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January 23, 2017

To: Incarceration Prevention and Reduction Task Force

From: Restorative Community Coalition
Joy Gilfilen, President

Re: Request to present "Restorative Economics Solutions"

Our Coalition was founded in 2006 and has been studying how to successfully reverse the costs of mass incarceration policies in Whatcom County and to ease the burdens on taxpayers.

Our lens is from the grassroots level up, as different from the law and justice system down. To learn to see differently, our Coalition interviewed hundreds of people and studied how the business of law and justice has been conducted in Whatcom County. Then researched and studied the facts, to see how those business policies have rippled out to impact taxpayers, inmates, employers and family members. In short, we have found that there is substantial unassessed collateral damage.

As a result of our work, this year we are presenting our top three solutions to the community. Since this is directly relevant to the work of this Task Force, we ask for an hour to present our model, our findings and our solutions to you.

- 1) *Follow the Money* (Seeing problems through the eyes of families and community taxpayers)
- 2) *Finding the Opportunities* (Seeing how to improve return on investment results for people)
- 3) *Presenting Our Top Three Solutions* (Demonstrating solutions for Whatcom County)

Please see the attached presentation outline, and the 5-page Summary of the *Institute for Advancing Justice Research and Innovation's* recent report issued October, 2016 called "*The Economic Burden of Incarceration in the US*". This recent study illustrates the value of the Coalition's perspectives.



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Restorative Economics Solutions

Presentation Proposal

Submitted 01/23/2017 by the Restorative Community Coalition

Our Presentation includes the following key segments, then opens the floor to additional questioning and discussion.

- 1) *Follow the Money* (Seeing problems through the eyes of families and community taxpayers)
- 2) *Finding the Opportunities* (Seeing how to improve return on investment results for people)
- 3) *Presenting Our Top Three Solutions* (Demonstrating solutions for Whatcom County)

Section 1) Follow the Money

The Coalition introduces taxpayers to the “Restorative Economics Business Model”. This is our citizen’s viewpoint – a short illustration of the systems problem we identified when confronting the challenges of reducing recidivism, preventing and reducing incarceration itself. Recent national studies now corroborate what our local Coalition discovered: that the “costs of incarceration” typically cited by officials are limited in scope. They are inadequate to define the complexity of the problem.

Without an accurate definition of the problem, it is impossible to improve results inside the system. Inevitably the problem worsens and taxpayers across the board are victimized. Our Coalition has been able to isolate the issues, and has dug deeper to develop the systems analysis model so that we could identify the unseen problems and untapped opportunities.

Corroborating knowledge of the size of the systems problem comes from the attached 5-page Summary of the *Institute for Advancing Justice Research and Innovation’s* recent report issued October, 2016 called “*The Economic Burden of Incarceration in the US*”. In short, it shows how policymakers are often not fully informed of the problem. Since policymakers seldom have gone through the system themselves, they cannot comprehend the immense hidden costs of incarceration from the inside.

In this study, it has been estimated that the costs of incarceration balloon from a reported \$80 billion to \$1 Trillion when just a few of the hidden costs to the people are included. This is a \$920 Billion dollar shortfall in reporting. Beyond the obvious, where does that money go, and how does it work? Our Coalition provides insights.

2) Finding the Opportunities is where we demonstrate the intricacies of the cash flow bottlenecks and opportunities for the people locally in Whatcom County. Our Coalition sees options that show how the taxpayers can vote differently, how policymakers can streamline their systems to cut costs, how local philanthropists can provide support for new or emerging non-profits, and how business leaders can cooperate differently to provide the community better business choices that will yield a higher return on investment. All these solutions are different ways to help our taxpayers and strengthens our communities local living economy.

Corroborating evidence for our conclusions comes from many sources, and most recently from the 2016 study released by the Vera Institute that you will have just received and from the latest *Washington State Institute for Public Policy Benefit-Cost Results*. It shows how intervention and prevention early on can yield tremendous results from \$25 to \$64 to as high as \$546 in specific cases.

3) Presenting Our Top Three Solutions is about the how the Restorative Community Coalition is taking direct action in 2017 to get independent support to fund and operate what will become the Restorative Center, the RestoreALife Homes, and the Restorative Living Institute. Each of these three projects are intended to become self-funding, and they are all designed to put people to work, not into jail.

These projects are about coaching and empowering our youth in a high stress economy, helping displaced people regain their footing in a high speed world, and reclaiming those who have been traumatized by the failed policies of mass incarceration. Our end goal is to help put people back to work in our communities as taxpayers, rather than releasing them as tax consumers. It is good business.

These models have corroborating evidence that we will provide when we present our projects. Similar projects to these have shown 85 to 93% success rates on stopping high risk individuals from going back into the system.

Bottomline, our Restorative Community Coalition's goal is to stop the downward economic cycle and to stop the vast loss of human potential prior to people becoming high risk in the first place. This is the highest point of leverage. It is the optimal point of interception – to help people when they need it - at the "frugal point of need".

The Economic Burden of Incarceration in the U.S.

October 2016

Institute for Advancing Justice Research and Innovation

George Warren Brown School for Social Work

Washington University in St. Louis

Summary by Larry Horowitz, Jan 4, 2017

The true cost of incarceration has been grossly underestimated, perhaps resulting in a level of incarceration beyond that which is socially optimal. Recent reports highlighting the costs to incarcerated persons, families, and communities have made it possible to estimate the true cost of incarceration, which is found to be **one trillion dollars**. This approaches **6% of GDP** and is eleven times larger than corrections spending. (P23) **For every dollar in corrections costs, incarceration generates an additional ten dollars in social costs.** (P2)

There are \$923 billion in costs that do not appear on state or federal budgets. The failure to take these costs into consideration could cause legislators to overestimate the net benefit of incarceration when they are determining criminal justice policy. Underestimating the cost of incarceration by ignoring hundreds of billions of dollars in costs could cause incarceration to be oversupplied, resulting in a level of incarceration beyond that which is socially optimal. (P20)

The majority of costs are borne not by government agencies or the persons being incarcerated but by **families, children, and communities**. **These individuals and groups have committed no crime, yet they incur the majority of the costs.** These are real economic costs that should be considered when weighing the costs and benefits of whether to incarcerate an individual. Yet, until now these costs have not even been measured. **Legislators, advocates, and members of the criminal justice community must ask whether the current system is equitable if children, families, and neighborhoods bear most of the costs.** (P21)

If the goals of incarceration are deterrence and incapacitation, why do so many innocents bear the brunt of the cost? Whatever marginal benefit is obtained by incarcerating a nonviolent drug offender, it seems unlikely that this benefit would outweigh the costs generated if his or her family becomes evicted, goes into debt, and has a child drop out of high school as a result. **Such tradeoffs have not been discussed because more than 90% of the costs of incarceration do not appear on government budgets and are absent from policy discussions.** (P21)

The prison population grew sevenfold as the U.S. became the world leader in incarceration. This phenomenon of hyperincarceration has been criticized for being unnecessary, counterproductive, and prohibitively expensive. The 2008 financial crisis underscored these concerns by highlighting the fiscal unsustainability of hyperincarceration. **For many state and local governments, corrections spending has become an unaffordable burden.** (P3)

Incarceration does not take place in a vacuum; incarcerated persons are members of families, organizations, and communities. When a person is removed from these social structures, it comes at a significant cost- not just to the person being removed but to the people and neighborhoods that are left behind. Until now these costs have not been measured. **This a tremendous injustice, for a social policy has been carried out without even identifying who bears the costs or the amount of costs to which**

they have been subjected. Knowing the cost of incarceration is critical to legislators who weigh the costs and benefits of incarceration in forming criminal justice policy. (P4)

Costs of Corrections

Corrections spending (\$91.1 billion) (P7)

Federal and state governments spend \$80 billion annually to operate prisons and jails. (P7) However, 13.9% of corrections costs do not appear in government budgets. These costs include certain pension obligations, health care benefits for correctional staff, and health care provided to inmates. The total cost of corrections is thus \$91.1 billion. (P8)

Costs Borne by Incarcerated Persons (Table 1)

Table 1 (P33)

<i>List of Costs Borne by Incarcerated Persons</i>	Cost	\$ (Billions)
Reduction in lifetime earnings of incarcerated persons		230.0
Lost wages while incarcerated		70.5
Higher mortality rate of formerly incarcerated persons		62.6
Nonfatal injuries to incarcerated persons		28.0
Fatal injuries to incarcerated persons		1.7
Total		392.6

Note. The sum of the individual costs does not match the total because of rounding.

Reduced lifetime earnings of formerly incarcerated persons (\$230.0 billion) (P9)

Incarceration reduces a person's lifetime earnings between ten and forty percent. Formerly incarcerated persons earn lower wages because they face occupational restrictions, encounter discrimination in the hiring process, and have weaker social networks and less human capital due to their incarceration. The reduced wages of formerly incarcerated persons constitutes lost productivity and is thus a social cost.

Lost wages of incarcerated persons while incarcerated (\$70.5 billion) (P8)

The wages incarcerated persons could have earned had they been working reduces GDP and constitutes lost productivity. The total cost of foregone wages, discounted to the present value, is \$70.5 billion.

Higher mortality rates of formerly incarcerated persons (\$62.6 billion) (P10)

The mortality rate of formerly incarcerated persons is 3.5 times higher than that of people who have not been incarcerated.

Cost of nonfatal injuries sustained while incarcerated (\$28.0 billion) (P10)

The Bureau of Justice Statistics 3rd National Inmate Survey revealed that 3.2% of jail inmates and 4% of state and federal prison inmates reported being sexually abused during the year.

Cost of fatal injuries sustained while incarcerated (\$1.7 billion) (P10)

Five hundred and thirty-six people committed suicide in state and local jails in 2013.

Costs Borne by Families, Children, and Communities (Table 2)

Table 2 (P34)

<i>List of Costs Borne by Families, Children, and Communities Cost</i>	\$ (Billions)
Criminogenic nature of prison	285.8
Increased criminality of children of incarcerated parents	130.6
Children's education level and subsequent wages as an adult	30.0
Marginal excess burden	17.8
Divorce	17.7
Decreased property values	11.0
Adverse health effects	10.2
Reduced marriage	9.0
Child welfare	5.3
Interest on criminal justice debt	5.0
Reentry programs, nonprofits, movement to end mass incarceration	2.9
Homelessness of formerly incarcerated persons	2.2
Infant mortality	1.2
Children rendered homeless by parental incarceration	0.9
Visitation costs	0.8
Moving costs	0.5
Eviction costs	0.2
Total	531.0

Note. The sum of the individual costs does not match the total because of rounding.

Criminogenic nature of prison (\$285.8 billion) (P17)

High levels of incarceration may actually increase crime by reinforcing behavior and survival strategies that are maladaptive outside the prison environment

Increased criminality of the children of incarcerated parents (\$130.6 billion) (P14)

Children of incarcerated parents are five times more likely to go to prison

Children's education level and subsequent wages as an adult (\$30.0 billion) (P13)

Ten percent of incarcerated persons' children are unable to finish high school or attend college because of their parents' incarceration.

Marginal excess burden (\$17.8 billion) (P19)

Corrections costs are funded by government taxes. Taxes are distortionary (other than a head tax, which is not used to fund corrections) in that taxpayers change their behavior in response to the tax. Taxpayers may choose to work less, for example, because the price of leisure has been lowered by the presence of a tax. The deadweight loss that occurs due to this distortionary effect on behavior is referred to as marginal excess burden.

Divorce (\$17.7 billion) (P18)

Incarcerated persons have triple the divorce rate of people who are convicted but not incarcerated (DeVuono-Powell et al., 2015). Divorce retards economic growth by eliminating economies of scale and eroding human capital

Decreased property values (\$11.0 billion)

Incarcerated persons are released into concentrated areas after completing their sentences, which could reduce property values in those neighborhoods

Adverse health effects (\$10.2 billion) (P12)

Sixty-six percent of incarcerated persons and family members report experiencing detrimental mental health effects such as depression, anxiety, and post-traumatic stress disorder

Cost of reduced marriage (\$9.0 billion) (P19)

Incarceration also reduces the likelihood of marriage for formerly incarcerated persons.

Child welfare costs (\$5.3 billion) (P15)

Changes in the incarceration rate of females alone accounted for 30% of the increase in foster care caseloads between 1985 and 2000

Interest on criminal justice debt (\$5.0 billion) (P12)

Incarceration may cause the family of an incarcerated person to go into debt.

Reentry programs (\$2.9 billion) (P16)

The 2015 Second Chance Act (SCA) and Justice and Mental Health Collaboration Program (JMHCP) conference was attended by 1,400 federally-funded reentry programs. The average budget for a public charity is \$2,093,772 so the steady-state methodology places the cost of these reentry programs at \$2.9 billion. This is an underestimate because it does not account for the time spent by volunteers, academics, and government officials on the movement to end mass incarceration.

Homelessness of formerly incarcerated persons (\$2.2 billion) (P16)

Between 25% and 50% of the homeless population is formerly incarcerated

Infant mortality (\$1.2 billion) (P13)

After controlling for other risk factors parental incarceration increases infant mortality by 40% {

Children rendered homeless by parental incarceration (\$0.9 billion) (P15)

At least 60,000 children (between 2.4% and 2.7% of the 2.5 million children with an incarcerated parent) become homeless as a result of parental incarceration.

Visitation costs (\$0.8 billion) (P11)

To visit incarcerated persons, family members must spend time traveling, incur transportation costs, and suffer emotional harm from being strip-searched

Moving costs (\$0.5 billion) (P11)

The incarceration of a family member increases the likelihood that other family members will change their residence

Eviction costs (\$0.2 billion) (P11)

Incarceration eliminates an incarcerated individual as a source of income for his or her family, thereby increasing the chance of eviction.

Figure 1

Breakdown of Incarceration Cost by Group

