

NORTH CAROLINA

GOVERNOR'S CRIME COMMISSION

# A DISCUSSION OF INCARCERATION AND ITS ALTERNATIVES IN NORTH CAROLINA



A CRIME AND JUSTICE PERSPECTIVE

FROM THE NC CRIMINAL JUSTICE ANALYSIS CENTER OF  
THE GOVERNOR'S CRIME COMMISSION

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*“Lawmakers across the country are trying to balance public safety with the need to curtail growth in prison populations. To do this, they need information about the impact of particular sentencing policies on prison populations. Over the past 30 years, state sentencing policies have changed dramatically while the state incarceration rate has increased roughly 324 percent. Many criminologists have attributed much of the growth in the incarceration rate to the set of “get tough” sentencing and corrections policies enacted since the late 1970s.*

*However, few researchers have catalogued the myriad sentencing reforms or systematically analyzed the effects of them on prison populations across states and over time. As a result, there is little understanding of the range and variability of sentencing systems in the United States, the state-level changes in those systems, or how policies and clusters of policies affect prison populations, all of which create a barrier to thoughtful policy formation.”*  
(Vera Institute)



## **Executive Summary**

The skyrocketing public cost of incarceration in North Carolina is of great concern. Present costs overwhelm consideration of other justice and public safety spending and are a detriment to cost effective prevention and intervention programming. The inexorable increase in prison populations and subsequent costs mean that rethinking policy, reforming sentencing, and realigning the management of incarcerated populations are called for. One of the pressing concerns is implementing modifications to the sentencing grid that do not compromise public safety. There is little or no comparative data from other states to assess this impact, however, legislators should not shy away from seeking reform. After all, 30 years of differing reform strategies have helped our state's prison population grow to the levels we experience and are anticipating.

The stabilization of crime rates implies there is a diminishing return from incarcerating certain populations. With approximately one half of one percent of the total state population incarcerated, the issue is that of implementing correctional management in the most cost effective terms for the tax paying populous. Validated, serious and habitual felons should be incarcerated. But there are viable options to the capital intensive incarceration for low risk offenders serving less than two years and who make up more than 25 percent of the state's prison population. Many of these offenders can be diverted from prison to less costly alternative community rehabilitation and sentencing options. While reform targets and matches offenders to the most cost effective and efficient options, this is only the first of the dual strategies to also reduce incarceration expenses before they truly overwhelm justice and public safety.

This paper addresses these issues by comparing the costs associated with incarceration and the costs associated with established alternatives to incarceration. Cost-benefit or cost-savings data, actual costs, both historical and current, as well as recidivism data will be presented in an effort to quantify the debate on whether to incarcerate or not to incarcerate. Policy recommendations, aimed at averting a possible overcrowding crisis, will be offered based upon salient findings and data interpretation.

## **Policy Implications and Points for Discussion**

In order to alleviate the current strain on the state's prison population, avert a projected prison overcrowding crisis and eliminate the need for costly prison construction, more funding should be directed to expanding the use of community based alternatives to incarceration. Not only are these programs more cost effective they also have a documented history of reducing recidivism.

Endorsing the full implementation of the remaining five recommendations of the Sentencing and Policy Advisory Commission which were drafted specifically to avoid constructing additional prisons would be a primary goal for reducing the costs associated with Department of Correction managed individuals. Those five recommendations are:

1. Restructure the prior record level point ranges in order to expand the points in Prior Record Level 1 and even out the remaining ranges.
  - a. Alternative 1: One prior record point, thereby including offenders with a prior countable misdemeanor conviction or a status point.
  - b. Alternative 2: Two prior record points, thereby including offenders with a prior Class H or Class I felony conviction, two prior countable misdemeanor convictions, or a prior countable misdemeanor conviction and a status point.
2. Make the increase in sentence lengths between prior record levels more proportionate using a set percentage (15%) increment. The current sentence lengths in Prior Record Level I in each offense class would remain unchanged, serving as an anchor, while the sentence lengths between each subsequent prior record level would be increased by 15% in all classes except Classes H and I, which would remain unchanged.
3. Reallocate three months from the minimum sentence of Classes B1 through E to the maximum sentence, for the purpose of increasing the period of imprisonment following revocation of post-release supervision from nine months to twelve months. Also increase the period of post-release supervision from nine months to twelve months.
4. Punish habitual felons three classes higher than the offense classification for the principal offense, but in no case higher than Class C, and require an active sentence.
5. Reclassify statutory rape or sexual offense of a person who is 13, 14 or 15 years old by a defendant who is more than four years but less than six years older (G.S. §14-27.7A(b) ) from Class C to Class F.

Additional suggested criminal justice/correction reforms are for:

- *Sanctions according to assessed risk level* – Assign more offenders to community corrections and reentry programs.
- *Assessing effective use of imprisonment* (Austin & Fabelo 2006) –Match treatment and punishment according to offender risk.

Prevention and Intervention – Correction reform, while necessary, is only a first and immediate step. A developmental continuum of prevention/intervention programming holds the most potential for reforming correction trends *for the long term*. Suggestions for these two elements are:

- *Prevention* –Increase existing programs to keep children succeeding in school, and out of the criminal justice system hold the most promise to reduce incarceration rates.
- *Intervention* – Juvenile day reporting centers with a therapeutic component hold the most promise to keep criminal justice involved youth from becoming adult offenders.

## Profile of North Carolina's Expanding Prison Population

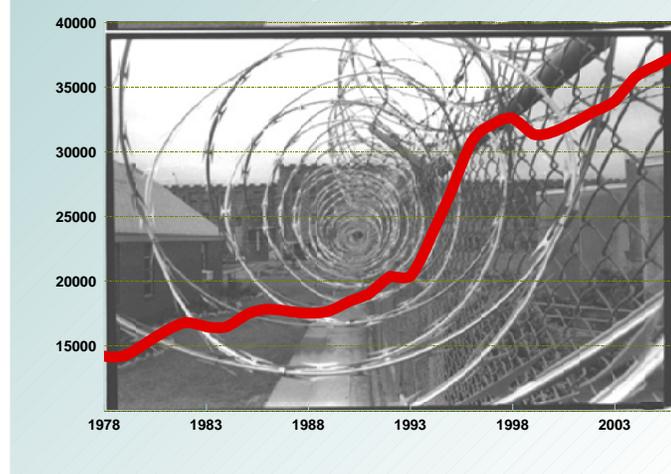
In the past ten years, North Carolina's daily prison population has grown from 27,052, in fiscal year 1994/1995 to 37,467, in fiscal year 2005/06. This equates to an increase of 38.5 percent or an average annual growth rate of slightly more than 3 percent per year. However, over the last twenty years, the state's prison population has risen from 17,805 representing a nearly 100 percent increase.

Given these increases, projections indicate that the population will continue to swell and reach an estimated high of 40,444 by 2010 and 44,765 by 2015. Capacity data indicate that the number of inmates has already surpassed both the standard and expanded operating prison capacities and will continue to do so if current trends remain unaltered. By 2010 the projected population will be 18.3% greater than the current standard operating capacity and 4% larger than the expanded

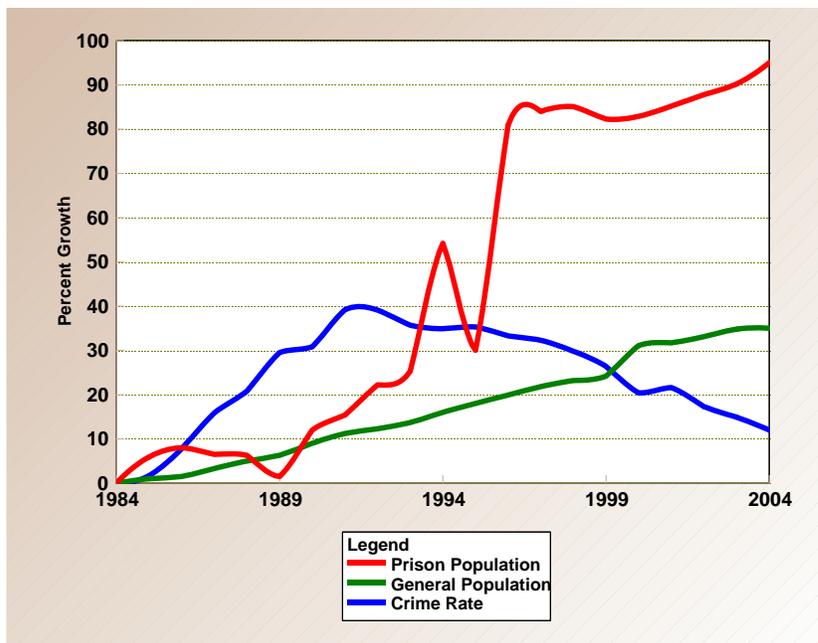
operating capacity. Prison overcrowding looms on the horizon with considerable, and often heated debate centering on how to manage and avert a potential overcrowding crisis.

Understanding what caused this tremendous rise in incarceration may be key to curbing this costly burden on taxpayers. Figure 1 demonstrates the growth in raw numbers.

**Figure 1**  
North Carolina's Prison Population 1978 - 2006



## Figure 2 : Cumulative Percent Growth in Populations and Crime Rate



As Figure 2 depicts long-term trends indicate that the prison population has grown three times faster than the general population and ten times faster than the state's crime rate since 1984.

In the 1980's, a series of lawsuits filed by inmates complained about conditions in state prisons, mainly minimum and medium security units built in the late 1930's. *Small v Martin*,

filed in 1985, affected 49 of these prisons. During this same time, annual prison admissions nearly doubled from 17,500 in 1986 to 30,800 in 1992.

In response, the General Assembly capped the prison population, initiated a study of state sentencing laws, provided for increased community supervision and launched a major prison construction program. Lawmakers provided for \$185 million in prison construction between 1985 and 1990. Voters gave their approval to a \$200 million prison construction bond issue in 1990. Lawmakers approved another \$62 million for prison construction in 1994.

Perhaps, the greatest factor driving the increasing prison population is the greater amount of time that inmates are now spending while incarcerated. The typical inmate, under Fair Sentencing, served 19% of their sentence if convicted of a felony and 8% if convicted of a misdemeanor. In FY 2004/05 felons, under Structured Sentencing, served an average of 109% of their sentence with misdemeanants serving 95% of their sentence. The average length of stay, in 1993, was 16 months for felons and two months for misdemeanants. During FY 2004/05 felons averaged 39 months with misdemeanants serving almost four months in prison.

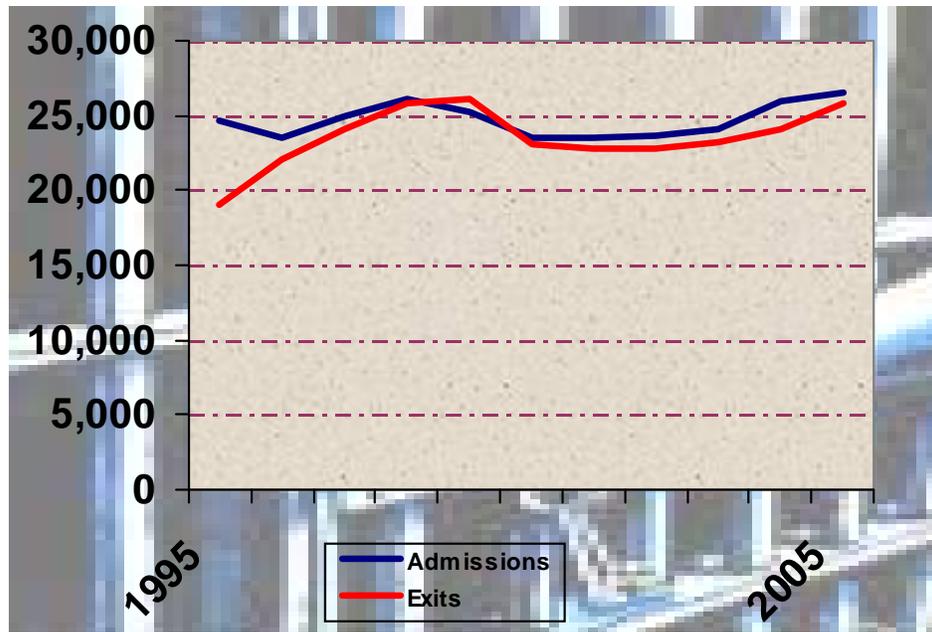
It is misleading to say that longer prison stays reduces crime. Yes, longer stays for high risk prisoners is good policy, but they are a minority of present inmates. Most prisoners are convicted of property and low level drug crimes and are simply not the threat that serious habitual felons are. About 60 percent of all prisoners do not return to prison within three years of release. Increasing stays in prison has diminishing returns relative to recidivating. More importantly, released prisoners account for a small percentage (4.7 percent) of all serious crime (Department of Justice 2002). Furthermore, the North Carolina prison population is aging past the prime crime involved years between the ages of 17 and 25. Conversely, increases in length of stay have a dramatic effect on correction costs.

There will be a steady increase in raw numbers of adult correctional populations by major category. Average length of stay steadily grows as prescribed sentencing imposes longer prison sentences and offenders have to serve higher proportions of those sentences. Technical violation of probation and parole also increase prison populations. The importance here is that raw numbers will continue to burden justice system resources.

**Table 1: Adult Correctional Populations 1982-2005 in North Carolina**

<b>Population</b>	<b>1982</b>	<b>2005</b>	<b>Percent Change</b>
<b>Prison</b>	16,682	36,620	120
<b>Probation</b>	43,450	114,438	163
<b>Parole</b>	6,425	3,882	-40
<b>Total Adults Under Supervision</b>	66,557	154,940	133
<b>Total U.S. Adult Population*</b>	162.8	300	84
<b>Percent of Adults Under Supervision</b>	0.04	0.05	26
<b>*U. S. Population in Millions</b>			

**Figure 3: North Carolina Prison Admissions and Exits 1995-2005**



The basic premise of structured sentencing is to reserve prisons for the most violent and serious offenders and expand the use of community based alternatives for non-violent offenders. Offenders who do receive active prison sentences will serve more time with no possibility of parole or early release. Consequently, it would be predicted that over time fewer people would be admitted to prison and fewer people would be released each year. According to Figure 2 this doesn't appear to be occurring in North Carolina's correctional system. Admissions originally dropped slightly from 1995 to 1998 then rose to a near trend high of 26,156, dropped again until 2001 with increases steadily occurring to a trend high in 2005 of 26,603 admissions. Likewise, the expected drop in prison releases has not occurred with a similar trend pattern following the trend in admissions. Originally, prison exits grew from 1995 to 1999 then dropped off until 2002 and steadily increased to date. This trend may be fueled by the dramatic increases in prison terms of less than two years as illustrated in Table 4. Slightly more than 26 percent of the prison population is serving fewer than 24 months which is likely the strongest contributing factor to higher rates of prison exits. This factor could be masking the affect of a revolving door.

Table 2 compares felony and misdemeanor prison admissions for 1998 and 2005. Increases have occurred for all of the felony sentencing classifications with the largest increases being found for Class F (103.5%), Class C (70.6%) and Class G (54.7%) felons. The largest growth rates for misdemeanor entries occurred for A1 (162.5%) and 1 (76.9%) offenders.

**Table 2: Felony and Misdemeanant Prison Admissions by Crime Class  
1998 vs. 2005**

<b>Crime Class</b>	<b>1998</b>	<b>2005</b>	<b>% Change</b>
<b>Felony</b>			
A	64	87	+ 35.9
B1	106	139	+ 31.1
B2	229	258	+ 12.7
C	524	894	+ 70.6
D	593	746	+ 25.8
E	876	919	+ 4.9
F	691	1,406	+ 103.5
G	1,631	2,523	+ 54.7
H	6,034	6,701	+ 11.1
I	2,963	3,064	+ 3.4
<b>Misdemeanant</b>			
A1	646	1,696	+ 162.5
1	2,117	3,744	+ 76.9
2	163	212	+ 30.1
3	19	15	- 21.1

Table 3 depicts the composition of the stock populations on 12/31/95 and 12/31/2005 by offense classification. The greatest changes have occurred for the other offense against person category (+1,100%), drug trafficking (+95.0%), first degree murder (+88.3%), kidnapping and abduction (+79.3%) and fraud (+73.2%). The largest declines have occurred for worthless checks (-50%), other property offenses (-42.3%), forgery (-41.9%), burnings (-40.2%) and breaking and entering (-39.6%).

**Table 3: North Carolina Prison Population 1995 versus 2005 by Offense**

<b>Offense</b>	<b>1995</b>	<b>2005</b>	<b>% Change</b>
Murder – First Degree	1,017	1,915	+ 88.3
Murder – Second Degree	2,423	3,198	+ 32.0
Manslaughter	500	462	- 7.6
Robbery	4,270	4,366	+ 2.2
Assault	2,019	2,906	+ 43.9
Sexual Assault	2,392	3,683	+ 54.0
Other Sexual Offense	755	825	+ 9.3
Kidnapping & Abduction	450	807	+ 79.3
Other Offense against Person	5	60	+ 1,100
Burglary	1,090	999	- 8.3
Breaking & Entering	3,524	2,129	-39.6
Larceny	1,964	1,414	- 28.0
Auto Theft	152	110	- 27.6
Burnings	286	171	- 40.2
Fraud	560	970	+ 73.2
Forgery	511	297	- 41.9
Worthless Checks	36	18	- 50.0
Other Property	78	45	- 42.3
Drugs – Non Trafficking	3,541	3,170	- 10.5
Drugs – Trafficking	1,087	2,121	+ 95.0
DWI	1,043	939	- 10.0
Other Traffic Violations	405	628	+ 55.1
Other Public Order	1,129	892	- 21.0
Habitual Felon	-----	4,477	
Undefined	258	18	

**Table 4: North Carolina Prison Population 12/31/95 versus 12/31/05  
Total Maximum Consecutive Sentence Length**

Maximum Consecutive Sentence	12/31/1995		12/31/2005	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
6 months or less	198	.7	1,220	3.3
> 6 months – 1 year	1,136	3.9	3,823	10.4
> 1 year – 2 years	1,939	6.5	4,698	12.8
> 2 years – 5 years	3,957	13.4	5,265	14.4
> 5 years – 10 years	6,833	23.2	6,966	19.0
> 10 years – life	11,882	40.3	10,822	29.6
Life	2,998	10.1	3,371	9.2
Death	135	.5	169	.5
Not reported	417	1.4	286	.8

Yellow area accounts for 26.5 % of prison population

Table 4 offers some insight into the changing environment of sentencing. In 1995, 24.5 percent of all inmates incarcerated in North Carolina were serving maximum consecutive sentences of less than five years. By 2005 this had risen to 40.9 percent of inmates. Probably more astounding is the increase in the inmate population whose maximum consecutive sentences were less than two years. This had a 15.4 percent increase from 11.1 percent (3,273 inmates) to 26.5 percent (9,741 inmates) of total inmates under Department of Correction incarceration. This increase begs the point that some new approaches in community corrections may better serve a great percentage of this group that makes up more than one quarter of the prison population.

North Carolina justice expenditures at the state and local levels are on an unabated upward trajectory as depicted in Table 5 and 6.

**Table 5: Total Justice Expenditures and Percent Change by Level of Government in North Carolina\* (Fiscal Years 1982-2000)**

Year	Total Justice	State	Local
1982	\$313,400	\$76,774	\$236,626
1988	\$330,014	\$288,345	\$41,669
1992	\$1,613,194	\$925,609	\$687,585
1999	\$2,824,786	\$1,604,136	\$1,220,650
2000	\$3,010,205	\$1,663,902	\$1,346,303
<b>Percent Change 1982-2000</b>	860.5	2067.3	469.0

\*Expenditures in Millions

**Table 6: Comparing Costs of Incarceration to Alternatives**

<b>Cost of Prison Incarceration</b>	<b>1994</b>		<b>2005</b>	
	<b>Daily cost per inmate</b>	<b>Yearly cost per inmate</b>	<b>Daily cost per inmate</b>	<b>Yearly cost per inmate</b>
Minimum Custody	\$49.71	\$18,144	\$51.25	\$18,706
Medium Custody	\$62.41	\$22,780	\$68.90	\$25,148
Close Custody	\$71.77	\$26,196	\$74.52	\$27,199
<b>Average</b>	<b>\$58.58</b>	<b>\$21,382</b>	<b>\$63.56</b>	<b>\$23,199</b>
<b>Cost of Community Corrections Supervision</b>				
Regular Probation*	\$1.38	\$504		
Regular Parole*	\$1.51	\$551		
Community/Inter. Super.			\$1.93	\$704
Intensive Supervision	\$9.43	\$3,442	\$12.95	\$4,727
Electronic House Arrest	\$6.37	\$2,325	\$6.71	\$2,449
Community Ser. Work Prog.			\$0.72	\$263
CJ Partnership Prog./Sent. Off.			\$11.68	\$4,263
CJ Partnership Prog./Pre-trial Off.			\$4.28	\$1,562
Drug Screening (Per specimen)			\$3.86	
<b>Cost of Substance Abuse Treatment</b>				
Boot Camp - IMPACT				
DART Program - In-prison Treatment			\$12.09	\$4,413
DART Cherry - DWI offenders			\$39.50	\$14,418
Private Treatment Beds			\$73.63	\$26,875
* 1994 Cost reflects probation and parole separately				

Table 5 demonstrates the remarkable 860.5 percent increase of total justice expenditures in the 18 years from 1982 to 2000 in North Carolina. Compare this with alternatives to incarceration in Table 6. Even minimum custody at \$18,706 per year eclipses most of the Community Corrections and treatment alternatives.

### **Prison Construction and Operating Costs**

Despite the construction of three new facilities and three more on the way, these prison beds will quickly be filled with an imminent 6,000 to 10,000 bed shortage looming on the horizon of the next decade. Based on today's construction cost of \$ 80,693 per bed, the state will

have to allocate between \$ 484.2 million and \$ 806.9 million to cover the projected shortage. Operating costs will run another \$109.8 million to \$183 million per year.

**Table 7: North Carolina Daily and Annual Correctional Housing Costs per Offender by Supervision Level**

Custody level	1994		2005	
	Daily cost	Annual cost	Daily cost	Annual cost
<b>Minimum</b>	\$49.71	\$18,144	\$51.25	\$18,706
<b>Medium</b>	\$62.41	\$22,780	\$68.90	\$25,148
<b>Close</b>	\$71.77	\$26,196	\$74.52	\$27,199
<b>All Levels</b>	\$58.58	\$21,382	\$63.56	\$23,199 <sup>1</sup>

As Table 7 depicts, the aggregate annual cost for housing offenders has grown from \$21,382 in 1994 to \$23,199 in 2005 (8.5%) with the greatest rise occurring for medium security inmates (9.4%).

### The Diminishing Costs of Incarceration

Steven Aos (2003) noted that in 1980 there was a significant net benefit to taxpayers and victims by increasing or expanding the incarceration rate of violent offenders. Over time this benefit diminished to the point where today benefits still outweigh costs but at a much lower net advantage. Diminishing returns, for the continued incarceration of drug offenders, began to occur in the 1990's and today the costs of incarcerating these offenders are greater than the accrued benefits to taxpayers. Table 8 depicts this diminishing return for the state of Washington from 1980 to 2001.

**Table 8: Crimes Avoided by Incarcerating One Offender and Benefits/Costs Ratios in Washington State**

Offense Type	1980	1990	2001
<b>Violent</b>	8.5 (\$10.70)	5.7 (\$6.60)	2.5 (\$2.74)
<b>Property</b>	125.1 (\$4.19)	148.1 (\$5.03)	83.5 (\$2.84)
<b>Drug</b>	137.0 (\$9.22)	13.0 (\$0.98)	4.9 (\$0.37)

<sup>1</sup> Aos (2003) suggests a multiplier effect of two to include the cost of lost wages and other collateral social costs and costs to taxpayers. Consequently, North Carolina's annual cost would be \$ 46,398 per inmate.

**Table 9: North Carolina Costs and Benefits of Incarcerating One Offender 1990**

Offender Type	Benefits (Taxpayer and Victims Costs) x Avg. Number of Crimes Avoided <sup>2</sup>	Annual Incarceration Cost	B/C Ratio
<b>Violent</b>	\$109,839	\$17,592	\$6.24
<b>Property</b>	\$230,387	\$17,592	\$13.10
<b>Drug</b>	\$45,331	\$17,592	\$2.58

**Table 10: North Carolina Costs and Benefits of Incarcerating One Offender 2005**

Offender Type	Benefits (Taxpayer and Victims Costs) x Avg. Number of Crimes Avoided <sup>3</sup>	Annual Incarceration Cost	B/C Ratio
<b>Violent</b>	\$93,702	\$23,199	\$4.04
<b>Property</b>	\$198,659	\$23,199	\$8.56
<b>Drug</b>	\$26,106	\$23,199	\$1.13

As Tables 9 and 10 demonstrate North Carolina has also experienced a similar trend with the benefits to costs ratios declining for all three offense types since 1990. The benefit/cost ratio for violent offenders dropped from \$6.64 in 1990 to \$4.04 in 2005 (35.2%). A similar decline occurred for the property offender ratio (34.7%) with the benefit/cost ratio for drug offenders dropping from \$2.58 to \$1.13 (56.2%).

Assuming that these crimes can still be deterred if the offender remains in the community under close supervision alters these benefit to cost ratios in a more favorable manner. Table 11 presents the same data using the average annual cost of community based correctional alternatives (\$4,150). Simply comparing the cost differential between crimes diverted (benefits) and incarceration costs reveals that the **least** amount of savings occurs for drug offenders. It costs \$23,199 to incarcerate an offender who averages \$26,106 worth of Part I

<sup>2</sup> Only includes the deterrence of the UCR Part I Offenses

<sup>3</sup> Only includes the deterrence of the UCR Part I Offenses

criminal activity per year or a cost differential of \$2,907. At that cost the offender could be placed on electronic house arrest or placed on probation for greater savings.

**Table 11: North Carolina Costs and Benefits of Using Community Based Alternatives 2005**

<b>Offender Type</b>	<b>Benefits (Taxpayer and Victims Costs) x Avg Number of Crimes Avoided<sup>4</sup></b>	<b>Annual Cost of Community Supervision</b>	<b>B/C Ratio</b>
<b>Violent</b>	\$93,702	\$4,150	\$22.58
<b>Property</b>	\$198,659	\$4,150	\$47.89
<b>Drug</b>	\$26,106	\$4,150	\$6.29

**Alternatives to Incarceration Costs**

As Table 12 reveals the costs associated with alternatives to incarceration have grown as well with annual probation costs expanding 39.7% since 1994, intensive supervision costs rose 37.3% and the annual house arrest cost increased 5.3% during this period. Despite rising costs these alternatives still remain far cheaper than the costs associated with incarceration. For the same cost of housing one minimum security offender in prison, for a year, four offenders could be placed under intensive supervision or seven placed on house arrest or 26 offenders being under placed on probation supervision.

**Table 12: North Carolina Daily and Annual Operating Costs per Offender by Community Based Correctional Alternative**

<b>Supervision Type</b>	<b>1994</b>		<b>2005</b>	
	<b>Daily cost</b>	<b>Annual cost</b>	<b>Daily cost</b>	<b>Annual cost</b>
<b>Probation</b>	\$1.38	\$504	\$1.93	\$ 704
<b>Intensive Supervision</b>	\$ 9.43	\$ 3,442	\$12.95	\$ 4,727
<b>Electronic House Arrest</b>	\$ 6.37	\$ 2,325	\$6.71	\$ 2,449

<sup>4</sup> Only includes the deterrence of the UCR Part I Offenses

## The Costs and Benefits of Incarceration versus Alternatives to Incarceration

Econometric researchers at the Washington State Institute for Public Policy conducted a rigorous and systematic review of 571 program evaluations in an effort to identify evidence based criminal and juvenile justice programs that “work” in terms of reducing future recidivism rates while also being cost effective and viable alternatives to incarceration and prison construction. The table below presents some of these programs with recidivism reduction estimates, benefits to taxpayers and victims, program costs, as well as bottom line cost savings. The authors suggest that the implementation of a moderate expansion of these programs, as defined by increasing program clientele 20 percent or two percent annually over the next decade, would reduce a projected 2020 prison bed shortfall of 4,543 down to 1,988 (56.2%). This would also lower the state’s incarceration rate from 7.7, per 1,000 18-49 year olds, to 6.6 per 1,000, and lower the crime rate by approximately 8 percent all at a first year cost of \$63 million which is one fourth the price of their prison construction cost of \$250 million (Aos, Miller and Drake, 2006).

**Table 13: Adult Programs**

<b>Program Type</b>	<b>Recidivism</b>	<b>Benefits to Crime Victims</b>	<b>Benefits to Taxpayers</b>	<b>Program Cost per Participant</b>	<b>Benefits minus Costs</b>
<b>Intensive supervision, treatment oriented programs</b>	- 16.7%	\$9,318	\$9,369	\$7,124	+ \$11,563
<b>Cognitive-behavioral therapy in prison or community</b>	- 6.3%	\$5,658	\$4,746	\$105	+ \$10,299
<b>Drug treatment in community</b>	- 9.3%	\$5,133	\$5,495	\$574	+ \$10,054
<b>Drug treatment in prison</b>	- 5.7%	\$5,133	\$4,306	\$1,604	+ \$7,835
<b>Adult drug courts</b>	- 8.0%	\$4,395	\$4,705	\$4,333	+ \$4,767
<b>Employment and job training in the community</b>	- 4.3%	\$2,373	\$2,386	\$400	+ \$4,359

**Table 14: Juvenile Programs**

<b>Program Type</b>	<b>Recidivism</b>	<b>Benefits to Crime Victims</b>	<b>Benefits to Taxpayers</b>	<b>Program Cost per Participant</b>	<b>Benefits minus Costs</b>
<b>Functional family therapy on probation</b>	- 15.9%	\$19,529	\$14,617	\$2,325	+ \$31,821
<b>Multisystemic therapy</b>	-10.5%	\$12,855	\$9,622	\$4,264	+ \$18,213
<b>Teen courts</b>	-11.1%	\$5,907	\$4,238	\$936	+ \$9,208
<b>Juvenile drug courts</b>	- 3.5%	\$4,232	\$3,167	\$2,777	+ \$4,622

**Table 15: The Cost-effectiveness of Department of Juvenile Justice and Delinquency Prevention/Juvenile Crime Prevention Councils Programming**

<b>Type</b>	<b>Total Budget</b>	<b>Youth Served</b>	<b>Cost per Youth</b>
<b>Residential Services</b>	\$10,015,902	1,480	\$6,768
<b>Assessment Services</b>	1,761,054	2,285	771
<b>Restorative Services</b>	7,867,638	14,302	550
<b>Clinical Treatment Services</b>	9,642,863	7,449	1,296
<b>Community Day Services</b>	10,104,373	2,377	4,251
<b>Structured Activities</b>	5,797,041	6,347	913
	<b>\$45,188,871</b>	<b>34,240</b>	<b>(Average) \$1,320</b>

**Table 16: North Carolina Alternatives and Treatment Programs 2004/2005**

<b>Program</b>	<b>Number served</b>	<b>Daily cost</b>	<b>Avg. length of stay</b>	<b>Program cost per participant (column 3 x 4)</b>	<b>Total cost (column 2 x 5)</b>
<b>Probation</b>	62,619 (new entries)	\$1.93	20.5 months	\$1,187	\$74,325,622
<b>Intensive Probation</b>	14,290 (new entries)	\$12.95	5.1 months	\$1,981	\$28,313,491
<b>Electronic House Arrest</b>	3,023 (new entries)	\$6.71	3.2 months	\$644	\$1,947,296
<b>Community Service</b>	10,389	\$ .72	23.4 months	\$505	\$5,251,016
<b>CJ Partnership Program</b>	2,381 (sentenced offenders)	\$11.68	5.4 months	\$1,892	\$4,505,233
<b>DART Cherry</b>	751 (new entries)	\$34.23	50 days	\$1,712	\$1,285,337

Table 16 depicts program costs for some of North Carolina’s alternatives to incarceration. The average program cost per participant ranges from a high of \$1,981 for intensive probation supervision to a low of \$505 for community service. Combined these six alternatives served 93,453 offenders at a total cost of \$ 115.6 million. Table 17 presents the cost of incarcerating these same offenders, for the same amount of time, using the daily incarceration cost of \$ 51.25 for minimum security offenders. Assuming that each offender was in only one program, i.e. those on probation were not also performing community service; it would have cost \$ 2.5 billion to incarcerate these offenders for the same length of time. Thus community alternatives provided a cost savings of \$2.38 billion in this example.

**Table 17: Cost of Incarceration for Community Based Alternative Admissions 2004/05**

<b>Program</b>	<b>Number served</b>	<b>Daily cost of minimum security incarceration</b>	<b>Avg. length of stay</b>	<b>Program cost per participant (column 3x 4)</b>	<b>Total cost to incarcerate (column 2 x 5)</b>
<b>Probation</b>	62,619 (new entries)	\$51.25	20.5 months	\$31,518.75	\$1,973,672,606.25
<b>Intensive Probation</b>	14,290 (new entries)	\$51.25	5.1 months	\$7,841.25	\$112,051,462.50
<b>Electronic House Arrest</b>	3,023 (new entries)	\$51.25	3.2 months	\$4,920	\$14,873,160
<b>Community Service</b>	10,389	\$51.25	23.4 months	\$35,977.50	\$373,770,247.50
<b>CJ Partnership Program</b>	2,381 (sentenced offenders)	\$51.25	5.4 months	\$8,302.50	\$19,768,252.50
<b>DART Cherry</b>	751 (new entries)	\$51.25	50 days	\$2,562.50	\$1,924,437.50

Table 18 annualizes these program costs, per offender, and contrasts these costs with the costs associated with maintaining an offender for one year in a minimum security correctional facility.

Following Aos, Miller and Drake’s moderate growth portfolio Table 19 depicts the projected number of offenders and the costs associated with increasing program services, i.e. new admissions or entries, by 2 % annually, or a total of 6%, over the next three years. Costs associated with increasing the number of minimum security admissions by 6% are also included and demonstrate that the total annual costs of all six community alternatives combined is still cheaper when contrasted with the cost of incarceration. In fact, community corrections could manage five offenders for every one housed in a minimum security facility

at the same cost of \$20,071. Conversely, if the amount of funds required to house an incoming cohort of 18,267 minimum security inmates (\$366,646,821) were hypothetically redirected to community based alternatives these 18,267 plus an additional 64,070 offenders could be managed in the community at the same cost.

**Table 18: Annualized Costs for North Carolina’s Community Alternative Programs contrasted with the Annual Cost of Minimum Security Incarceration**

<b>Program Type</b>	<b>Annual cost per offender</b>	<b>Annual cost Minimum security (\$18,706)</b>	<b>Cost savings</b>
<b>Probation</b>	\$704		\$18,002
<b>Intensive Probation</b>	\$4,727		\$13,979
<b>Electronic House Arrest</b>	\$2,449		\$16,257
<b>Community Service</b>	\$263		\$18,443
<b>CJ Partnership Program</b>	\$4,263		\$14,443
<b>DART Cherry</b>	\$12,494		\$6,212
<b>Average Cost</b>	<b>\$4,150</b>		<b>\$14,556</b>

**Table 19: North Carolina Community Based Alternatives: Model of 6% Projected Growth by 2009**

<b>Program Type</b>	<b>Number</b>	<b>Inflation Adjusted Annual Cost per Offender</b>	<b>Total Cost</b>
Probation	66,376	(\$756)	\$50,171,627
Intensive Probation	15,147	(\$5,072)	\$76,822,554
Electronic House Arrest	3,204	(\$2,628)	\$8,419,920
Community Service	11,012	(\$282)	\$3,105,164
CJ Partnership Program	2,524	(\$ 4,574)	\$11,545,810
DART Cherry	796	(\$13,406)	<u>\$10,671,176</u>
<b>Total</b>	<b>99,059</b>		<b>\$150,065,075</b>
<b>Average Cost All Programs</b>		<b>(\$4,453)</b>	
Minimum Security Admissions (17,233)	18,267	(\$20,072)	\$366,646,821

In fiscal year 2004/2005 there were 26,070 prison admissions of which 17,233 (66.1%) were assigned to minimum security. During the same period the prison population was 37,880 of which 13,165 (34.8%) offenders were assigned or designated to minimum security custody levels. Current prison population projections indicate that there will be 39,674 incarcerated offenders in 2009. Assuming the percentage of minimum security inmates remains the same there will be of these offenders in North Carolina's correctional facilities. Diverting one-half of these 13,806 minimum security offenders into community based alternatives would produce an annual cost savings of \$107,811,054<sup>5</sup> which could be redirected to anti-poverty and pro-family programs, juvenile prevention and intervention initiatives as well as substance abuse treatment.

**Table 20: Projected Prison Population 2007-2014**

<b>Year</b>	<b>Population Projection</b>	<b>Estimate of Standard Operating Capacity</b>	<b>Differential or Bed Shortfall</b>	<b>Estimated 34.8% Minimum Custody</b>	<b>Revised Shortfall with Diversion of Minimum Custody</b>
<b>2007</b>	38,616	33,285	5,331	1,855	3,476
<b>2008</b>	39,114	34,181	4,933	1,717	3,216
<b>2009</b>	39,674	34,181	5,493	1,912	3,581
<b>2010</b>	40,444	34,181	6,263	2,180	4,083
<b>2011</b>	41,276	34,181	7,095	2,469	4,626
<b>2012</b>	42,076	34,181	7,895	2,748	5,147
<b>2013</b>	42,977	34,181	8,796	3,061	5,735
<b>2014</b>	43,896	34,181	9,715	3,381	6,334

As Table 20 reveals current population projections indicate a 9,715 prison bed shortfall by 2014. Currently it costs \$80,693 in construction costs per bed. At an inflation adjusted cost of \$ 96,037 it would require \$ 932,999,455 in construction costs to cover this shortfall. Assuming 34.8% of these offenders (3,381) could be placed in community alternatives would reduce this shortfall to 6,334 at a bed construction cost of \$608,298,358. Thus diverting these offenders could save a potential \$324,701,097 in construction costs. Given an average inflation adjusted cost of \$5,299 per year to maintain an offender in a community based program it would require \$ 17,915,919 to divert and manage these 3,381 offenders. Thus diversion would save the state a net inflation adjusted amount of \$306,785,178 (\$324,701,097 - \$17,915,919).

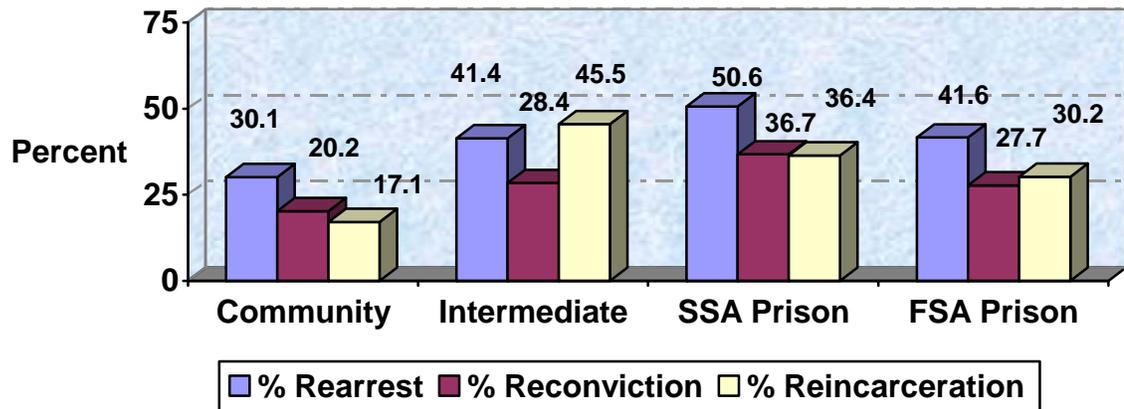
<sup>5</sup> (6,903 x inflation adjusted incarceration amount of \$20,071 = \$138,550,113 minus 6,903 x average inflation adjusted cost of \$4,453= \$30,739,059)

Assuming that no construction costs would be required still demonstrates that diversion is a more cost effective measure. The average annual cost of maintaining a minimum security inmate will be approximately \$23,020 in 2014. Housing these 3,381 offenders would cost \$77,830,620 per year. Contrasted with the cost of community based alternatives (\$17,915,919) the state would save \$59,914,701.

## Recidivism

As Aos, Miller and Drake's (2006) meta-analysis demonstrates alternatives to incarceration are not only more cost-effective than prisons they also significantly impact and lower recidivism rates. Work by the North Carolina Sentencing and Policy Advisory Commission (2006) substantiates and validates the same impact here in North Carolina. The figure below presents data for three operational definitions of recidivism - re-arrest, re-conviction and reincarceration for offenders released from prison compared to offenders released from other community based alternatives over a three-year follow up period.

**Figure 4: Outcome by Punishment Type  
(3 Year Follow-up)**



Source: N. C. Sentencing & Policy Advisory Commission, FY 2001/02 Correctional Program Evaluation Data

Rearrest rates were lower for offenders who had been in community based correctional programs (30.1%) contrasted with offenders who received intermediate sanctions (41.4%), offenders who were sentenced under Structured Sentencing Act (SSA) guidelines as well as offenders sentenced under the old Fair Sentencing Act (FSA) guidelines. The same pattern was also found for reconvictions and for reincarcerations during the three-year follow up period. Interestingly, the rearrest, reconviction and reincarceration rates were higher among structured sentencing inmates compared to fair sentencing inmates who served less time in prison as a result of the possibility of obtaining good time, gain time and early release or parole. Based on these findings it could be argued that the longer the incarceration period the greater the likelihood of future involvement in the criminal justice system.

In 2002 North Carolina admitted 664 habitual offenders into its correctional system with an additional 671 entering the following year. Two years later 654 were admitted and last year there were 608 habitual offender admissions. Consequently, 2,597 offenders entered the system as habitual offenders over four years for an average of 649 admissions a year. During the same period a total of 1,365 habitual offenders were released from prison for an average of 341 per year. Thus the system is experiencing a net gain of 308 offenders per year as a result of habitual felon sentencing statutes. There were 3,529 habitual felons in the correctional system at the end of 2002. Three years later this number escalated to 4,477 habitual felons for an increase of 26.9%.

During the first full year of structured sentencing (1995) there were 12,951 probation revocations resulting in active prison terms for these offenders. A decade later this number had grown to 14,927 or an increase of 15.3%. Of this number 3,297 (22.1%) were revoked because of new criminal offenses with the remaining 10,930 revocations being attributable to technical violations alone (77.9%).

Unlike the Federal correctional system North Carolina's prison population has not witnessed a substantial influx of offenders being admitted for simple possession or selling drugs; with these offenders accounting for 20 to 24 percent of the total admissions over the last decade. Nonetheless, there were 5,267 of these non-trafficking drug offenders admitted in 2005. However, North Carolina has experienced substantial growth in the number of large scale drug traffickers entering prison. Since 1995 admissions have grown from 401 to 764 in 2005 (90.5%).

Some simply state that the solution is to build more prisons to accommodate more offenders while others argue that this approach is not cost effective nor efficient and can even exacerbate recidivism once the offenders return to the community. As Clear (1997) suggests, there is no statistically significant relationship between increasing incarceration rates and a corresponding drop in crime rates. He also expounds on the unintended negative effects of the growing use of incarceration as a perceived deterrent to crime. Young and first time offenders are removed from the home and placed in "schools" of crime where they may be recruited into further and more violent criminality, families are disrupted, and the value of incarceration is reduced as serving time becomes a badge of honor. Excessive incarceration also has deleterious economic costs including the supplanting of educational and public service funds, future and long term debt and the creation of a correctional-industrial complex.

### **Policy Implications and Points for Discussion**

In order to alleviate the current strain on the state's prison population, avert a future overcrowding crisis and eliminate the need for costly prison construction more funding should be directed to expanding the use of community based alternatives to incarceration. Not only are these programs more cost effective they also have a documented history of reducing recidivism.

Further research should be conducted in the area of probation violators who have their terms revoked and are therefore incarcerated. Emphasis should be directed at exploring the significantly high rate of technical violations with possible alternatives to incarceration being discussed or modifying existing policies regarding the manner in which technical probation violators are managed.

Fully endorse and implement the remaining five recommendations of the Sentencing and Policy Advisory Commission which were drafted specifically to avoid constructing additional prisons (listed on page 2).

Suggested criminal justice/correction reforms include:

Sanctions according to assessed risk level – Where possible, within the sentencing grid, assign more offenders to community corrections and reentry programs. These public sector alternatives should be augmented with private, private nonprofit, and faith based resources and programming. Lastly, and most ignored are the families of offenders and the offenders themselves. There needs to be more individual responsibility to ameliorating the criminal justice/correction crisis.

Prevention and Intervention – Correction reform, while necessary, is only a first and immediate step. A developmental continuum of prevention/intervention programming holds the most potential for reforming correction trends *for the long term*.

Prevention – Correction reform is not complete until there is an equally vigorous policy of prevention and intervention. Increasing existing programs to keep children succeeding in school, and out of the criminal justice system hold the most promise to reduce incarceration rates. School readiness such as Smart Start and out of school programming such as Boys and Girls Clubs begin the prevention/intervention continuum.

Intervention – Juvenile day reporting centers with a therapeutic component hold the most promise to keep criminal justice involved youth from becoming adult offenders.

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