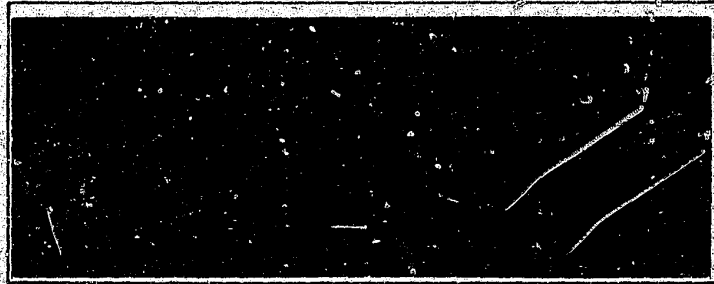




State of Wisconsin / OFFICE OF THE GOVERNOR

WISCONSIN COUNCIL ON CRIMINAL JUSTICE



69256

PROGRAM EVALUATION REPORT



State of Wisconsin

OFFICE OF THE GOVERNOR

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A Special Report  
to the Council on Criminal Justice:  
Benefit-Cost Analysis of Existing  
Crime Prevention Projects and  
Consideration of a  
Statewide Office of Crime Prevention

NCJRS

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ACQUISITIONS

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## I. Introduction

On March 25, 1980 the Executive Committee of the Wisconsin Council on Criminal Justice (WCCJ) directed questions and comments to central staff concerning the submission of the program report entitled, Crime Prevention and the Wisconsin Council on Criminal Justice: 1969 - 1980, With Special Emphasis on Twelve Projects. In receiving the document, to be forwarded to the WCCJ Full Council for their consideration, the Executive Committee requested staff conduct the following: 1) a benefit-cost analysis of the twelve projects evaluated; and 2) a discussion of implementation steps associated with the recommendation that the WCCJ formally go on record as supporting the establishment of a Statewide Office of Crime Prevention.

## II. Benefit-Cost Analysis: An Overview

### A. What is Benefit-Cost Analysis (BCA)?

Benefit-cost analysis (sometimes referred to as cost-benefit analysis) is an economic tool used to determine the net effect of expenditures of resources--usually limited resources. Stated another way:

Historically, cost-benefit analysis has been applied to such diverse projects as water control and criminal justice diversion programs. In many of these applications, theory and practice are tenuously related and procedures followed in one application are not always relevant to another. Because of these problems, cost-benefit analysis has become a generic term, which covers a range of evaluation procedures which often differ. In principle, however, the basic idea of the analysis is to decide on the worth of a public project by adding up all the advantages to the public which accrue because of the project and then subtracting all the disadvantages. The project with the biggest net difference is usually considered the best project. Cost-benefit analysis thus becomes a way of deciding what society prefers, and, when only one option can be chosen from a series of options, it informs the decision-maker as to which option is socially most preferred. It must be stressed that cost-benefit analysis does not alleviate the decision-maker from the responsibility of formulating alternative options for comparison or from determining the basic programs for analysis...If individuals are rational, then cost-benefit analysis only breaks down when the beneficiaries (or spenders) do not understand, recognize or appreciate all the benefits (costs).<sup>1</sup>

Another way of expressing benefit-cost analysis, employing the language of the economist, is:

Government actions to provide public goods or adjust for externalities divert resources from one use to another, thereby affecting peoples' present and future welfare. Such welfare effects may be positive (benefits) or negative (costs). Benefit-cost analysis attempts to determine the net amount of the welfare effects--whether the diverted resources have greater value in their new use than in their former use. ...Projects that generate costs in the current period and benefits in future periods are called investment projects, in contrast with consumption projects, which generate benefits in only the current period. Traditionally benefit-cost analysis has been used primarily for investment projects. ...Benefits and costs that accrue in future periods are discounted to reflect the fact that future benefits are less valuable and future costs are less burdensome.<sup>2</sup>

B. What is Cost-Effectiveness Analysis (CEA)?

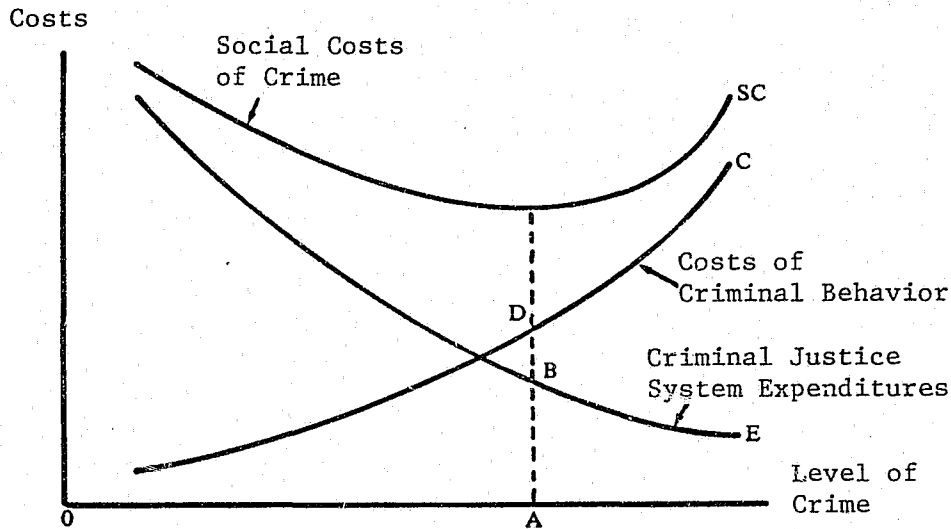
Mention should be made of the term "cost-effectiveness analysis." Oftentimes the terms benefit-cost analysis and cost-effectiveness analysis are used interchangeably. The two analyses are different in what they attempt to determine, however. Cost-effectiveness analysis is concerned only with determining the least expensive way of obtaining a given result. Unlike benefit-cost analysis, cost effectiveness does not assign a value to a particular outcome or effort. In other words, cost effectiveness analysis makes no effort to ask if a particular outcome is worth achieving. Nor does it ask how much the result is worth.

C. Defining Costs: An Example

It is generally argued that, from a strictly economic viewpoint, the aim of the criminal justice system is to allocate criminal justice resources in a manner that will minimize the social costs of crime.<sup>3</sup> That is to say, to minimize the sum total of the damage caused by crime as opposed to eradicating crime altogether. A formulation of this concept will prove useful here. Figure 1 (on page 3) outlines what economists would consider important in determining the social costs of crime and the optimum level of crime.

Figure 1

The Social Costs of Crime and the Optimum Level of Crime



The social costs of crime consist of two components: the costs of criminal behavior, and expenditures for protection and/or deterrence. The cost of criminal behavior is a rising function of the level of crime, while crime itself is deemed to be a decreasing function of expenditures. This is depicted in Figure 1 where E is the expenditures function, C is the cost function, and their vertical sum is SC, the social cost of crime. As depicted, social cost declines over some range of crime, reaches a minimum value, then begins to rise. The level of crime associated with minimum social cost, OA, is the optimal level of crime. Criminal justice expenditures would be OB and the costs of criminal behavior OD. It may well be that OD exceeds OB at the point of optimality, but it does not follow that criminal justice system expenditures should be increased.<sup>4</sup>

As noted earlier, government programs and projects are viewed as sacrificing some resources and services (inputs) to create other resources and services (outputs). No benefit-cost analysis can take place until the relevant inputs and outputs have been defined, measured and some value attached to them. There are a number of effects (inputs and outputs) that a project may have; e.g., tangible, intangible, spillover effects, final or intermediate, etc.

Regardless of how the input and output effects of a project are labeled, they have a common element: They reflect a change in the availability (supply) of one or more goods or services. To be complete, benefit-cost analysis must evaluate all of the effects of a project or activity that take the form of changes in the available quantities of various goods and services. Such effects are termed real.

Pecuniary effects, in contrast, arise when the market-traded goods and services change because of the project. ... Since pecuniary losses (gains) are offset by gains (losses), they reflect redistribution of income from one group of society to another, rather than a net loss (gain) to society. Therefore, they are not properly included in the benefits and costs of a project. Of course, pecuniary gains and losses are relevant in assessing the distributional (as opposed to efficiency) consequences of a project.

#### D. Problems Associated with Benefit-Cost Analysis

Benefit-cost analysis techniques are not without their own inherent problems. Concerns associated with benefit-cost analysis center around theoretical and practical considerations.

The theoretical limitations arise from the fact that it is only a technique for making decisions within a framework that has been decided upon in advance and which involves a wide range of considerations. These considerations include both the political realities of the time and geographical location of the project, the social setting in which the project must take place, and the level of government which is undertaking that project. Thus, it might be easier for a city police force to institute a crime control program than for the federal government, even if the analysis indicates that it would be better undertaken by the federal government. The second theoretical limitation is that cost-benefit techniques are least relevant for large scale investment decisions. This is because these decisions often have incredibly wide ramifications, and thus, a more involved approach incorporating these ramifications is necessary.

The first practical problem is that cost-benefit analysis is often subjective. To omit

certain societal gains and losses is to fail to meet the requirement that the definition of social benefits and costs should be all encompassing. Yet, to include many of these factors in the analysis is to be somewhat arbitrary. For example, a societal gain from building a prison in Arizona might be more deterrence of potential criminals who live in Arizona. This is a true gain to Arizona, but any evaluation of this gain might be arbitrary. In these cases, the decision-maker must use common sense as he participates in the analysis.

A second difficulty is that in evaluating public projects, it is very difficult, if not impossible, to take account of allocation and distributional considerations. For example, the tax costs to the individual do not normally equal the amount of benefits that the same individual receives. In this case, there is a redistribution of income, and the straightforward summation of costs and benefits does not adequately describe the true impact of the project. Unless the value judgments of the decision-maker are explicitly included in the cost-benefit analysis, it cannot adequately discuss distributional considerations.<sup>6</sup>

Inasmuch as inputs (resources) and outputs (services) are difficult to measure and define because of the subjectivity issue, the overall utility of benefit-cost analysis has been questioned:

Questions of that sort, which are inherent in defining and measuring project inputs and outputs, are obviously difficult. But they must be answered in the benefit-cost analysis of many government activities. And to the extent that they cannot be answered to the satisfaction of the members of society, benefit-cost analysis cannot be used, either as a mechanism of or an aid to decision making. Ironically and unfortunately, the areas in which defining and measuring inputs and outputs are most difficult are the areas in which there is the strongest case for collective decisions about resource allocation. This is not mere coincidence, however. Markets fail for basically the same reasons that benefit-cost analyses are either difficult or infeasible.<sup>7</sup>



### III. Benefit-Cost Analysis of WCCJ-Funded Projects

The eleven WCCJ-funded crime prevention projects reviewed in this report are located throughout the State of Wisconsin. Projects are in various stages of implementation. Projects are located in Brown Deer, Cudahy (plus St. Francis and South Milwaukee), Franklin, Green Bay, Greendale, LaCrosse, Menominee Reservation, City of Menomonie, Mequon, Oak Creek and Wisconsin Rapids.

According to the 1979 and 1980 WCCJ Criminal Justice Improvement and Action Plans, all crime prevention projects funded by WCCJ must attempt to "diminish the rate of at least one targeted Part I property crime." All jurisdictions requesting funds for crime prevention projects must analyze local crime data in an effort to identify, among other problems, Part I crimes which are particularly problematic to that jurisdiction. Those crimes so identified by the crime analyses are then "targeted" by the individual crime prevention project.

All of the crime prevention projects funded by WCCJ are located within the local police department and coordinated by a crime prevention officer (CPO). Most projects involve program activities which are quite similar in nature (e.g., property identification, security survey/inspections of residences and businesses, "Neighborhood Watch" and community education).

The total population for all WCCJ-funded projects is 342,061 or 7.31% of Wisconsin's total population. Excluding the City of Manitowoc, for which crime data is not yet available, the projects' total population is 305,235, or 6.61% of Wisconsin's total population.

Typical WCCJ crime prevention project goals included: increased reporting of targeted crime; reduction or stabilization of targeted offense incidence rates; increased clearance rates; increased community involvement in crime prevention; increased recovery rates (of stolen property); improved records management; statistical crime analysis; and formal establishment of a crime prevention unit.

Methods employed in attempting to accomplish these goals included: security surveys/inspections; community and police education; cooperation with various service and civic organizations; employing property identification systems and crime data analysis.

Listed in Table 1 (following page) are the costs associated with operating the eleven projects for one year. Because the projects are in various stages of implementation, only one-year costs are considered. It should also be noted that this does not indicate that all project costs are assumed

in one year, nor are the benefits obtained restricted to only the one year examined here. Indeed, these crime prevention projects should be considered as primarily investment projects; i.e., benefits should occur in future years, as well as the year examined here.

Table 1

One-Year Costs Associated with WCCJ Crime Prevention Projects

Projects	One-Year Cost*	Population	Baseline Burglary Figures	Baseline Theft Figures
LaCrosse	\$ 16,670	48,814	421	N/A
Brown Deer	\$ 26,222	14,113	77	261
Franklin	\$ 52,462	16,095	107	404
Greendale	\$ 58,546	17,884	N/A	898
Wisconsin Rapids	\$ 44,132	18,676	177	N/A
City of Menomonie	\$ 25,497	10,814**	44	141
Oak Creek	\$ 31,569	15,598	144	N/A
Mequon	\$ 36,000	15,899	82	241
Menominee Reservation	\$ 20,819	3,662	202	N/A
Green Bay	\$ 66,666	89,289	707	N/A
Cudahy, et al.	\$ 37,186	54,391	419	1,907
TOTALS	\$415,769	305,235	2,380	3,852

\* Includes salaries, fringe, equipment, training, etc.

\*\* Figure excludes students at UW-Stout.

N/A Not applicable.

The one-year costs are further broken down in Table 2 to reflect costs per capita, per burglary (baseline), per theft (baseline) and per burglary and theft combined.

Table 2

Overall Costs per Capita, per Burglary, per Theft, and Both Burglary and Theft

Per Capita	\$ 1.36
Per Burglary (baseline)	\$174.69
Per Theft (baseline)	\$107.94
Per Theft and Burglary	\$ 66.72

Table 3 reflects a breakdown of burglary data comparing the difference between baseline and project period data. In addition, the 13.9% figure used in the table reflects the statewide increase in burglaries for similar time periods. The 298 burglaries reflect the difference between the actual and predicted number of burglaries based on the statewide figure of 13.9%.

Table 3

Project Burglaries: Actual vs. Predicted\*

Jurisdiction	Baseline	Project		
LaCrosse	421	366		
Brown Deer	77	93		
Franklin	107	117		
Wisconsin Rapids	177	172		
Menomonie, City of	44	62		
Oak Creek	144	159		
Mequon	82	79		
Green Bay	707	764		
Menominee Restoration Committee	202	142	Expected Burglaries (Based on State Increase of 13.9%)	Difference
Cudahy, et al.	419	459		
TOTAL	2,380	2,413	2,380 x 13.9% = 2,711	-298
State less Project	37,108	42,278		

\* Baseline and Project periods are for the years 1978 and 1979, respectively, except for the following jurisdictions:

Brown Deer - 9/1/77 - 8/31/78 and 9/1/78 - 8/31/79

Franklin - 10/1/77 - 9/30/78 and 10/1/78 - 9/30/79

Wisconsin Rapids - 6/1/77 - 5/31/78 and 6/1/78 - 5/31/79

City of Menomonie - 9/15/77 - 9/14/78 and 9/15/78 - 9/14/79

Table 4 (following page) reflects a breakdown of theft data comparing the difference between baseline and project period data. In addition, the 13.9% statewide increase in theft for the same time period is used to evince the disparity between actual and predicted theft. The difference is estimated at 555.

Table 4

Project Thefts: Actual vs. Predicted

Jurisdiction	Baseline	Project		
Brown Deer	261	322		
Menomonie, City of	141	150		
Greendale	898	1,002		
Franklin	404	449		
Mequon	241	258	Expected Thefts (Based on State Increase of 13.9%)	Difference
Cudahy, et al.	1,907	1,651		
TOTAL	3,852	3,832	$3,952 \times 13.9\% = 4,387$	-555
State less Project	120,933	137,728		

With the availability of the predicted number of thefts and burglaries, total savings was estimated. Table 5 calculates the "predicted" number of burglaries and thefts reduced, multiplied by the average statewide loss associated with theft (\$172) and burglary (\$355). As a result, the data evinces a savings of \$195,290 in reduced loss.

Table 5

Estimated Savings Associated with  
Reduced Number of Project Burglaries and Thefts

<u>Number of Offenses</u> x <u>Average Statewide Cost per Incident</u> = <u>Benefit/Savings</u>				
Burglary:	298	x	\$335	= \$ 99,830
Theft:	555	x	172	= 95,460
			Total	\$195,290

Table 6 (following page) reflects the amount saved by the projects as a result of the reduction in the average loss per thefts and burglaries. Total savings is \$112,375.84.

Table 6

Savings as a Result of Reduction in Average Loss per Theft and Burglary

<u>Offense</u>	<u>Baseline</u>		<u>Project</u>		<u>Savings per Offense</u>		<u>Total</u>	<u>Savings</u>
Burglary	\$389.46	-	\$355.79	=	\$33.67	x	2,380	= \$ 80,134.60
Theft	224.83	-	216.46	=	8.37	x	3,852	= \$ 32,241.24
Total Savings Burglary & Theft								\$112,375.84

The savings in dispositional costs associated with the reduction in the number of theft and burglary cases that would have been referred for prosecution was also estimated. Table 7 below reveals a rough estimate of \$104,015 saved as a result of proportional predicted crimes that did not result.

Table 7

Estimated Savings as a Result of Reduced Dispositional Costs

<u>Offense</u>	<u>Number Deterred</u>		<u>% Charged</u>		<u>Number of Charged Offenses*</u>		<u>Cost per Case**</u>	<u>Savings</u>
Burglary	298	x	18.7%	=	55.73	x	\$1,000	= \$ 55,730
Theft	555	x	17.4%	=	96.57	x	500	= \$ 48,285
Total Savings								\$104,015

\* Based on Wisconsin data for 1978.

\*\* Estimate. No established figures are available.

Table 8 outlines the benefits/savings vis-a-vis costs associated with examining one year of all project operations. When benefits/savings are compared with costs, a net difference (cost) of \$4,088 is noted.

Table 8

Comparison of Crime Prevention Benefits and Costs  
for One Year of Operation

Benefits/Savings		Project Costs	
I. Savings from Difference Between Actual and Predicted Thefts and Burglaries	\$195,290		
II. Savings as a Result of Reduction in Average Loss per Theft and Burglary	112,376	Salaries, Fringe, Equipment, Training, etc. for	
III. Savings from Reduced Dispositional Costs	<u>104,015</u>	Eleven Projects	<u>415,769</u>
Total Benefits/Savings	<u>\$411,681</u>	Total Cost	<u>\$415,769</u>
Net Benefit/(Cost)	(\$4,088)		

IV. Conclusion

Several factors concerning the implementation of this benefit-cost analysis need to be stressed: 1) in calculating the quantitative inputs (resources) associated with establishing these crime prevention projects, the costs associated with evaluating and monitoring the projects are not included; 2) qualitative costs, e.g., increased fear by the public, developing a "fortress mentality," etc., are not included; 3) a number of quantitative benefits are not measured and valued, e.g., increase in the worth of home/land values, increased property tax revenues, reduction in costs of private protection, etc.; and 4) no attempt was made to measure and value a number of qualitative benefits associated with these projects, e.g., lessened fear of becoming a victim of crime, increased reliability of crime reporting, etc.

In the benefit-cost analysis matrix (Table 9, following page), a total overview of all factors involved in looking at the qualitative and quantitative benefits and costs is outlined. In limiting our analysis to a few factors, recognition was made of the inherent problems associated with assigning values to all possible costs and benefits of this program.

Table 9

Benefit/Cost Analysis Matrix

	Quantitative	Qualitative
C O S T S	<ul style="list-style-type: none"> <li>a. Per year project costs = \$415,769.</li> <li>b. Costs associated with evaluating and monitoring project = ?</li> <li>c. Private sector protection cost = ?</li> <li>d. Costs associated with implementing recommendations to improve security of home/business = ?</li> </ul>	<ul style="list-style-type: none"> <li>a. Increased fear/suspicion from program advertising; i.e., assuming a "fortress mentality."</li> </ul>
B E N E F I T S	<ul style="list-style-type: none"> <li>a. Average loss of deterred crimes = \$195,290.</li> <li>b. Change in average cost per offense = \$112,376.</li> <li>c. Decreased dispositional costs = \$104,015.</li> <li>d. Savings from effective allocation of police resources = ?</li> <li>e. Increase in value of home/land as a result of reduction of criminal acts = ?</li> <li>f. Reduced home/business maintenance costs = ?</li> <li>g. Reduction in insurance costs = ?</li> <li>h. Reduction in costs of private protection = ?</li> <li>i. Increased property tax revenue (see Appendix A for example) = ?</li> </ul>	<ul style="list-style-type: none"> <li>a. Attitudinal change by citizens toward police; i.e., greater trust, involvement.</li> <li>b. Behavioral change/freer movement, reduction in opportunity costs.</li> <li>c. Increased reliability of crime reporting.</li> </ul>

## Part II

### Implementation Alternatives Available to the Wisconsin Council on Criminal Justice with Regard to the Recommendation that a Statewide Office of Crime Prevention be Established

#### I. Overview

In addition to requesting information on benefits/costs associated with the existing crime prevention program area, the Executive Committee requested that central staff prepare, for the Council's consideration, implementation strategies associated with the recommendation that steps be taken to establish a Statewide Office of Crime Prevention. (A complete text of the recommendation and rationale can be found in Appendix B.)

#### II. Options Currently Available Within the Existing WCCJ Structure

##### A. Structure the Crime Prevention Program Area to Emphasize a Statewide Effort

Existing crime prevention program language (Program 1, 1980 Criminal Justice Improvement Plan, pp. 26-29) places special emphasis on funding individual projects throughout the state. Projects are located within police departments and must address particular problematic Part I offenses. At the recommendation of the Full Council, central staff, currently preparing the 1981 Action Plan, could structure the crime prevention program area to reflect the Council's confidence in the efficacy and utility of establishing a Statewide Office of Crime Prevention. Although exact figures are not available, estimates, based on the experience of a number of other states, are that to establish an initial, workable office that could impact on certain crimes, \$200,000 would be needed over a two-year period. In terms of where this agency would be housed, it is conceivable that one or a number of existing state agencies, including the WCCJ, may compete to have the statewide effort placed under its auspices. Any determination on where the agency would be housed, however, should be based on practicality, specifics of the agency's proposed efforts, consistency with existing agency mission, merit, and probability of future funding once federal funding is terminated.



B. Create a Subprogram Area Within the Existing Crime Prevention Program Area

Based primarily on the availability of funds, another option before the Council is to direct central staff to create a subprogram area within the existing crime prevention program area. Essentially, this would entail earmarking a certain dollar amount for the sole purpose of establishing a statewide effort. Approximately \$200,000 would be needed over a two-year period to establish an initial program. By creating a subprogram area, funding would also be available to fund individual projects, as well as the creation of a statewide effort. However, this scenario is entirely dependent upon the availability of funds. One or a number of existing state agencies may possibly compete for the funding.

C. Comprehensive Statewide Crime Prevention Management and Needs Assessment Study

Program 2, Police Services, Subprogram E - Management Studies, of the 1980 Criminal Justice Improvement Plan (pp. 45-47) allocates money to conduct management studies to identify police agencies' problems and recommend needed solutions. The program area will support management studies of entire police agencies, of particular aspects of the police function and of community needs for police services. Review committees are established which in turn prepare Requests for Proposals (RFPs) to initiate studies.

At the direction of the Council, central staff could recommend funds in the 1981 Action Plan (tentatively entitled, Program II - Policing Services: Police Operations) to conduct a comprehensive management study centering on the concerns surrounding the establishment of a Statewide Office of Crime Prevention (i.e., appropriate funding level, staffing needs, community needs assessment, coordination of efforts with other state agencies, etc.) Estimates are that a thorough study could be conducted for approximately \$50,000.

III. Legislative Initiatives

In noting the options that the Council has within the WCCJ, it is axiomatic that these strategies will become moot, if over the coming weeks the Congress votes and the President upholds the elimination of the Law Enforcement Assistance

Administration grant program. In light of this possibility, some alternative implementation strategies are presented. Assuming the Council is convinced of the merit of establishing a Statewide Office of Crime Prevention, a number of options are noted below:

A. Recommend the Governor Take Action on Establishing a Statewide Office of Crime Prevention

A principal function of the WCCJ is to initiate, encourage and evaluate programs for the upgrading and improvement of the administration of criminal justice in Wisconsin. As part of its advisory capacity and recognizing that the Council is located in the Executive Office, a recommendation urging the Governor to act on the need for a Statewide Office of Crime Prevention could be made. If such a recommendation is made, the Governor has the option of either introducing legislation (which would entail hearings and public testimony) or creating a Statewide Office of Crime Prevention by Executive Order (the WCCJ was originally created by Executive Order in 1969 and recreated by Executive Order in 1971.)

B. Request that the Joint Legislative Council Further Study and Review the Recommendation for a Statewide Office of Crime Prevention

According to the State of Wisconsin Blue Book (1979-1980):

The principal function of the Legislative Council is to give careful study and consideration to various problems of government and then present the results to the legislature. Some problems are referred directly by the legislature to the council by enactment of a law or passage of a joint resolution, while others are brought to the attention of the council during the interim. Advisory committees and subcommittees to council committees submit their findings and recommendations to their parent council committees. The council committees submit their reports, together with legislative proposals to carry out their recommendations, to the Legislative Council for approval. Those proposals which are approved by the council are introduced in the legislature. (p. 407)

C. Upon Approving a Recommendation for a Statewide Office of Crime Prevention, Forward that Recommendation to the Legislature for Their Consideration

In the absence of any action on the part of the Governor's Office or involvement by the Joint Legislative Council, individual members of the Legislature, upon being alerted that the WCCJ recommends establishment of a Statewide Office of Crime Prevention, may, on their own initiative, introduce legislation. (All members of the Legislature have received an Executive Summary of the crime prevention program report prepared by central staff.)

Footnotes

1. Jeffrey I. Chapman and Carl N. Nelson, American Bar Association, Correctional Economics Center, A Handbook of Cost-Benefit Techniques and Applications, Washington, D.C., July 1975, p. 2.
2. Thomas F. Poque and L.G. Sqontz, Government and Economic Choice: An Introduction to Public Finance, Houghton Mifflin Company, Boston, 1978, p. 143.
3. "Any resource-using activity which reduces aggregate well being or welfare in a society is said to generate 'social costs.' The magnitude of such costs is then the valuation of the aggregate welfare forgone. This definition is highly deceptive in its simplicity, for it actually entails complex questions of definition, measurement and comparison among individuals, which are topics of a subfield of economics called 'welfare economics.'" Charles M. Gray, Editor, The Costs of Crime, Volume 12, Sage Criminal Justice System Annuals, Beverly Hills, 1979, p. 21.
4. Thomas Gray, The Costs of Crime, op cit., p. 22.
5. Poque and Sqontz, Government and Economic Choice, op cit., pp. 149-50.
6. American Bar Association, A Handbook, op cit., p. 3.
7. Poque and Sqontz, Government and Economic Choice, op cit., pp. 150-51. See also: Gary S. Becker and William M. Landers, Essays in the Economics of Crime and Punishment, National Bureau of Economic Research, Columbia University Press, New York, 1974, for further discussion of problems associated with employing cost-benefit analysis within the criminal justice system.

Public Revenue Loss:  
An Approximation

One cost to the city of Minneapolis of crime is lost property tax revenue. A rough estimate of selected components of such loss is presented here. Estimates are derived by multiplying the estimated loss in property value times the sales ratio, assessed value ratio, and mill rate. The result is not intended to be precise, but is rather indicative of approximate magnitude.

Relevant data are detailed in Citizens League (1976). For the case of vandalism, the following procedure is used:

- 1) Number of owner-occupied units is multiplied by average loss of value per owner-occupied unit for each incident of vandalism adjusted for opportunity ( $78,000 \times 171.99 = 13,415,220.00$ ). This yields total value loss of vandalism adjusted for opportunity.
- 2) Total value loss of vandalism adjusted for opportunity is multiplied by vandalism adjusted for opportunity (citywide average)--( $13,415,220.00 \times 11.16 = 149,713,855.20$ ). This yields total loss in property value citywide.
- 3) Loss in property value is multiplied by the sales ratio to yield the loss in assessor's limited market value ( $149,713,855.20 \times .878 = 131,448,764.90$ ).
- 4) Assessor's limited value is multiplied by the assessed value rate to derive the loss in assessed valuation ( $131,448,764.90 \times .40 = 52,579,505.96$ ).
- 5) The loss in assessed value is multiplied by the mill rate to obtain revenue loss ( $52,579,505.96 \times .13602 = 7,141,864.50$ ).

The loss of property tax revenue from owner-occupied housing units due to reported incidents of vandalism is approximately \$7 million.

Using the same approach for determining the impact of residential burglary yields a tax revenue loss in the neighborhood of \$6 million. Thus, these two specific crimes, which were found to have a significant impact on the value of owner-occupied housing units, generate a total estimated tax revenue loss of about \$13 million. The total criminal justice system budget for the city of Minneapolis in 1975 was \$19 million.

Taken from: Charles M. Gray and Mitchell R. Joelson, "Neighborhood Crime and the Demand for Central City Housing," in Charles M. Gray, The Costs of Crime, Sage Publications, Beverly Hills, 1979, p. 57.

B. Recommendations

1. Establish a Statewide Office of Crime Prevention

The Executive Office, the Legislature, business, industry and concerned citizens should begin to take the necessary steps to establish a statewide office of crime prevention. This considered recommendation is based on the following: (1) information and data collected in the course of evaluating the twelve currently-funded WCCJ crime prevention projects over the past two years; (2) a review and analysis of prior WCCJ involvement in funding pilot crime prevention projects; (3) numerous contacts and discussions with experienced crime prevention practitioners within the state; (4) informational discussions with representatives of the National Council on Crime and Delinquency (NCCD); (5) discussions with the National Crime Prevention Institute (NCPI) in Louisville and the State of Kentucky Statewide Office of Crime Prevention; (6) interaction with the President of the Wisconsin Crime Prevention Officers Association; (7) a literature search of crime prevention implementation strategies employed around the country; and (8) a cursory review of the experiences of the over 30 states that have already established statewide crime prevention efforts.

The rationale behind this recommendation is a simple one. The establishment of a statewide office of crime prevention would be a clear signal that the State of Wisconsin was prepared to make a long-term commitment toward assisting the police, business, industry, community organizations and an involved citizenry in coordinating efforts toward: (1) the gradual reduction of criminal opportunities; (2) enhancement of the public's feeling of security; and (3) lessening the public's fear of becoming victims of crime.\*

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\* More often than not, it is the fear of crime, rather than the fact of crime, which ultimately influences how people live their lives. "The discovery that life is irrational and unpredictable makes victims feel completely impotent. This in turn exacerbates their fear: whether or not we feel in control of a situation directly affects the way we respond to it. Indeed, psychological experiments indicate that fear is substantially reduced if people merely believe they have some control over a situation..."one can take precautions that extend the sense of control over one's environment and fate." Charles E. Silberman, Criminal Violence, Criminal Justice, Harper and Row, New York, 1978, pages 16-17. In large measure, "control over a situation" is the rationale behind crime prevention. Crime prevention does not play on people's fears, but rather promotes a climate of rational decision-making in dealing with criminal opportunities.

In terms of the primary responsibilities of a statewide office of crime prevention, emphasis would center on: (1) applied research; (2) technical assistance in the development of community and local projects; (3) development and distribution of literature, films, etc.; (4) public education and; (6) coordinating and motivating all police departments to become involved as pivotal points for crime prevention at the local level. Listed below are some of the advantages of a statewide effort:

a. Equal Access and Treatment

Citizens of all communities and counties would receive equal treatment and have equal access to the office.

b. Offset Lack of Local Resources

Crime prevention efforts are often expensive and beyond the financial resources of some localities. In recent years, levy limits have placed restrictions on the amount of revenue a community can raise. A complete list of the problems police departments face in establishing crime prevention programs can be found in Appendix O.

c. Public Education

Citizens within a community must be advised of their responsibilities before they can assist the police in a lawful, systematic and coordinated manner.

d. Technical Assistance in Project Development

Expertise could be shared with cities, communities and counties which lack the skills to implement their own programs or wish to implement the techniques successfully employed elsewhere. (A number of WCCJ-funded projects have expressed a willingness to assist other communities in establishing crime prevention programs.)

e. Resource/Monitoring and Applied Research Center

Information about other programs, both within and outside the state could be shared with communities. Specific issues in crime prevention could be monitored and evaluated for effectiveness. Results could then be disseminated to decision-makers involved in crime prevention. In addition, legislation could be monitored and examined, thus providing the Legislature

and Executive Office with information on existing crime legislation and making recommendations on model legislation. (Promoting security requirements in the State building code serve as an example.)

f. Coordinate Crime Prevention Efforts with Other State Agencies

Examples of coordination between state agencies include: (1) assisting those state agencies (e.g., Nursing Home Ombudsman Program, Board on Aging) which administer funds and programs for the elderly by developing crime prevention projects which address the unique needs of the elderly; (2) work with the Wisconsin Housing Finance Authority in promoting security requirements to those companies and/or organizations which make use of public housing funds; (3) work with the Department of Public Instruction in assisting local school districts in addressing problems such as school vandalism; and (4) work with the Department of Agriculture in developing crime prevention projects which address the unique problems of farmers (i.e., rural crime).

There are, to be sure, arguments against establishing a Statewide Office of Crime Prevention. Not the least of obstacles that must be overcome is an apparent hostility on the part of the public toward more state bureaucracy. Indeed, the public may be more tolerant of the current level of crime than the current level of bureaucracy designed to combat it. At a time in which the Governor has indicated that the state should be tightening up its financial expenditures, serious and careful consideration should be given to the possible addition of another state office.

There is ample evidence available which suggests that such an Office can impact on the current level of crime. Therefore, the argument that a Statewide Office of Crime Prevention would simply be more unneeded bureaucracy is unfounded; and a dismissal of the idea may in the long run deny the citizens of Wisconsin an effective source of crime prevention.



**END**