How is Your Portfolio Doing?

Evidence-Based Policy Options To Reduce Prison Construction, Criminal Justice Costs, and Crime Rates

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Created by the 1983 Washington Legislature

Mission: carry out non-partisan research on projects assigned by the legislature or the Institute’s Board of Directors.
1. What Works?  What’s Economic?
2. Results from Our 2006 Study & 2007 Washington Legislative Action

The “Take Home” Message?

The “Magic” of Compound Interest!
(Small gains, over time, matter a lot)
*The incarceration rate is defined as the number of inmates in state prisons per 1,000 18- to 49-year-olds in Washington or the United States.
In 2005, crime rates were 26% lower than they were in 1980.

In 1980, taxpayers spent $589 per household on the Criminal Justice System. Today they spend $1,125: a 91% increase.

All Data are for Washington State: 1980 to 2005

**Crime Rates and Taxpayer Costs**

**Percent Change Since 1980**

- **Taxpayer Costs Are Up** (Inflation-Adjusted Criminal Justice Dollars Per Household)

- **Crime Rates Are Down** (Violent and Property Crimes Reported to Police, Per 1,000 People)

All Data are for Washington State: 1980 to 2005
2005 Legislative Direction (ESSB 6094):

✓ “Study options to stabilize future prison populations.”

✓ “Study the net short-run and long-run fiscal savings to state and local governments of implementing…
  ▪ evidence-based treatment human service and corrections programs and policies, including prevention and intervention programs,
  ▪ sentencing alternatives,
  ▪ and the use of risk factors in sentencing.”

✓ “Project total fiscal impacts under alternative implementation scenarios.”

We published our report in October, 2006
“Evidence-Based” Public Policy
Levers to Affect Crime

✓ Prisons/Jails
✓ Police
✓ Programs

All three cost money (no free lunch)
All three can be effective (or ineffective)

Therefore, → Portfolio
1. What works & what doesn’t?
   ✓ We located 571 rigorous (comparison group), real world evaluations of adult and juvenile corrections programs, & prevention

2. What are the economics of each option?
   ✓ We estimated the taxpayer and crime victim benefits and costs to people in Washington

3. How would alternative “portfolios” affect future prison demand, spending, & crime?
   ✓ We assessed market potential & developed Current Level, “Moderate” & “Aggressive” portfolios
### Exhibit 4

**Reducing Crime With Evidence-Based Options: What Works, and Benefits & Costs**

**Washington State Institute for Public Policy**

**Effect on Crime**

Estimates as of October, 2006

<table>
<thead>
<tr>
<th>Programs for People in the Adult Offender System</th>
<th>Effect on Crime</th>
<th>Benefits (total)</th>
<th>Benefits to Taxpayers</th>
<th>Costs (2006 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent change in crime (in parentheses)</td>
<td>Per participant, Net Present Value, 2006 Dollars</td>
<td>of the reduction in crime</td>
<td>cost, compared to the cost of alternative</td>
</tr>
</tbody>
</table>

**Notes:**

- "n/e" means not estimated at this time.
- Marginal program costs are partial program costs, pro-rated to alternative of the reduction in crime.
- Our "Consumer Reports" List

### 1. What Works?

- Programs for People in the Adult Offender System
  - Educational programs
    - Intensive supervision: treatment-oriented programs
    - General education in prison (basic education or post-secondary)
    - Cognitive-behavioral therapy in prison or community
    - Drug treatment in prison (therapeutic communities or outpatient)
    - Sexual offender treatment in prison with aftercare
    - Family Integrated Transitions
    - Multisystemic Therapy
    - Teen courts
    - Juvenile intensive parole supervision programs
    - Juvenile intensive supervision programs
    - Juvenile day reporting
    - Juvenile jobs programs
    - Life Skills education programs for adults

### 2. What Doesn’t?

- Programs needing more research for people in the adult offender system
  - Faith-based programs
  - Intensive supervision of sex offenders in the community
  - Regular parole supervision vs. no parole supervision
  - Therapeutic community programs for mentally ill offenders

### 3. What Are the Benefits & Costs?

- Preventing programs costs are partial program costs, pro-rated to match crime outcomes.

**References:**

- "Consumer Reports" List
- "Reducing Crime With Evidence-Based Options: What Works, and Benefits & Costs"
- "Washington State Institute for Public Policy"
<table>
<thead>
<tr>
<th>Program</th>
<th>Expected Change in Crime</th>
<th>Benefits Minus Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(# of EB Studies)</td>
<td>(per-person, life cycle)</td>
</tr>
<tr>
<td><strong>Adult Offenders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Drug Courts</td>
<td>-8.0% (57)</td>
<td>$4,767</td>
</tr>
<tr>
<td>Education Prgs., Prison</td>
<td>-7.0% (17)</td>
<td>$10,669</td>
</tr>
<tr>
<td>Drug Tx in Prison (TC or out-patient)</td>
<td>-5.7% (20)</td>
<td>$7,835</td>
</tr>
<tr>
<td>Cog-Behavioral Treatment</td>
<td>-6.3% (25)</td>
<td>$10,299</td>
</tr>
<tr>
<td>ISP: surveillance</td>
<td>0.0% (23)</td>
<td>-$3,747</td>
</tr>
<tr>
<td>ISP: treatment</td>
<td>-17.1% (11)</td>
<td>$11,563</td>
</tr>
<tr>
<td>Electronic Monitoring</td>
<td>0.0% (9)</td>
<td>$870</td>
</tr>
<tr>
<td><strong>Juvenile Offenders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional Family Thpy.</td>
<td>-15.9% (7)</td>
<td>$31,821</td>
</tr>
<tr>
<td>Family Int. Transitions</td>
<td>-13.0% (1)</td>
<td>$40,545</td>
</tr>
<tr>
<td>Aggression Repl. Trng.</td>
<td>-7.3% (4)</td>
<td>$14,660</td>
</tr>
<tr>
<td>Restorative Justice (low risk)</td>
<td>-8.7% (21)</td>
<td>$7,067</td>
</tr>
<tr>
<td><strong>Prevention</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-School* (low income)</td>
<td>-14.2% (8)</td>
<td>$12,196</td>
</tr>
<tr>
<td>Nurse Family Partnership*</td>
<td>-36.3% (2)</td>
<td>$27,105</td>
</tr>
</tbody>
</table>
Long-run net taxpayer benefits
Benefit-to-cost ratio
Return on investment
Crime Rate in 2020 (2005 rate = 52)

Current Level Aggressive Moderate Taxpayer Summary Statistics
Annual cost of portfolio $41 million $63 million $85 million
Long-run net taxpayer benefits $1.1 billion $1.7 billion $2.4 billion
Benefit-to-cost ratio $2.45 $2.55 $2.60
Return on investment 24% 27% 28%
Crime Rate in 2020 (2005 rate = 52) 48 48 49
Reducing Crime and Taxpayer Costs

 ✓ COMPREHENSIVE & LONG-TERM ... 
   Adult offender programs and juvenile offender and prevention programs need to be in the portfolio. Compound Interest: Small gains, over time, matter a lot.

 ✓ ASSESSMENT ...Use formal assessment tools to align the right criminal justice resource with the right offender.

 ✓ STATE & LOCAL EFFORTS ...Fiscal and policy coordination is vital for many adult, juvenile, and prevention options.

 ✓ PROGRAM ACCOUNTABILITY ...It’s critical to implement programs with quality control ("Starbucks")

 ✓ EXPERIMENT ...Try some non “evidence-based” approaches as well; evaluate the results rigorously
Evidence-Based Public Policy Options To Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates

Current long-term forecasts indicate that Washington will need two new prisons by 2020 and possibly another prison by 2030. Since a typical new prison costs about $250 million to build and $45 million a year to operate, the Washington State Legislature expressed an interest in identifying alternative “evidence-based” options that can: a) reduce the future need for prison beds, b) save money for state and local taxpayers, and c) contribute to lower crime rates.

The 2005 Legislature directed the Washington State Institute for Public Policy (Institute) to report, by October 2006, whether evidence-based and cost-effective policy options exist.

If economically sound options are available, then the Legislature also directed the Institute to project the total impact of alternative implementation scenarios.

This report describes our results to date. We begin by providing background information on historic and projected incarceration rates in Washington, as well as a history of crime rates and fiscal costs of the criminal justice system. We then describe the process we used to determine if evidence-based and economically sound options exist and we present our findings. This is followed by our projections of the impact of alternative implementation scenarios. We conclude by discussing some implications of the findings and next steps. For technical readers, appendices begin on page 18 and describe our research methods and results in greater detail.

Summary

Under current long-term forecasts, Washington State faces the need to construct several new prisons in the next two decades. Since new prisons are costly, the 2005 Washington Legislature directed the Washington State Institute for Public Policy to project whether there are “evidence-based” options that can: a) reduce the future need for prison beds, b) save money for state and local taxpayers, c) contribute to lower crime rates.

We conducted a systematic review of all research evidence we could locate to identify what works if anything, to reduce crime. We found and analyzed 529 rigorous comparisons, group evaluations of adult corrections; juvenile corrections; and prevention programs, most of which were conducted in the United States. We then estimated the costs and benefits of many of these evidence-based options. Finally, we projected the degree to which alternative “portfolios” of these programs could affect future prison construction needs, criminal justice costs, and crime rates in Washington.

We find that some evidence-based programs can reduce crime, but others cannot. Per dollar of spending, several of the successful programs produce favorable returns on investment. Public policies incorporating these options can yield positive outcomes for Washington.

We project the long-run effects of three example portfolios of evidence-based options: a “current level” option as well as “moderate” and “aggressive” implementation portfolios.

We find that if Washington successfully implements a moderate-to-aggressive portfolio of evidence-based options, a significant level of future prison construction can be avoided, taxpayers can save money, and crime rates can be reduced.
Homicide rate defined as the number of deaths (classified as homicides by coroners) per 100,000 population.

*Homicide rate* defined as the number of deaths (classified as homicides by coroners) per 100,000 population.
A 10% change in incarceration leads to a 2% to 4% change in the crime rate.

Each data point is that year's incarceration rate and crime rate.
As Incarceration Rates are Raised, the Number of Crimes Avoided Declines

Estimates for Washington State