

# Some Arguments Favoring a Program For Parole in Maine

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## Part 1: Economic Impact of Establishing Parole in Maine

### A Path to Workforce Integration and Economic Growth

This study used IMPLAN 2024 Data and the IMPLAN calculation process to estimate the economic impact of integrating formerly incarcerated individuals into Maine's workforce through a parole system. The analysis models 100 new labor force entrants in industries where inmates typically receive vocational training, representing the potential economic contribution of establishing parole in Maine—a state that currently has no parole system. All results are reported in 2026 dollars.

### Summary

Establishing a parole system in Maine could unlock significant economic potential by facilitating the reintegration of trained individuals into the workforce. The modeling scenario presented here demonstrates that 100 individuals entering Maine's labor force through parole would generate substantial economic activity across the state.

#### Key Findings:

- **161 total jobs supported** across Maine's economy
- **\$10.6 million in labor income** generated annually
- **\$16.3 million contribution to state GDP**
- **\$29.6 million in total economic output**
- **\$3.8 million in tax revenues** to support public services

### The Multiplier Effect: Beyond Direct Employment

When 100 formerly incarcerated individuals enter Maine's workforce through parole, the economic impact extends far beyond their direct employment. These workers earn wages, spend money in their communities, and create demand for goods and services—generating additional jobs and economic activity throughout the state.

#### Overall Economic Impact:

| Impact Type     | Employment     | Labor Income        | Contribution To GDP | Output              |
|-----------------|----------------|---------------------|---------------------|---------------------|
| Direct Effect   | 100            | \$6,578,748         | \$8,581,125         | \$16,594,342        |
| Indirect Effect | 25.458         | \$1,780,928         | \$3,162,534         | \$5,730,911         |
| Induced Effect  | 35.841         | \$2,273,586         | \$4,540,295         | \$7,290,469         |
|                 | <b>161.299</b> | <b>\$10,633,262</b> | <b>\$16,283,953</b> | <b>\$29,615,722</b> |

#### Understanding the Effects:

- **Direct Effect:** The 100 jobs filled by individuals on parole, earning wages in industries where they received training
- **Indirect Effect:** Additional jobs created in Maine businesses that supply goods and services to the industries employing parolees (25+ jobs)
- **Induced Effect:** Jobs created when parolees and indirect workers spend their earnings in Maine communities (36+ jobs)

### Economic Benefits for Maine

#### *Workforce Contribution*

Establishing parole would enable 100 trained individuals to contribute productively to Maine's economy, filling positions in industries where they have received vocational training. This represents not only a humanitarian opportunity but a practical workforce development strategy.

#### *Community Investment*

The \$10.6 million in labor income generated would flow directly into Maine communities as these workers:

- Pay rent and mortgages
- Purchase groceries and household goods
- Buy vehicles and transportation
- Support local businesses and services

#### *Statewide Economic Ripple Effects*

The total economic output of \$29.6 million demonstrates how workforce reintegration creates value throughout Maine's economy, supporting jobs in:

- Retail and service sectors
- Healthcare and social services
- Construction and manufacturing
- Transportation and logistics

### Tax Revenue Impact: Supporting Public Services

Workforce integration through parole would generate substantial tax revenues to support Maine's communities and public services.

#### *Total Tax Impact: \$3,841,675 Annually*

| Impact Type  | Sub County General | Sub County Special District | County          | State            | Federal            | Total              |
|--------------|--------------------|-----------------------------|-----------------|------------------|--------------------|--------------------|
| Direct       | \$190,531          | \$70,030                    | \$12,975        | \$422,535        | \$1,305,758        | \$2,001,830        |
| Indirect     | \$117,089          | \$43,075                    | \$7,982         | \$203,356        | \$418,048          | \$789,549          |
| Induced      | \$153,900          | \$56,618                    | \$10,491        | \$270,700        | \$558,586          | \$1,050,296        |
| <b>Total</b> | <b>\$461,520</b>   | <b>\$169,723</b>            | <b>\$31,449</b> | <b>\$896,591</b> | <b>\$2,282,392</b> | <b>\$3,841,675</b> |

These revenues support:

- *Local Services* (\$631,243): Cities and towns, including infrastructure & community programs
- *Special Districts* (\$169,723): Police, fire protection, schools, and emergency services
- *County Services* (\$31,449): County-level administration and services
- *State Programs* (\$896,591): Education, healthcare, transportation, and social services
- *Federal Programs* (\$2,282,392): National programs and services

## The Case for Parole in Maine

### *Economic Opportunity*

This analysis demonstrates that establishing parole in Maine represents a significant economic opportunity. By facilitating the reintegration of trained individuals into the workforce, Maine can:

- Strengthen its labor force
- Generate millions in economic activity
- Create additional jobs through multiplier effects
- Increase tax revenues for public services

### *Workforce Development*

Inmates who receive vocational training while incarcerated represent an investment in human capital. A parole system would allow Maine to realize the return on this investment by enabling these individuals to contribute their skills to the state's economy.

### *Community Benefit*

The economic impacts documented in this study would be felt across Maine communities through:

- Increased local spending and business activity
- Additional employment opportunities
- Enhanced tax revenues for public services
- Stronger, more inclusive communities

## Conclusion

Establishing a parole system in Maine would create measurable economic benefits for the state. This analysis demonstrates that 100 individuals entering the workforce through parole would support over 161 total jobs, generate \$10.6 million in labor income, contribute \$16.3 million to state GDP, and produce \$3.8 million in tax revenues.

Beyond these numbers, parole represents an opportunity to build a more inclusive economy that recognizes the potential of all Maine residents to contribute productively to their communities. The economic case for parole aligns with principles of justice, rehabilitation, and smart workforce policy.

## Part 2: Understanding the Cost of Incarceration

Part 1 of this brief showed the economic upside of establishing parole in Maine: new jobs, new labor income, and new tax revenue when formerly incarcerated individuals reenter the workforce. This section turns to the other side of the ledger — the correctional expenditures that a parole system could help the state avoid.

Before presenting any figures, it is worth being direct about a common error in this kind of analysis: treating the average cost of incarcerating one person as though it were the amount the state would save by releasing that person. It is not. The sections below explain why, and offer a more defensible range of estimates.

### What Maine Currently Spends

The Maine Department of Corrections (MDOC) reports total annual expenditures of approximately \$260.4 million, supporting an average daily incarcerated population of roughly 1,974 individuals. Dividing total expenditures by population produces an average annual cost of approximately \$131,900 per incarcerated resident.

Because not every dollar in MDOC's budget is properly attributable to housing an individual resident (some spending reflects statewide administrative or capital function) it is useful to see this figure under alternative assumptions about which departmental costs are included:

| Share of Total MDOC Budget Included | Total Expenditures | Average Cost per Resident |
|-------------------------------------|--------------------|---------------------------|
| 100%                                | \$260,397,114      | \$131,913                 |
| 85%                                 | \$221,337,546      | \$112,126                 |
| 80%                                 | \$208,317,691      | \$105,530                 |

These figures are useful for budgeting purposes — they describe what Maine spends, on average, per incarcerated resident. They do not describe what Maine would actually save if the incarcerated population fell. That is a different, and more complicated, question.

### Average Cost Is Not the Same as Avoidable Cost

Economists distinguish between average expenditures and avoidable, or marginal, costs. Many correctional costs are essentially fixed and do not move with modest changes in population, including facility maintenance, general administration, utilities, debt service, and minimum staffing levels required to operate a housing unit regardless of how many beds within it are occupied.

Other costs do respond, at least in part, to population changes:

- Food service expenditures decline relatively quickly
- Medical and pharmaceutical costs generally decline
- Housing supplies and consumables decline
- Overtime requirements may decline as staffing pressure eases

For this reason, the relevant policy question is not “How much does one incarcerated person cost?” but rather “Which costs can actually be avoided if the incarcerated population declines?” Because the honest answer depends on scale, staffing, and facility decisions that are made after the fact, any credible estimate of fiscal benefit should be expressed as a range rather than a single number.

### *Illustrative Fiscal Scenarios*

Applying the average-cost estimates above, 100 parole placements correspond to roughly \$10.6 to \$13.2 million in annual incarceration expenditures. Only a portion of that amount is realistically avoidable in any given year. The table below presents three illustrative scenarios, corresponding to different assumptions about how much of that spending the state could actually reduce.

| <b>Avoidable Share</b> | <b>Illustrative Annual Avoidable Cost</b> |
|------------------------|-------------------------------------------|
| 15%                    | \$1.6 million                             |
| 30%                    | \$3.4 million                             |
| 50%                    | \$6.6 million                             |

These scenarios are illustrative, not predictive. The actual figure would depend on facility utilization, staffing decisions, healthcare costs, transportation, contract services, and administrative choices made by MDOC. Any responsible estimate should also net out the costs of operating a parole system itself such as parole supervision, reentry programming, case management, and electronic monitoring where appropriate. The net fiscal benefit to the state is the avoidable cost of incarceration minus these new supervisory costs, plus any new tax revenue generated by parolees who become employed.

### **Workforce Participation Generates New Revenue**

Unlike incarceration expenditures, employment generates economic activity rather than consuming it. Parolees who become employed pay income taxes, purchase goods and services, rent housing, and support local businesses, all of which were quantified in the IMPLAN modeling presented in Part 1.

Applied to this analysis, the Part 1 modeling of 100 employed parolees implies approximately \$1.56 million annually in combined Maine state and local tax revenue. This revenue does not offset incarceration costs directly. Rather, it is a separate stream but it is a meaningful component of the net fiscal picture, and it partially offsets the ongoing costs of supervision.

Combining the two streams illustrates the order of magnitude involved. Under the moderate 30% avoidable-cost scenario, roughly \$3.4 million in avoidable incarceration expenditure plus \$1.56 million in new state and local tax revenue implies a combined fiscal benefit on the order of \$5 million annually before subtracting the cost of operating parole supervision itself, which this brief does not attempt to estimate. The true net figure would be somewhat lower, and policy makers should treat this as an illustrative order of magnitude rather than a budget projection.

## The Fiscal Challenge of an Aging Prison Population

Perhaps the most consequential long-term consideration is demographic rather than operational. Approximately 13 percent of Maine's incarcerated population is reportedly age 55 or older. Older incarcerated individuals typically require more intensive medical care, more prescription medications, specialty treatment, mobility accommodations, and greater long-term healthcare services. Research consistently finds that correctional healthcare costs rise substantially with age.

This does not mean every older incarcerated individual costs two or three times as much overall. It means that the healthcare component of incarceration costs rises significantly with age, and as Maine's prison population ages, correctional healthcare expenditures are likely to consume a growing share of MDOC's budget. Carefully targeted parole policies for lower-risk older individuals could, for this reason, produce disproportionate fiscal benefit relative to their numbers, while still operating within public safety criteria.

## Public Safety and Economics

This brief does not argue that economic considerations should substitute for public safety. Economic considerations become relevant only after public safety criteria have been satisfied. A properly designed parole system relies on individualized risk assessment, supervision requirements, graduated sanctions, and revocation procedures intended to protect the public while supporting successful reentry. Every fiscal benefit described in this brief assumes that parole is granted only to individuals who meet appropriate statutory criteria.

## Conclusion

The economic case for parole in Maine should not be reduced to a claim that every individual released from prison immediately saves taxpayers over one hundred thousand dollars a year. That statement would overstate what the evidence supports. A more nuanced conclusion is also a more durable one: Establishing parole has the potential to

- increase labor force participation;
- generate millions of dollars in statewide economic activity;
- produce additional state and local tax revenue;
- reduce long-term correctional expenditures;
- moderate the fiscal effects of an aging prison population; and
- improve the return on the State's existing investment in vocational training.

The magnitude of these benefits depends on program design, supervision practices, labor market outcomes, and the extent to which reductions in the incarcerated population translate into real operating savings. Viewed together, the available evidence suggests that a carefully designed parole system could improve both Maine's economy and the long-term sustainability of its correctional system.

## Appendix

### ***Understanding Correctional Costs: Why Average Cost Is Not the Same as Savings***

One of the most common misunderstandings in discussions of correctional policy is the assumption that the average annual cost of incarcerating one person equals the amount the state saves when that individual is released. From an economic perspective, these are fundamentally different concepts. This appendix explains why the difference matters, and why fiscal analyses of parole should distinguish between average cost, marginal cost, and avoidable cost.

#### *Average Cost*

The average annual cost of incarceration is calculated by dividing total correctional expenditures by the average incarcerated population. Using recent MDOC data, approximately \$260 million in total annual expenditures divided among approximately 1,974 residents produces an estimated average annual cost of roughly \$131,900 per incarcerated resident, or between roughly \$105,500 and \$112,100 under alternative assumptions that exclude certain fixed administrative costs.

Average cost answers an important budgeting question: how much does Maine spend annually, on average, for each incarcerated resident? It does not answer how much money Maine would save if one individual were released. Those are different questions.

#### *Marginal Cost*

Economists define marginal cost as the additional cost of incarcerating one more person or, equivalently, the reduction in expenditure associated with incarcerating one fewer person. Some costs decline promptly when population falls, including food, clothing, personal supplies, transportation, and some medical and pharmaceutical expenses. Others remain essentially unchanged, including prison buildings, utilities, debt service, administrative salaries, security staffing levels, and maintenance contracts. As a result, releasing a single incarcerated individual rarely reduces expenditures by the full average annual cost.

#### *Avoidable Cost*

A more useful concept for evaluating parole is avoidable cost: the portion of expenditure that can realistically be reduced if the incarcerated population declines sufficiently. Examples include fewer correctional officer vacancies requiring overtime, lower healthcare expenditures, reduced transportation costs, fewer contract medical services, lower food service costs, and — eventually — the closure or consolidation of housing units. Some of these savings occur quickly; others occur only once the incarcerated population falls far enough to permit operational changes. This is why economists typically estimate fiscal impact using a range rather than a single dollar figure.

Suppose, for example, that the average annual cost per incarcerated resident is \$112,000. Releasing one person does not necessarily reduce state spending by \$112,000. Instead, the effect on the budget looks closer to this:

| Budget Category      | Approximate Effect of One Fewer Resident |
|----------------------|------------------------------------------|
| Food                 | Reduced                                  |
| Medical care         | Reduced                                  |
| Prescription drugs   | Reduced                                  |
| Transportation       | Reduced                                  |
| Facility maintenance | No immediate change                      |
| Administration       | No immediate change                      |
| Utilities            | Little immediate change                  |
| Security staffing    | Usually unchanged                        |

Only a portion of the average annual expenditure becomes immediately avoidable. Larger reductions become possible once population declines permit broader operational changes, such as closing a housing unit, reducing overtime, or avoiding future capital expenditure.

#### *Why This Distinction Matters for Parole*

Fiscal analyses of parole should therefore address two separate questions. First, what economic activity is created when formerly incarcerated individuals become employed? Part 1 of this brief addresses that question using IMPLAN economic impact modeling. Second, what correctional expenditures can realistically be reduced when incarceration is replaced with community supervision? Answering that question requires analysis of avoidable, not average, cost. Because parole supervision itself requires expenditure (e.g., parole officers, case management, electronic monitoring where appropriate, and reentry services) the relevant policy measure is net fiscal impact, not gross incarceration expenditure.

#### *Economies of Scale, in Reverse*

Fiscal benefit generally grows as population reductions grow larger, and not always in a straight line. Releasing one individual may reduce expenditure only modestly. Releasing fifty may reduce overtime meaningfully. Releasing one hundred may allow an entire housing unit to close. Releasing several hundred over time may postpone the construction of additional prison capacity. Economists refer to this pattern in which average costs fall more rapidly once fixed capacity itself can be reduced, as economies of scale in reverse.

#### *Aging Populations and Marginal Cost*

This distinction becomes especially important for older incarcerated populations. Correctional healthcare cost is one of the most variable components of overall spending, and research consistently finds that it rises substantially with age. As a result, parole decisions involving appropriately screened older individuals may produce larger avoidable healthcare savings than identical reductions among younger populations, not because every older individual costs two or three times as much overall, but because the age-related healthcare component of correctional spending is one of the fastest-growing parts of the budget.

### *From Average Cost to Net Fiscal Benefit*

The figure below summarizes how the analysis in this brief refines a single average-cost number into a defensible estimate of net fiscal benefit.

| Average Cost                                                             | Avoidable Cost                                                                              | Net Fiscal Benefit                                                                                              |
|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Total annual MDOC expenditure divided by average incarcerated population | The portion of that expenditure that can realistically be eliminated as population declines | Avoidable cost, minus new parole supervision costs, plus new state and local tax revenue from employed parolees |

Each stage narrows the estimate and grounds it more firmly in what the state could actually expect to realize — rather than in the average cost figure alone.

### **Conclusion**

Economic analysis does not assume that parole automatically saves taxpayers the full average annual cost of incarceration. Economists instead distinguish between average cost (what the state spends per incarcerated resident), marginal cost (the incremental cost of one additional resident), and avoidable cost (the portion of expenditure that can realistically be reduced as incarceration declines). This distinction provides a more accurate framework for evaluating the fiscal implications of parole, and helps ensure that policy discussions are grounded in realistic budgetary expectations rather than overly