



COLBY LABORATORY FOR ECONOMIC STUDIES[†]
Michael Donihue, Director
5232 Mayflower Hill
Colby College
Waterville, ME 04901
Email: Michael.Donihue@colby.edu
<https://web.colby.edu/cl4es/>

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RE: Testimony in support of LD1941: An Act to Implement Recommendations of the Commission to Examine Reestablishing Parole

FR: Michael Donihue, Herbert E. Wadsworth Professor of Economics

My name is Michael Donihue and I am an economics professor at Colby College and the founding director of the Colby Laboratory for Economic Studies.

I'm this testimony to offer an economist's perspective on LD1941 and the issue of reinstating a form of supervised release for some men and women housed in Maine's prisons – a perspective based on an efficient allocation of resources; human capital resources in this case.

Arguably the biggest economic issue facing Maine's economy right now is the lack of workers in the state. Since the end of the Great Recession, Maine's labor force has experienced virtually no growth (0.5%) while the rest of New England's supply of labor has grown by 8.6%. The country as a whole has fared even better, with a growth rate of 10.3% in the nation's labor force since 2009.

The recent downward trend in employment in Maine is particularly worrisome as the state today witnesses 6 thousand fewer jobs than in September 2024.

There are many studies that show the economic benefits of a thoughtful, responsible approach to parole. These studies were done in other states, at a different time, and in some cases under different circumstances. In an effort to contribute a Maine-based perspective in the context of the labor force crisis facing our state my team of research students and I ran a simulation of the possible economic impacts associated with a system of supervised release.

Getting accurate data on what Maine spends to house, feed and educate those convicted of crimes in its prisons proved to be a difficult task and thus the model we ran is admittedly incomplete. Nonetheless, we made some relatively conservative estimates to help provide a framework for the discussion of the potential economic benefits to LD1941.

[†] The Colby Laboratory for Economic Studies (CL4ES) is a collaborative research workshop engaging students and professors with stakeholders and policy makers to provide objective analysis, information, and educational outreach on current issues and events.

The approach we took relies on the notion that every dollar that leaves your pocket as spending winds up in someone else's pocket as income. Households and businesses spend what they earn and thus outputs come from inputs, thereby connecting industries with individuals and the government.

This spending is multiplied throughout our communities, across our state and beyond our borders. Our scenario was to add 100 new workers to Maine's workforce in jobs that parolees might hold on their release from prison without much additional training beyond what they might receive during their time in confinement – specifically lobstering, construction, auto repair, barbers and hair salons, furniture making, restaurants, and computer repairs and applications.

Once you add up the direct, indirect, and induced effects from our simulation, using average wages paid in Maine for workers in these 7 industries, we arrived at an estimate of an additional \$29.6 million of economic activity and roughly 61 jobs – beyond those of the 100 parolees – that might be supported by this output.

My goal in this simulation is to help you as policy makers think about the economic and social impacts of reinstating parole in Maine in the context of our critical need for additional workers in the state.