The Price of Prisons | Vermont

WHAT INCARCERATION COSTS TAXPAYERS

FACT SHEET • JANUARY 2012

Key Findings

$102.0 million
DOC prison budget

$111.3 million
Total state cost of prisons

$49,502
Average annual cost per inmate

Taxpayer Costs (dollars in millions)

DOC prison budget	**$102.0**
Other state costs	
Underfunded pension contributions	$0.9
Retiree health care contributions	$1.5
Underfunded retiree health care	$2.4
Capital costs	$0.7
Statewide administrative costs	$3.7
Subtotal: Other state costs	**$9.2**
TOTAL TAXPAYER COST	**$111.3**

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. Apparent discrepancies between subtotals and totals are the result of rounding.

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.

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About this project

State corrections departments pay most of the cost of prisons. However, other state government agencies may take on some of the costs, such as capital expenditures and inmate hospital care. Prison costs also include the costs of underfunded contributions to state employees' pensions and retiree health care, because some of these benefits are for corrections personnel. States must pay the remainder of these contributions in the future. Specific prison costs outside the corrections budget vary from state to state. Thus, the cost of incarceration states report is often understated—and in different ways by each state.

In August 2011, the Vera Institute of Justice distributed a survey to the department of corrections in every state to collect the information necessary to calculate the total cost of prisons in fiscal year 2010. Corrections departments from 40 states completed and returned the survey, which asked respondents to provide prison expenditures by the department of corrections and associated costs other departments paid. Vera researchers then used publicly available documents to collect information regarding pension and retiree health care funding to estimate the cost of underfunded contributions to those benefits.

The full report, *The Price of Prisons: What Incarceration Costs Taxpayers*, provides data for 40 states and a full description of the methodology. Download the report at vera.org/priceofprisons.

METHODOLOGY

The Vera Institute of Justice conducted a survey to collect data on spending by corrections departments and other state agencies. For the survey, prisons are defined as residential facilities that hold sentenced adult offenders in state custody. Prison costs include expenses for the operation of state-run prisons, privately run prisons, and any payments made to local jails and to other states for housing state-sentenced inmates. Taxpayer costs include expenses funded by state and federal revenue. Vera excluded from this analysis any corrections department expenses that do not directly relate to prison operations, such as community corrections or juvenile justice.

Vera obtained information regarding the underfunding of pensions and retiree health care through Consolidated Annual Financial Reports for fiscal year 2010. Prison-related administrative costs were determined per each state's most recent publicly available Statewide Cost Allocation Plan (SWCAP).

This fact sheet and the report The Price of Prisons: What Incarceration Costs Taxpayers *were produced by Vera's Center on Sentencing and Corrections and its Cost-Benefit Analysis Unit in partnership with the Public Safety Performance Project of the Pew Center on the States.*

THE PEW CENTER ON THE STATES

The Center on Sentencing and Corrections and the Cost-Benefit Analysis Unit are part of the Vera Institute of Justice, an independent nonprofit organization that combines expertise in research, demonstration projects, and technical assistance to help leaders in government and civil society improve the systems people rely on for justice and safety.

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