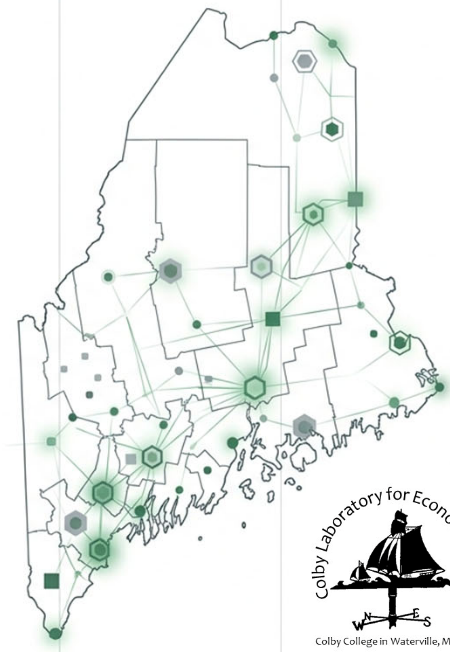
The Economic Case for Parole in Maine

A Data-Driven Look at Workforce Integration, Tax Revenue, and Correctional Savings

Based on economic analysis by Michael Donihue, Ph.D., Colby College



Colby Laboratory for Economic Studies

Colby College in Waterville, Maine

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The Transparent Ledger

Economic Growth

Reintegrating trained individuals into the workforce generates millions in new economic activity, labor income, and tax revenue.

Correctional Savings

Safely reducing the incarcerated population creates targeted, avoidable cost savings for the state's budget.

Parole is a dual-engine economic strategy.

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The Baseline Scenario: Realizing the Investment

The Model:
What happens if Maine establishes a parole system and 100 trained individuals enter the workforce?

The Context:
Maine currently has NO parole system. Inmates receive vocational training at state expense, but without a mechanism for workforce entry, the state cannot realize the return on this human capital investment.

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Direct Effect

100 Jobs

Parolees fill open jobs in the Maine industries where they trained.

Indirect Effect

+25 Jobs

Maine businesses scale up and hire to supply those industries.

Induced Effect

+36 Jobs

Parolees and new workers spend their wages locally on groceries, rent, and retail.

161 Total Jobs Supported Statewide

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The Annual Financial Ripple Effect

$29.6 Million

Total Economic Output supported across Maine.

$16.3 Million

Contribution to State GDP.

$10.6 Million

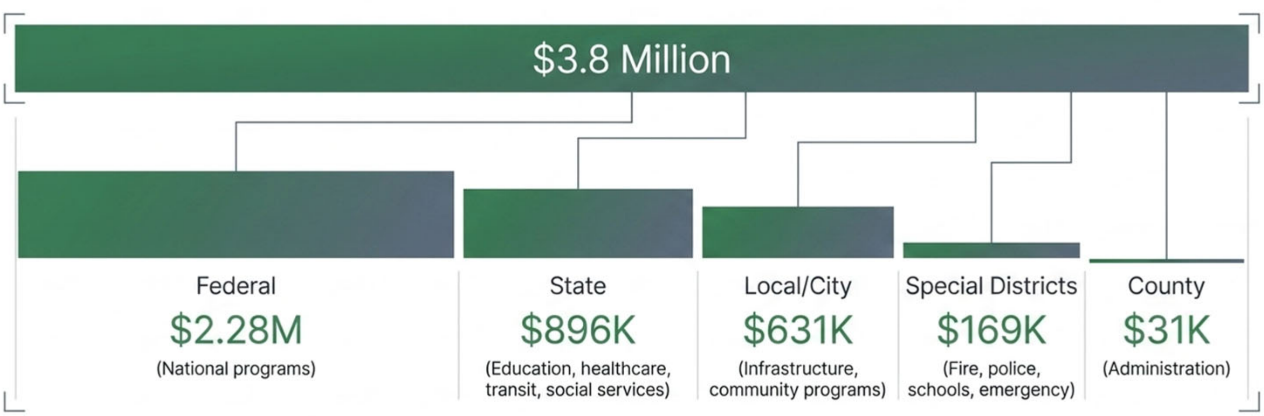
New Labor Income flowing directly into communities.

$3.8 Million

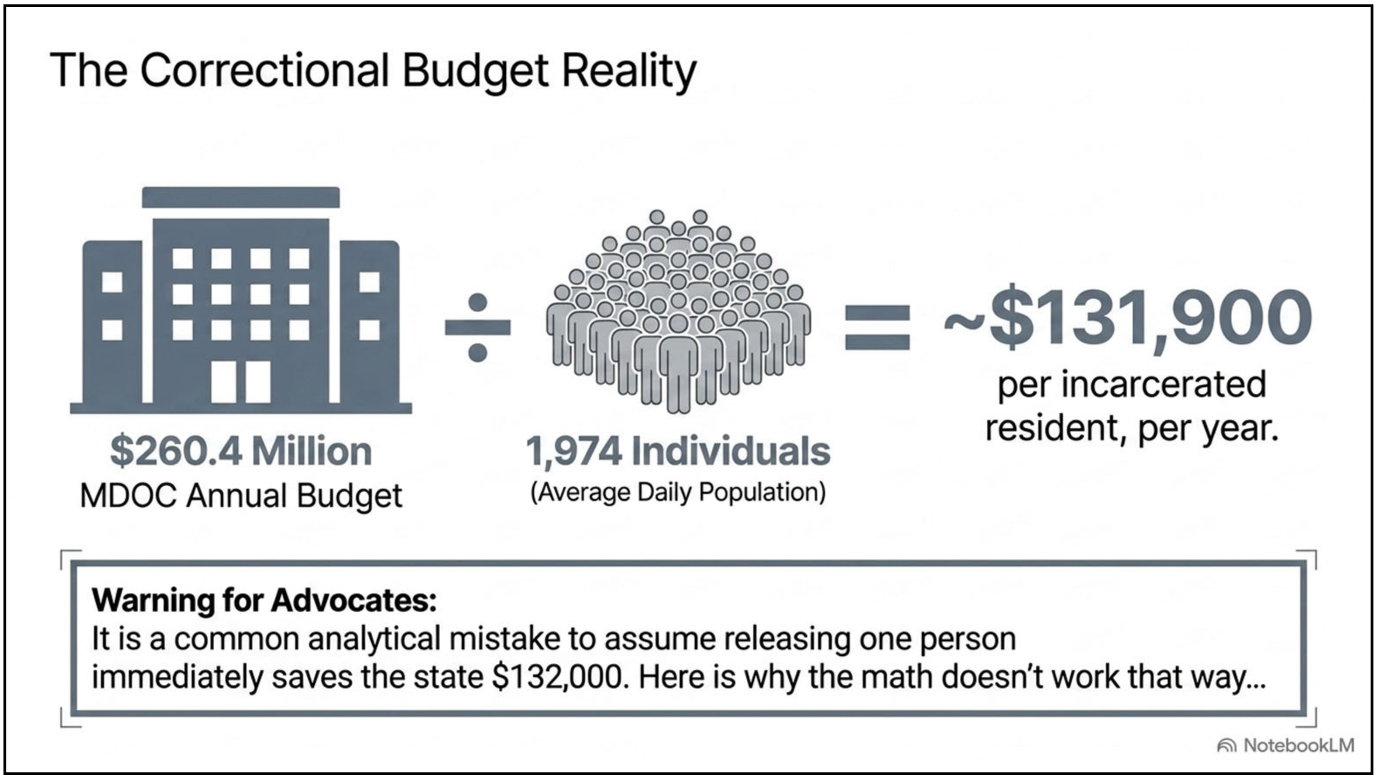
New Tax Revenues generated to support public services.

Modeled using IMPLAN 2024 data (2026 dollars) for 100 new labor force entrants.

Where the $3.8M in Annual Tax Revenue Goes



Workforce integration creates ongoing revenue streams for local public services.


The Correctional Budget Reality
$260.4 Million
MDOC Annual Budget
÷
1,974 Individuals
(Average Daily Population)
= ~$131,900
per incarcerated resident, per year.
Warning for Advocates:
It is a common analytical mistake to assume releasing one person immediately saves the state $132,000. Here is why the math doesn't work that way...
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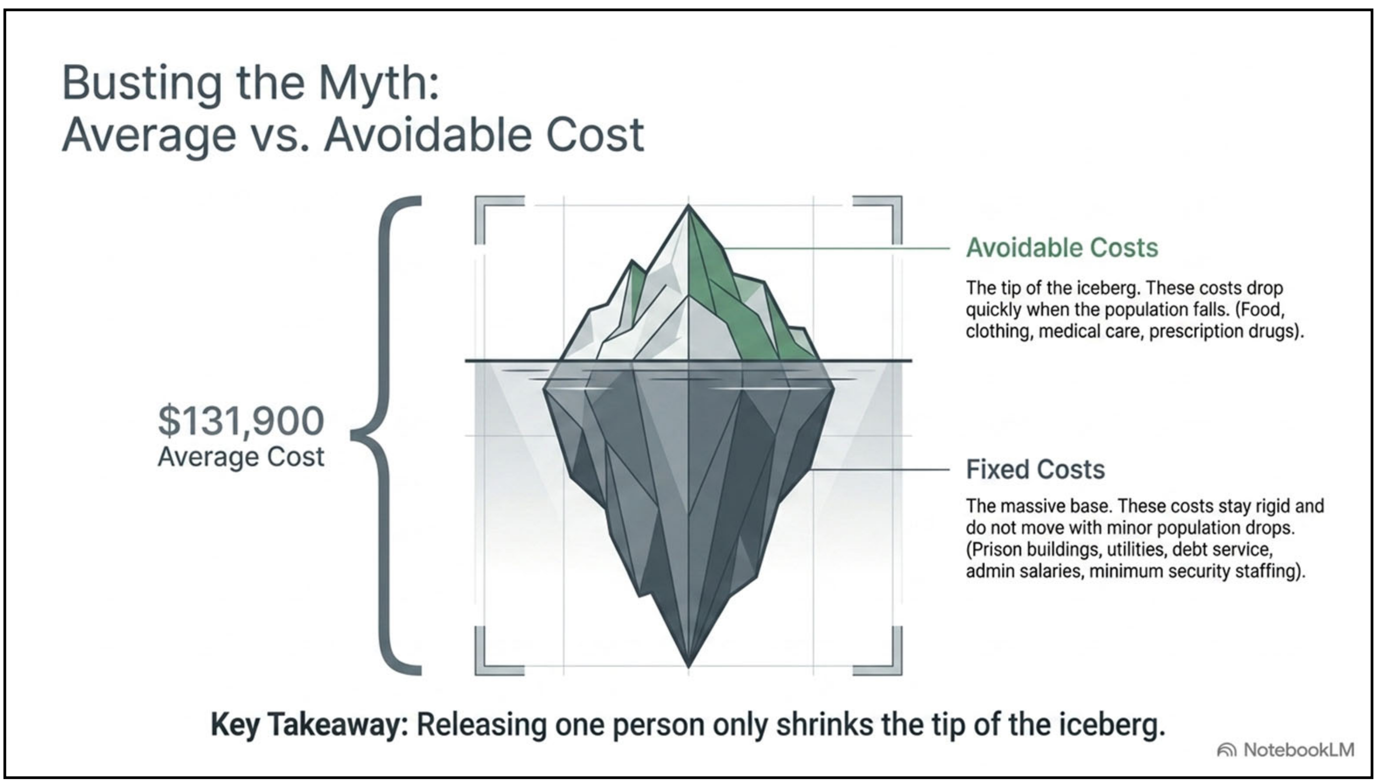
Busting the Myth:
Average vs. Avoidable Cost
$131,900
Average Cost
Avoidable Costs
The tip of the iceberg. These costs drop quickly when the population falls. (Food, clothing, medical care, prescription drugs).
Fixed Costs
The massive base. These costs stay rigid and do not move with minor population drops. (Prison buildings, utilities, debt service, admin salaries, minimum security staffing).
Key Takeaway: Releasing one person only shrinks the tip of the iceberg.
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The Avoidance Matrix: What Actually Changes?

Drops Immediately *(Avoidable)*	Drops Eventually *(Economies of Scale)*	Never Changes *(Fixed)*
Food service	Overtime requirements	Facility maintenance
Individual medical care	Contract medical services	General administration
Prescription drugs	Housing unit closures (requires large-scale population drops)	Utilities
Transportation		Debt service
Housing supplies		Minimum security staffing

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The Real Savings: Illustrative Scenarios

If 100 people are paroled, the total average cost is ~$10.6M–$13.2M. What portion of that can Maine actually save?

$1.6 Million
saved annually.

Assumption: Minor drops in food and supplies.

$3.4 Million
saved annually.

Assumption: Reduced medical costs and reduced overtime.

$6.6 Million
saved annually.

Assumption: "Economies of Scale in Reverse"—population drops enough to close housing units or consolidate facilities.

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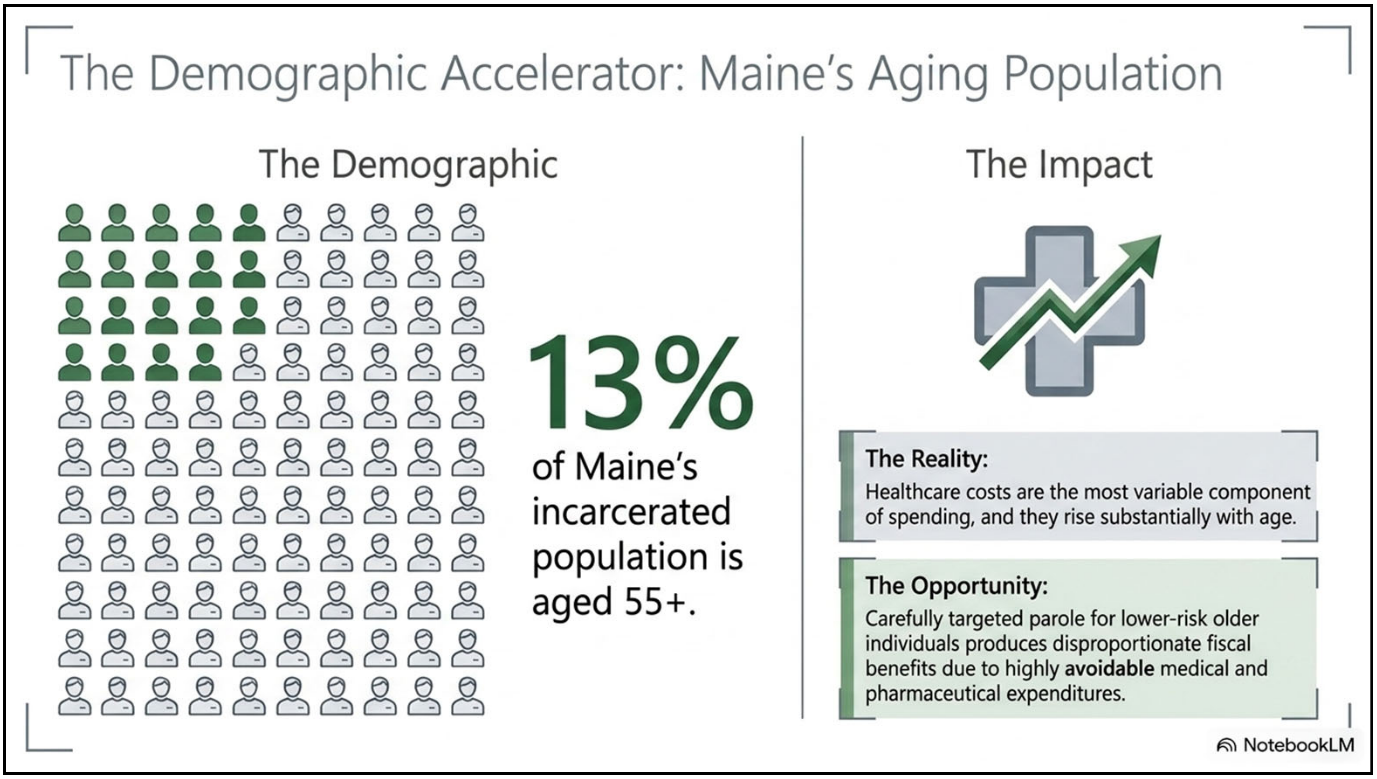
The Demographic Accelerator: Maine's Aging Population
The Demographic
13%
of Maine's incarcerated population is aged 55+.
The Impact
The Reality:
Healthcare costs are the most variable component of spending, and they rise substantially with age.
The Opportunity:
Carefully targeted parole for lower-risk older individuals produces disproportionate fiscal benefits due to highly avoidable medical and pharmaceutical expenditures.
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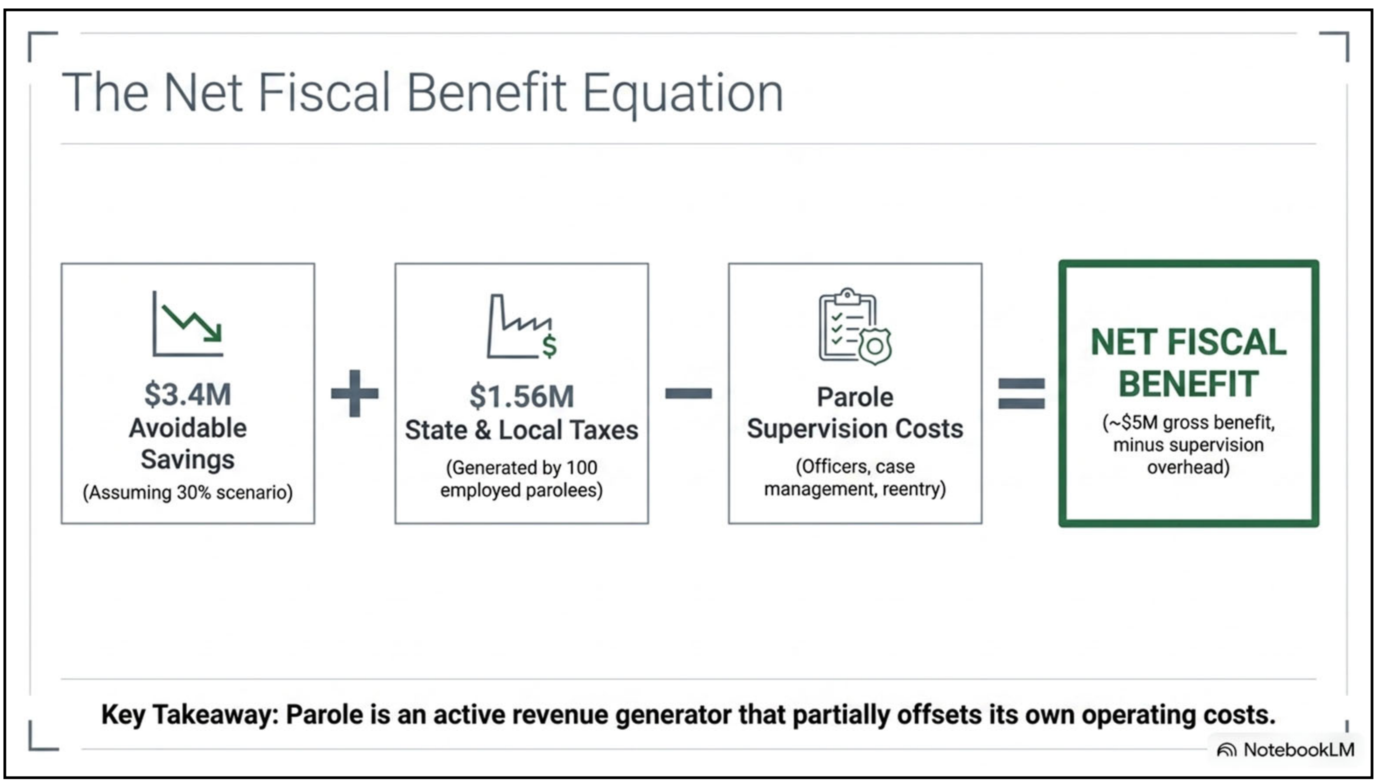
The Net Fiscal Benefit Equation
$3.4M Avoidable Savings
(Assuming 30% scenario)
+
$1.56M State & Local Taxes
(Generated by 100 employed parolees)
−
Parole Supervision Costs
(Officers, case management, reentry)
=
NET FISCAL BENEFIT
(~$5M gross benefit, minus supervision overhead)
Key Takeaway: Parole is an active revenue generator that partially offsets its own operating costs.
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More Than Math: The Human Capital Investment

Economy (Workforce)

Strengthening Maine's labor force with skilled, eager workers during a time of labor needs.

Human Capital (ROI)

Realizing the return on investment of the vocational training individuals receive while incarcerated.

Community (Integration)

Supporting local businesses as working individuals pay rent, buy groceries, and reintegrate safely into society.

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Crucial Realities & Limitations

Public Safety is Primary

Economic benefits are irrelevant if public safety criteria are unmet. Parole requires individualized risk assessments and graduated sanctions.

Supervision Costs Money

Operating a parole system (officers, monitoring) requires expenditure. This must be subtracted from gross savings.

Scale Dictates Savings

Real operating savings (the 50% scenario) only happen if population drops are large enough to physically close housing units.

Labor Market Dependent

The $29M economic output relies entirely on parolees successfully securing employment in a receptive local job market.

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A Durable Argument for Maine

Establishing a carefully designed parole system has the potential to:

- ☑ Increase statewide labor force participation
- ☑ Generate millions in local economic activity
- ☑ Reduce long-term, avoidable correctional expenditures
- ☑ Moderate the fiscal effects of an aging prison population

The economic case for parole aligns with principles of justice, rehabilitation, and smart workforce policy.

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