The economies of the 1960s and 1970s resulted in funding cuts to institutional and community mental health services, and increases in the number of those needing mental health services in jails and prisons. The consequences of the current recession are not yet clear, and data are not currently systematically collected to determine the extent to which the recession is impacting the delivery of mental health services in correctional institutions. However, there is considerable evidence that the costs of housing the mentally ill in jails and prisons are considerable and increasing. This exploratory study uses information obtained from state mental health budgets in 2009 and 2011, state unemployment rates for 2011, and prison incarceration rates for 2011 to examine how contemporary mental health budget cuts are impacting prisons incarceration rates.