions between State budget officials and U.S. Census Bureau specialists in government finance who collected the data for this report, the total cost to operate State prisons in FY 2001 was 1.1% higher than originally reported to the Census Bureau in the *2001 Survey of Government Finances*.

Factors which contributed to the revised FY 2001 State prison spending figure included adjustments for central office staff assigned to prison, probation, parole, and juvenile activities; elimination of duplicate fund reporting; and access to final numbers following State submissions of preliminary numbers in the *Survey of Government Finances*.

Data limitations

Expenditure data published in *State Prison Expenditures, 2001* and *State Prison Expenditures, 1996* were reported by State budget officials, based on categories established by the Census Bureau's annual *Survey of Government Finances*. Previous State prison cost data published by BJS were reported by correctional facility operators.

Adjusting for inflation

State government expenditures for fiscal years 1996 and 2001 were inflation-adjusted in 2001 constant dollars, as appropriate for State and local government spending. The following annual chain-type price indexes for gross domestic product were employed

as divisors and unadjusted expenditures as dividends to produce inflation-adjusted expenditures in 2001 constant dollars:

| Year | Price indexes (1996 base) | Year | Price indexes (1996 base) |
|------|------------------------------|------|------------------------------|
| 1986 | 0.7410 | 1994 | 0.9504 |
| 1987 | 0.7726 | 1995 | 0.9777 |
| 1988 | 0.7960 | 1996 | 1.0000 |
| 1989 | 0.8241 | 1997 | 1.0258 |
| 1990 | 0.8616 | 1998 | 1.0435 |
| 1991 | 0.8864 | 1999 | 1.0733 |
| 1992 | 0.9028 | 2000 | 1.1198 |
| 1993 | 0.9259 | 2001 | 1.1501 |

U.S. Department of Commerce, Bureau of Economic Analysis, developed the above indexes, published in *Economic Report of the President, February, 2001*, table B-7, United States Government Printing Office, Washington: 2003.

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The Bureau of Justice Statistics is the statistical agency of the U.S. Department of Justice. Lawrence A. Greenfeld is director.

James J. Stephan wrote this report and coordinated data collection, under the supervision of Allen J. Beck. Tracy L. Snell provided statistical verification. Tina Dorsey and Tom Hester produced and edited the report. Jayne Robinson prepared the report for final printing.

Howard Trott, Shelley Blake, and James Batton of the U.S. Census Bureau, Governments Division, Finance Branch coordinated the data extraction process and verified the information reported by State officials, under the direction of Steven Owens. Pamela Butler prepared the data for review by State contacts, under the direction of Charlene Sebold.

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Appendix table. Surveys of government finances, 1986-2001: Expenditures for total State corrections and for State prisons, in 2001 constant dollars

| Year | Total State corrections | | State prisons | |
|------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| | Total (in 1,000's) ^{1,2} | Cost per resident ³ | Total (in 1,000's) ^{1,2} | Cost per resident ³ |
| 1986 | \$15,595,807 | \$65 | \$11,718,582 | \$49 |
| 1987 | 16,521,216 | 68 | 12,461,390 | 51 |
| 1988 | 18,420,811 | 75 | 14,265,336 | 58 |
| 1989 | 20,309,744 | 82 | 15,681,836 | 63 |
| 1990 | 22,606,549 | 91 | 17,505,068 | 70 |
| 1991 | 24,641,313 | 98 | 19,226,855 | 76 |
| 1992 | 25,388,942 | 100 | 19,404,816 | 76 |
| 1993 | 25,698,979 | 100 | 19,723,011 | 77 |
| 1994 | 27,926,979 | 107 | 21,417,090 | 82 |
| 1995 | 30,650,599 | 117 | 23,627,083 | 90 |
| 1996 | 31,425,488 | 119 | 24,029,310 | 91 |
| 1997 | 32,652,718 | 120 | 25,059,538 | 92 |
| 1998 | 33,862,569 | 123 | 26,120,090 | 95 |
| 1999 | 35,365,328 | 128 | 27,182,280 | 98 |
| 2000 | 36,193,618 | 128 | 27,569,391 | 98 |
| 2001 | 38,164,541 | 134 | 29,491,268 | 104 |

Note: Correctional expenditures may be underreported. Interviews with State budget officials by the U.S. Census Bureau for this report produced a revised estimate of State prison costs of \$29.5 billion for FY 2001, 1.1% higher than the 2001 Survey of Government Finances.

¹US Census Bureau. *Censuses of Governmental Finances, 1986 -1996*, Tables 11 and 12; and unpublished data compatible with this series for 1997 through 2001.

²Economic Report of the President, February, 2003. Bureau of Economic Analysis, Chain-type price indexes for gross domestic product, 1959-2002, Table B-7.

³US Census Bureau, Estimates of the Population of the United States to July 1, 1990, Current Population Estimates and Projections, Series P-25, No. 1064. US Census Bureau, *US Population Estimates by Age, Sex, Race, and Hispanic Origin: 1990-1995*, PPL-41. Unpublished data 1996 -2001, compatible with *Resident Population Estimates for Age, Sex, Race and Hispanic Origin*.