

Cost-Benefit Analysis

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As part of the Advancement Project’s effort to develop a comprehensive gang violence reduction strategy for the City of Los Angeles, the Vera Institute of Justice analyzed the costs of gang violence to government, and potential savings that can result from investing in programs that have been shown empirically to reduce gang crime. This memo presents the results of that analysis. The first section provides an overview of our approach and findings. The second section presents the criminal justice costs of gang crime for city agencies, county agencies, and state agencies. It also discusses medical costs of treating victims. The third section presents projected cost savings from a variety of prevention and intervention programs that have been rigorously evaluated. The final section includes recommendations for how the City, County, and State might improve their capacity to make empirically-based policy and budgeting decisions in this area in the future, in addition to suggestions for how to use this analysis.

Overview

The consequences of gang crime are substantial, including injury, death, property damage, the arrest and often lengthy incarceration of gang members, and extensive costs to victims, defendants, communities, and taxpayers. Vera’s work with the Advancement Project has focused on government costs because the investment by government in programs to reduce gang violence can be advantageous from both a public safety and a fiscal perspective, as forward-looking investments can save money in the long-term. We hope the Advancement Project can use this

analysis of the costs of gang violence and the potential cost savings of various programs to help City, County, and State government officials make wise budgeting decisions.

Our analysis focuses on the costs of arresting and processing gang members through the criminal justice system, because these are the largest and most direct government costs of gang crime. We also calculated government-funded medical costs for treating victims in the most serious cases. Given the limitations of data availability, time, and budget, our estimates are only approximations. However, to ensure that they are a sufficiently reliable basis for budgeting decisions, we used two different methods, with different strengths and weaknesses, to calculate the costs. The first method of calculation relies on the annual budgets, per capita costs, and the approximate proportion of crimes that are gang-related in each major criminal justice agency. The second method draws on an analysis conducted by the Washington State Institute for Public Policy (WSIPP), the research branch of the Washington Legislature. Their methods are the most in-depth and methodologically sound criminal justice cost-benefit analyses that have been published.

The calculations were also reviewed by a former Budget Director for the State of New York and a former Deputy Budget Director for the City of New York, both of whom have significant experience making criminal justice budgeting decisions.

Our analysis showed that gang violence in the City of Los Angeles costs the City, the County, and the State hundreds of millions of dollars *each* year. What is most striking, however, is the proportion of costs of violence in the City of Los Angeles that are incurred by the County and the State. According to our calculations, the State is incurring approximately 52% of the total costs for the incarceration and parole of adult and juvenile offenders, while the City incurs approximately 21% and the County incurs 27%. These findings suggest that it would be wise for the County and the State to invest in efforts to reduce gang violence within the City.

Our analysis suggests that gang violence in the City of Los Angeles is costing these three levels of government in California approximately \$1.145 billion per year in criminal justice system costs. Broken down more specifically, gang-related crime costs City agencies approximately

\$246,880,524 per year, County agencies approximately \$304,785,871 per year, and State agencies approximately \$593,905,502 per year. We have also roughly calculated that medical costs resulting from gunshot wounds to victims of gang members in the City of LA is costing the government approximately \$45,296,446 annually. Due to the nature of insurance and medical payment, this cost is divided among California and federal agencies.

The chart that follows shows the costs resulting from gang crime in Los Angeles by agency, calculated using budget figures and estimates of numbers of LA gang cases handled. These calculations are very conservative estimates, as explained in detail in the next section.

Agency	Annual Cost
LAPD	\$243,764,532
City Attorney	\$3,115,992
District Attorney's Office	\$9,798,562
Public Defender	\$17,438,167
Superior Courts	\$6,615,840
Sheriff's Department	\$230,289,975
CDCR Adult Prison	\$524,475,700
CDCR Adult Parole	\$39,746,791
Adult Probation	\$898,536
CYA Incarceration	\$20,752,131
CYA Parole	\$2,315,040
Juvenile Probation (Home)	\$21,176,064
Juvenile Probation (Detention)	\$25,194,567
Total	\$1,145,581,897

We have also calculated the approximate annual taxpayer costs of gang violence using the estimates of marginal resource operating and capital costs provided in WSIPP's 2001 report, *The Comparative Costs and Benefits of Programs to Reduce Crime*,¹ and their 2006 follow-up report, *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates*.² From this, we have computed that the gang violence that occurs each

¹ Aos, S., Phipps, P, Barnoski, R, and Lieb, R (2001). *The Comparative Costs and Benefits of Programs to Reduce Crime*. Olympia: Washington State Institute for Public Policy. <<http://www.wsipp.wa.gov/pub.asp?docid=01-05-1201>> (29 November 2006). Referred to throughout text as "WSIPP's 2001 report."

² Aos, S., Miller, M., Drake, E. (2006). *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates*. Olympia: Washington State Institute for Public Policy.

year in Los Angeles costs the California criminal justice system approximately \$1,097,036,170. Using the figures in the Washington report, we are able to estimate costs for crime victims as well as taxpayers. Out-of-pocket monetary victim costs for annual crime total approximately \$363,476,000 and quality of life costs add another \$709,125,000, totaling \$1,072,601,000. Please see the next section for more details on these calculations. The table below shows the total cost per agency, based on the number of gang crimes in 2005 as recorded by the Los Angeles Police Department (See Appendix A). Please note that, although we have divided the costs by agency and jurisdiction, the organization of institutions and services are likely to differ between Washington and California, so we are more confident about the totals than about the distribution of costs to specific agencies and jurisdictions. It is striking that although the two methods of calculation differ, the total costs are remarkably similar.

Agency	Costs Per Annual Crimes
Police/Sheriff (Ci)	\$50,059,093
Courts and Prosecutors (Ci, Ct, St)	\$51,757,475
Local Juv Detention (Ct)	\$260,318,651
Local Juv Probation (Ct)	\$16,527,643
Juv Rehab, Institutional (S)	\$300,476,124
Juv Rehab, Parole (S)	\$66,772,472
Local Adult Jail (Ct)	\$146,121,044
Local Adult Probation (Ct)	\$23,643,068
Adult Corrections (Prison) (S)	\$157,717,532
Adult Corrections (Parole) (S)	\$23,643,068
Total	\$1,097,036,170

While gang crime is extremely costly for government, there are programs that have been proven in multiple studies to reduce criminal behavior. By investing in these programs, the City, County and State government can reduce their costs. Vera determined projected government cost savings of evidence-based programs to reduce criminal behavior using a sophisticated analysis conducted by the Washington State Institute for Public Policy.³ This evidenced-based analysis can be used by thoughtful officials and community activists in other jurisdictions, including Los Angeles, to estimate the impact on crime of many such programs. Because crime is costly to

<<http://www.wsipp.wa.gov/rptfiles/06-10-1201.pdf>> (29 November 2006). Referred to throughout text as “WSIPP’s 2006 report.”

³ WSIPP’s 2001 and 2006 reports. See footnotes 1 and 2 for full citations.

government and to individual victims, programs that have been proved to reduce crime will provide savings to taxpayers and a variety of benefits to victims in the medium- and long-term.

Some of the programs under consideration by the Advancement Project are similar or identical to programs that have undergone this rigorous analysis by WSIPP researchers, and their work allows us to estimate the impact of a portfolio of those programs. This selection is outlined in more detail in the third section of this memo, but we stress that the choice of programs is made for illustration, and can be modified as the Advancement Project's work proceeds. The illustrative program array outlined here would save state and local taxpayers \$59 million over the lives of the program participants, and would save victims an additional \$112 million.

Our emphasis on programs with evidence-based results is not meant to preclude analysis of new programs or other initiatives that have not undergone such scrutiny. Indeed, upfront investment in programs whose benefits have been tested and evaluated is an important way to help pay for programs that have not undergone systematic evaluation, or programs with more general scopes which provide fewer savings for taxpayers.

The Government Costs of Gang Crime

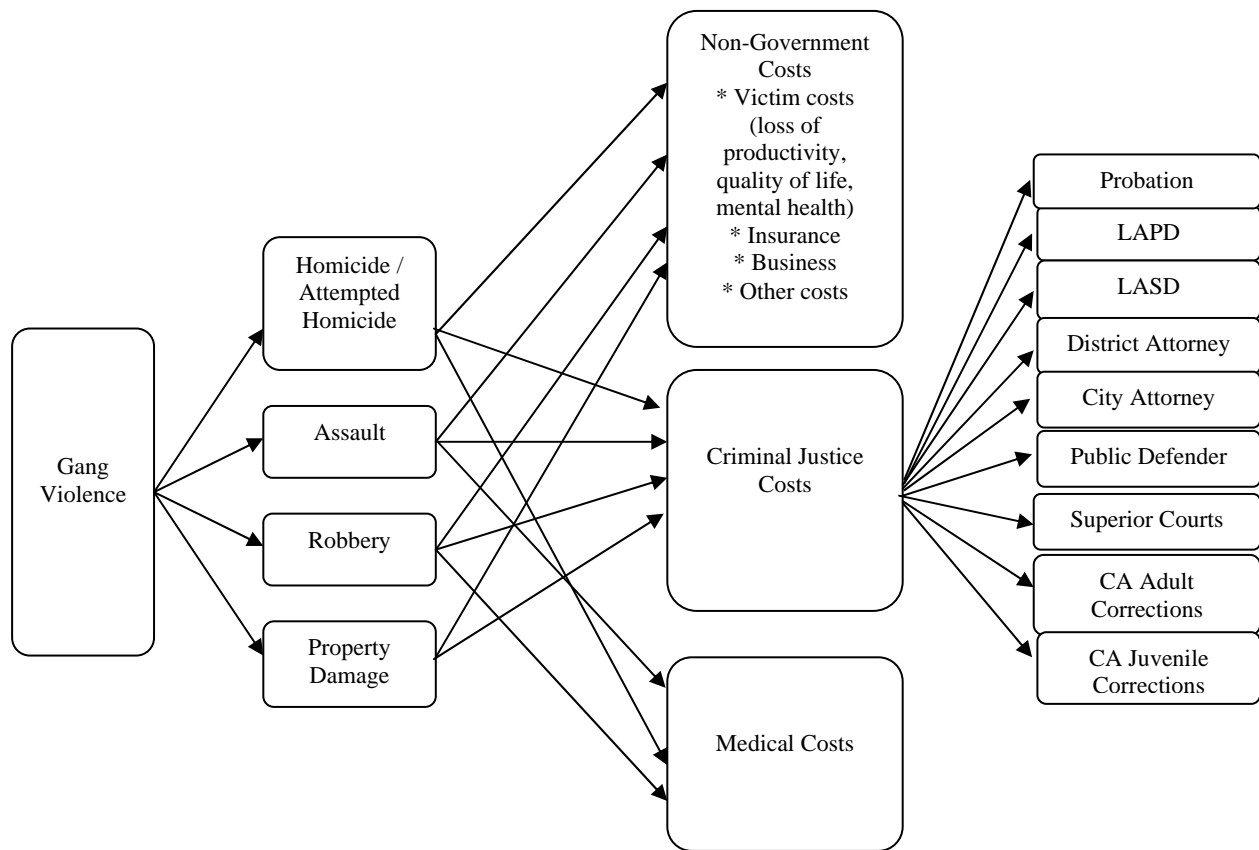
In this section, we discuss the specific steps that Vera took to analyze the current costs incurred by government as a result of gang activity, the limitations of this type of analysis, and the detailed calculations that we conducted to determine the costs of gang violence.

Vera identified Los Angeles City and County agencies and California State agencies that are incurring substantial costs relating to or resulting from gang crime in the city of Los Angeles: the Los Angeles Police Department, the City Attorney, the District Attorney, the Public Defender, the Superior Courts, the Los Angeles Sheriff's Department, the Probation Department, the California Department of Corrections and Rehabilitation (Adult and Juvenile Incarceration and Parole), and Los Angeles County hospitals. Within the criminal and juvenile justice systems, government agencies pay for the investigation of crime; the arrest, prosecution, defense, detention, and trial costs of alleged offenders; and the confinement, parole, and/or probation of

offenders. In addition to the criminal justice costs of gang crime, Vera calculated the costs to the government of treating gunshot victims of gang crime who are uninsured or who are insured by Medi-Cal.

The costs of gang violence to Los Angeles City and County and California State agencies are illustrated in the following chart.⁴

Figure 1: Gang Crime and Subsequent Costs



Limitations of Cost-Benefit Calculations

⁴ This chart includes Part I crimes since the LAPD only keeps track of gang crimes that fall into this category.

The methods used to arrive at these calculations have their strengths, but it is important to be cognizant of the limitations of each before using the numbers to justify funding. Conducting an analysis that most accurately reflects the government costs of violence requires significant resources and time, and also requires that government agencies methodically and systematically collect data and statistics that can be used in the analysis. In the absence of these resources or figures, we have been forced to make educated guesses in a number of places. For example, based on data from the Los Angeles Sheriff's Department, we have assumed that 70% of adult jail and prison inmates, probationers, and parolees are gang-involved. However, record-keeping differs in the County Department of Probation, and those data suggest that only 3% of Los Angeles County probationers are gang-involved. These large differences in estimates result because the Department of Probation does not require Probation Officers to keep track of this statistic, and their record-keeping systems only can count a probationer as gang-involved if the officer has noted this fact in their file by chance.

The first method of calculation also cannot account for criminal justice costs that are incurred in the future. This factor is mitigated by WSIPP's methodology, which uses marginal operating and capital costs. As stated in the 2006 WSIPP report, "The model uses estimates of marginal operating and capital costs of the criminal justice system. Marginal criminal justice costs are defined as those costs that change over the period of several years as a result of changes in workload measures. Some short-run costs must be changed instantly when a workload changes. For example, when one prisoner is added to the state corrections system, certain variable food and service costs increase immediately, but new corrections staff are not hired the next day. Over the course of a governmental budget cycle, however, new corrections staff are likely to be hired to handle the larger average daily population of the prison. In the institute's analysis, these 'longer-run' marginal costs have been estimated, rather than immediate, short-run marginal costs. These longer-run marginal costs reflect both the immediate short-run changes in expenditures, and those operating expenditures that change after governments make adjustments to staffing levels, often in the next budget cycle."⁵ This method, therefore, is able to calculate the direct costs (both current and projected) of violence that occurs each year. By applying the

⁵ WSIPP's 2006 report, page 37. See <http://www.wsipp.wa.gov/rptfiles/06-10-1201.pdf> for additional information.

figures to Los Angeles, we are able to calculate the approximate criminal justice and victim costs of one year of gang-related crime.

However, this method brings with it another set of problems. The multi-year approach and present value analysis is not strictly compatible with annual budgets and the usual approaches to preparing them. Moreover, the WSIPP methodologies are complex and more difficult for legislators or citizens to understand.

Method 1: Current Criminal Justice and Medical Government Costs Using LA Data

Vera used two different calculation methods to determine the government costs of gang violence in Los Angeles. The first method was to calculate the cost per crime based on (1) the per capita cost to the agency per day/month/year; and (2) the number of LA city gang members (or victims) served per year. Where per capita cost was not available, we divided the agency's total budget, or the budget for a designated program, by the total number of individuals served (or other unit of analysis – e.g. arrests effected, cases represented). Where the number of gang members served per year was unavailable, we estimated the number using the proportion of gang arrests relative to the number of total arrests per year by the Los Angeles Police Department, or using the proportion of gang-involved detainees/inmates relative to the total number of detainees/inmates housed per year by the Los Angeles Sheriff's Department.

Based on the movement of adult and juvenile offenders through the system, Vera calculated the current costs of gang violence to each LA City and County and California State agency. Please see Appendix A for a diagram of the flow of people from arrest to incarceration and parole.

City Agencies

Los Angeles Police Department

LAPD	Costs⁶
2005 Citywide arrests	\$159,106
Part 1 arrests	\$29,292
2005 Part 1 gang arrests	6,619
Total budget	\$1,368,277,896
Cost per Part 1 arrest	\$36,828
Total cost	\$243,764,532

According to the LAPD, there were 6,619 Part 1 gang arrests in 2005.⁷ The total number of Part 1 arrests in the City was 29,292. There were a total of 159,106 arrests (Part 1 and 2).⁸ The total budget for FY 05-06 with pension and fringe was \$1,368,277,896.⁹

The Washington State Institute for Public Policy has calculated that the average felony arrest costs the police approximately 16.5 times as much to investigate/arrest as a misdemeanor.¹⁰ Assuming that a similar ratio exists between Part 1 and Part 2 arrests, we can calculate that in 2005, each Part 1 arrest cost approximately \$36,828 to investigate/arrest.

6,619 Part 1 gang arrests at \$36,828 each totals \$243,764,532.

This calculation assumes that 100% of the LAPD budget is spent on making arrests. While this is probably not the case, one could make the argument that the purpose of the Department is to uphold public safety through investigations and arrests and thus all of

⁶ The LAPD's Gang Unit's annual budget is \$53,027,883 per year. However, according to Sergeant Wesley McBride, who has worked in the field of public safety for over 30 years including investigating gang crime for the LASD and is currently serving as the president of the California Gang Investigators Association, the gang unit only makes a small fraction of the gang arrests and makes non-gang arrests when necessary. Consequently, this number is not an accurate reflection of the costs of gang crime to the LAPD.

⁷ See Appendix A for LAPD gang crime statistics.

⁸ As identified by LAPD statistics.

<http://www.lapdonline.org/crime_maps_and_compstat/content_basic_view/24435> (29 November 2006).

⁹ Los Angeles City Council annual budget, page 118. <http://www.lacity.org/cao/bud2006-07/Proposed_Budget_2006-07.pdf> (29 November 2006).

¹⁰ WSIPP's 2001 report, Table IV-D, page 82.

their activities aim towards this end. In addition, this calculation is based on the number of annual gang arrests as identified by the LAPD, which is likely an undercount, and does not include misdemeanor or drug crimes, which are not tracked specifically by the LAPD as gang crimes.

City Attorney

City Attorney	
Gang Unit Budget	\$3,115,992

The City Attorney’s Gang Unit’s annual budget is \$3,232,355, and \$3,115,992 of this total is paid for by the City.¹¹ There are likely other costs related to gang crime not included in this budget, but this can serve as a conservative estimate. The City Attorney handles misdemeanors prosecutions.

County Agencies

District Attorney’s Office

District Attorney's Office	
Total annual budget	\$288,193,000
Percentage spent on gang crime	3.4%
Total annual spending	\$9,798,562

If we assume that the District Attorney spends the same percentage of its budget on gang crime as the City Attorney (3.4%),¹² we can calculate that the District Attorney spends approximately \$9,798,562 on gang crime per year (total annual budget = \$288,193,000).¹³ This is likely a grossly conservative number, but we are forced to make assumptions such as this due to a lack of statistics. The District Attorney handles felony prosecutions for the City of Los Angeles.

Public Defender

¹¹ Statistics provided to Vera by Leticia Ramirez of the Advancement Project, based on work by Peter Greenwood.
¹² City Attorney total budget in 2005-2006 was \$92,226,753. The budget for the City Attorney’s Gang Unit represents 3.4% of this total. See LA City annual budget, 2005-2006, page 61. <http://www.lacity.org/cao/bud2006-07/Proposed_Budget_2006-07.pdf> (1 December 2006).
¹³ County of Los Angeles. Annual Report 2005-2006, page 24. <<http://cao.lacounty.gov/pdf/An1%20Rpt%2005-06.pdf>> (29 November 2006).

Public Defender	Costs
Felony cases represented	104,866
Total gang cases	24,119
Percentage from LA City	39%
Gang cases from LA City	9,406
Per case cost	\$702
Adjusted to 2005	\$723
Total	\$6,796,602

In FY 2004-2005, the Public Defender’s Office provided representation on 104,866 felony cases countywide.¹⁴ If we assume that approximately 23% those cases were gang crimes (based on percentage of LAPD Part 1 arrests that are gang-related), the Public Defender’s Office defended 24,119 gang cases.

If we assume that 39% of those cases are from LA City (based on total representation in the LA County jail), that would equal 9,406 LA City gang cases defended.

According to the Public Defender’s office, each felony case cost \$702 to defend in 2004.¹⁵ If we adjust this number to 2005 using the consumer price index, each case costs \$723 to defend.

By multiplying the number of cases (9,406) by the per case cost (\$723), we can calculate that the Public Defender spent \$6,796,602 on LA City gang cases in 2005.

*Sheriff’s Department (Detainees and Sentenced)*¹⁶

¹⁴ Public Defender information given to Vera by Leticia Ramirez of the Advancement Project, who was given statistics on October 27, 2006 by Robert Kalunian, Chief Deputy Public Defender.

¹⁵ Public Defender statistics given to Vera by Leticia Ramirez of the Advancement Project

Sheriff's Department	Costs
Annual corrections budget	\$843,553,021
Percentage of inmates from LA City	39%
Cost of housing LA City inmates	\$328,985,678
Percentage of gang-involved inmates	70%
Cost of LA City gang-involved inmates	\$230,289,975

The Sheriff's Department FY 2005-2006 corrections budget was \$843,553,021. According to the Sheriff's Department, 39% of its detainees/inmates are from the City of Los Angeles, and 70% of its detainees/inmates are gang-affiliated. By taking 39% of the budget, and then 70% of the budget, we can calculate that the LASD spends approximately \$230,289,975 on gang crimes per year.

Department of Probation (Adult)¹⁷

Adult Probation	Costs
Per capita cost (yearly)	\$1,533
Number of adults on probation	63,000
Percentage from LA City	31%
Number of probationers from LA City	19,530
Percentage that are gang-involved	3%
Number of gang-involved probationers	586
Total cost	\$898,338

The Department of Probation spends \$1,534 per person annually for supervision. There are approximately 63,000 adults on probation each year. 31% of people on probation are from LA City, and 3% are gang-involved, totaling 586. The total annual cost of supervising LA City gang-involved probationers is \$898,338.

According to Gina Byrnes at the Department of Probation, officers do not routinely identify gang-affiliated probationers. Probation staff will sporadically make a note of it in their paperwork, but there are no official records keeping track of this statistic. Ms.

¹⁶ All Los Angeles Sheriff's Department statistics and budget figures given to Vera by Leticia Ramirez of the Advancement Project. The budget and statistics were originally prepared on October 17, 2006 by Conrad Meredith of the LASD's Custody Budget Unit in response to an information request submitted by the County Administrator's Office on behalf of the Advancement Project.

¹⁷ All Department of Probation data prepared by Gina Byrnes in the Administrative Services Bureau and given to Leticia Ramirez of the Advancement Project on October 20, 2006.

Byrnes stated that 3% is an extremely conservative undercount but they have no other way to estimate the number. We will use this percentage in our calculations because it is official, but if we assumed that 70% of probationers were gang-involved (like the LASD inmate population), the total annual cost would be \$20,957,643.

Department of Probation (Juvenile, Home and Detention)

Probation (Home)	Costs
Number of probationers per year	20,000
36% from LA City	7,200
56% gang involved	4,032
Per capita cost (annual)	\$5,252
Total cost	\$21,176,064

According to the Department of Probation, there are 20,000 juveniles on probation each year. 36% of the probationers are from LA City, and 56% are gang-involved. This totals 4,032 gang-involved probationers from LA City. The per capita cost of supervising a juvenile probationer is \$5,252.¹⁸

4,032 probationers at \$5,252 each costs the County \$21,176,064.

Probation (Detention)	Costs
Per capita cost (daily)	\$215
Average length of stay (days)	37
Per capita cost (based on avg stay)	\$7,955
Detentions per year	15,710
Total cost of detentions per year	\$124,973,050
36% from LA City, 56% gang involved	\$25,194,567

According to Gina Byrnes in the Probation Department, 90% of costs for Probation Halls (\$155.2 million) and Camps (\$92.9 million) are for minors with gang affiliation. Given that 36% of the population is from LA City, this would total \$80.38 million in Probation costs per year. However, if we err on the conservative side and use daily per capita costs, we can calculate a more precise figure.

¹⁸ Department of Probation statistics given to Vera by Leticia Ramirez of the Advancement Project

According to the Department of Probation, the daily per capita cost is \$215. Using the average daily population (1,582) and the number of annual detentions (15,710), we can calculate the average length of stay (37 days)¹⁹ and thus the average cost per capita (\$7,955).²⁰

15,710 detentions at \$7,955 each totals \$124,973,050. According to Probation, 36% of probationers are from LA City and 56% are gang-involved, totaling \$25,194,567 in costs resulting from gang crimes in LA City.

State Agencies

Superior Courts

Superior Courts	Costs
Number of annual nontraffic criminal cases	307,307
Budget approximation for nontraffic criminal cases	\$73,752,800
Cost per case	\$240
Number of cases from LA City (39%)	119,850
Number of gang-related cases (23%)	27,566
Total	\$6,615,840

In LA Superior Court, criminal filings made up 84.3% of all filings (2,232,834 of 2,647,346) in 2004-2005.

In 2004-2005, 307,307 nontraffic criminal cases were filed in LA Superior Court, including criminal habeas corpus appeals, criminal appeals, juvenile delinquency cases, and nontraffic felonies, misdemeanors, and infractions, or 11.6% of all filings.

The Court’s total budget for 2004-2005 was \$635.8 million. 11.6% of \$635.8 million is \$73,752,800. \$73,752,800 divided by 307,307 comes to \$240 per filing.²¹

¹⁹ Average length of stay = average daily population * days per year / number of annual entries into the jail (1,582 * 365 / 15,710)

²⁰ Average cost per capita = average length of stay * daily per capita cost (\$215 * 37)

²¹ All Superior Courts statistics from the Los Angeles Superior Court Annual Report 2006. <<https://www.lasuperiorcourt.org/courtnews/uploads/14200628112158AnnualReport2006.pdf>> (29 November 2006).

If we assume that 39% of the cases were from LA City (119,850), and 23% were gang crimes (according to LAPD statistics), we can calculate that there were 27,566 cases at \$240 each, totaling \$6,615,840.

This calculation is extremely conservative, given that the average cost per filing is heavily weighted by the cost of traffic cases, which cost significantly less than prosecuting a gang case; however, given the lack of relevant statistics, this is the most accurate estimation we can make.

California Department of Corrections and Rehabilitation (Adult)

CDCR (Prison)	Costs
Per capita cost (yearly)	\$34,150
Total number of offenders	170,475
33% from LA County	56,257
39% from LA City	21,940
70% gang involved	15,358
Yearly cost of LA gang members	\$524,475,700

The California Department of Corrections and Rehabilitation’s annual per capita cost of imprisoning an offender is \$34,150. In 2005, it had 170,475 total offenders under its jurisdiction. 33% of these were from Los Angeles County, which totals 56,257.²²

If we assume that there is the same ratio of LA City to LA County people in the prisons that there is in the LA County jail, that would equal 39% of the 33%, totaling 21,940 inmates from LA City. If we assume that 70% are gang involved (according to LASD’s estimate of their inmate population), there are a total of 15,358 gang-involved inmates from the City of LA.

15,358 people at \$34,150 per year costs the State \$524,475,700.

Parole	Costs
Per capita cost (yearly)	\$4,067

²² California Department of Corrections and Rehabilitation Facts and Figures. <<http://www.cdcr.ca.gov/DivisionsBoards/AOAP/FactsFigures.html>> (29 November 2006)

Total number of offenders	115,699
From LA County	35,817
39% from LA City	13,969
70% gang involved	9,773
Yearly cost of LA gang members	\$39,746,791

The California Department of Corrections and Rehabilitation’s annual per capita cost of supervising a parolee is \$4,067. In 2005, CDCR had a total of 115,699 parolees under its jurisdiction. 35,817 of these were from LA County.²³

If we assume that there is the same ratio of LA City to LA County people in the prisons that there is in the LA County jail, that would equal 39% of 35,817, which totals 13,969. If we assume that 70% are gang involved, there are a total of 9,773 gang-involved parolees from the City of LA.

9,773 people at \$4,067 per year will cost the State \$39,746,791.

California Department of Corrections and Rehabilitation, Division of Juvenile Justice

Juvenile Incarceration	Costs
Number of wards (March 2004)	4,222
Per capita cost (annual)	\$71,700
Updated to 2005	\$73,851
Percentage from LA County	33%
Total from LA County	1,393
36% from LA City, 56% gang involved	281
Total cost	\$20,752,131

As of March 2004 (the most recent date for which data is available), the California Youth Authority housed 4,222 wards.²⁴ CYA’s annual per capita cost (including mental health care) in 2003-2004 was \$71,700, adjusted to \$73,851 for 2005 using the CPI.²⁵

²³ *Ibid.*

²⁴ California Department of Corrections and Rehabilitation Summary Fact Sheet. <http://www.cdcr.ca.gov/ReportsResearch/summaries.html> (1 December 2006).

²⁵ California Department of Corrections and Rehabilitation Ward Per Capita. http://www.cdcr.ca.gov/ReportsResearch/wardcost_0405.htm (1 December 2006).

If we assume that 33% are from LA County (like the CDCR adult population), there are a total of 1,393 wards from LA County. If we assume that, consistent with the Department of Probation’s population, 36% of juvenile probationers are from LA City and 56% are gang involved, there are a total of 281 gang members from LA City. We expect that this number is extremely conservative, as there is likely a much higher number of gang-involved youth incarcerated by the State than on County Probation; however, these are the best estimates we can make.

281 wards at \$73,851 each will cost the state \$20,752,131. This totals 6% of the Probation Department’s annual budget.²⁶

Juvenile Parole	Costs
Number of parolees	4,158
Total budget	\$37,022,000
Per capita cost (budget/4,158)	\$8,904
Percentage from LA County	31%
Total from LA County	1,289
36% from LA City, 56% gang involved	260
Total cost	\$2,315,040

As of March 2004 (the most recent date for which data is available), the California Youth Authority supervised 4,158 parolees. The total annual budget for Parole is \$37,022,000.²⁷

If we calculate the per capita annual cost based on the total budget and the total number of parolees, it equals \$8,904.

If we assume that 31% are from LA County (like the adults), there are a total of 1,289 parolees from LA County. If we assume that, like the Department of Probation, 36% are

²⁶ California Department of Corrections and Rehabilitation Budget Overview. <<http://www.cdcr.ca.gov/BudgetRegs/budgetOverview.html>> (30 November 2006). Juvenile Operations = \$170,634,000; Juvenile Education, Vocations, and Offender Program = \$131,590,000; and Juvenile Healthcare = \$55,976,000 totaling \$358,200,000.

²⁷ California Department of Corrections and Rehabilitation Facts and Figures. <<http://www.cdcr.ca.gov/DivisionsBoards/AOAP/FactsFigures.html>> (29 November 2006)

from LA City and 56% are gang involved, there are a total of 260 gang members on parole from LA City.

260 parolees at \$8,904 each produces State costs of \$2,315,040, which is 6% of the total CDCR Juvenile Parole budget.²⁸

Medical Costs

Number of Homicide and Assault arrests in LA City (2005)	15,989
Number that are gang-related	3,443
Percentage that are gang-related	21.5%
Total annual shooting victims	2,227
Gang-related shooting victims (at 21.5%)	479
Proportion of these that are fatal	244
Proportion that are non-fatal	235
Cost of treating a fatal gunshot wound	\$50,261
Cost of treating a non-fatal gunshot wound	\$103,814
Total cost of gang-related gunshot wounds	\$36,659,974
Number of homicides/assaults that do not involve guns	13,762
Assuming that half of these require medical treatment	6,881
Assuming that 21.5% are gang-related	1,479
Cost of treating a stab-wound victim	\$13,496
Total annual cost for crimes not involving guns	\$19,960,584
<i>Total cost of all gang-related medical treatment</i>	<i>\$56,620,558</i>
Percentage of victims not insured/covered by government insurance	80%
Total annual cost to government	\$45,296,446

According to the LAPD, the total number of homicides and aggravated assaults in LA City in 2005 was 487 and 15,502, respectively, totaling 15,989. The total number of gang-related homicides, attempted homicides, and felony assaults was 244, 579, and 2620, respectively, totaling 3,443, which is 21.5% of the total number in LA City.

According to the LAPD, the total number of shooting victims in 2005 was 2227.²⁹

²⁸ California Department of Corrections and Rehabilitation Budget Overview. <<http://www.cdcr.ca.gov/BudgetRegs/budgetOverview.html>> (30 November 2006). Annual Juvenile Parole Budget = \$37,022,000.

Assuming that 21.5% of the shooting victims were gang-related, there were 479 gang shooting victims in 2005.

According to the Office of Statewide Health Planning and Development Hospital Discharge Data, medical charges for non-fatal firearm injuries increased from \$29,817 in 1997 to \$64,985 in 2002. Using the same rate of change, we can estimate that the cost in 2005 was \$103,814.³⁰

In addition, according to the Los Angeles Sheriff's Department, the medical cost of treating a gang homicide victim is \$50,261.³¹

Please note that these costs only calculate immediate hospital/morgue costs, and do not include the cost of follow-up care, physical therapy, mental health care, or any other foreseeable medical expenses.

Out of these 479 gang-related shooting victims, we do not have a clear sense of how many were fatal and how many were non-fatal. However, we do know that at a maximum, 244 were fatal, since according to the LAPD, there were 244 gang-related homicides in 2005. Given the fact that fatal gunshot wounds cost approximately half as much to treat as non-fatal gunshot wounds, we can make a conservative estimate by assuming the maximum number of fatal shootings (244) and the remaining number as non-fatal shootings (235). Using these assumptions, 244 fatal gunshot wounds at \$50,261 each totals \$12,263,684, and 235 non-fatal gunshot wounds at \$103,814 each totals \$24,396,290, bring the final cost to \$36,659,974.

In addition, we know that out of the 15,989 annual victims of homicide and aggravated assaults, 13,762 are not shooting victims. If we assume that half of these victims require medical care, and 21.5% are gang-related, there are 1,479 additional victims with medical costs.

²⁹ LAPD website. <http://www.lapdonline.org/crime_maps_and_compstat/content_basic_view/24435> (29 November 2006).

³⁰ Statistics given to Vera by Leticia Ramirez of the Advancement Project, originally from the Office of Statewide Health Planning and Development Hospital Discharge Data, prepared by LAC-DHS-IVPP: August 24, 2006. Updated by Dall Forsythe using average rate of growth.

³¹ "The Gang Suppression, Prevention and Intervention Tax Act: IMAGINE How Los Angeles County Could Be" (2-07-2006). LASD. Given to Vera by Leticia Ramirez of The Advancement Project, 8-21-06.

According to Ted Miller and Mark Cohen (1997), the cost of treating a stab wound is approximately 1/13 of the cost of treating a gunshot wound.³² Assuming that this is true in LA, we can infer that it costs \$13,496 (1/13 of 103,814) to treat the other 1,479 victims, totaling \$19,960,584.

This brings the total cost of annual medical care to \$56,620,558.

According to the most in-depth study of gang related medical costs in Los Angeles County that has been conducted, 58% of victims being treated for gang-related gunshot wounds had no third party reimbursement, 22% had Medi-Cal, and 20% had medical insurance.³³

If, in this vein, we assume that 80% of the costs are being covered by the government (likely a combination of City, County, and State funds), we can estimate that the medical cost of gang violence to government is approximately \$45,296,446.

Method 2: Criminal Justice and Victim Costs Using WSIPP Figures

Vera's second method was to calculate the cost of gang violence to each agency based on the type of crime committed using the figures in the Washington State Institute for Public Policy's reports. WSIPP's approach is based on a sophisticated analysis of marginal and operating costs. This methodology is able to account for the additional costs added by each crime, and also calculates the cost beyond the present fiscal year. We believe that this method of calculation is more accurate than an estimate based on total budget costs. By adjusting for inflation, we calculated that the approximate criminal justice government costs of gang violence that occurred in 2005 totaled \$1,097,036,170. Vera adjusted for inflation using the West Region Consumer Price Index from the US Department of Labor's Bureau of Labor Statistics.³⁴

³² Miller, Ted R., and Mark A. Cohen. (1997) "Costs of Gunshot and Cut/Stab Wounds in the United States, with Some Canadian Comparisons." *Accident Analysis and Prevention* 29(3): 329-341.

³³ Song, David H., et al. (1996) "Gang Warfare: The Medical Repercussions." *Journal of Trauma*. 40 (5): 810-815.

³⁴ United States Department of Labor Bureau of Labor Statistics, "Consumer price indexes." <<http://www.bls.gov/cpi/home.htm>> (29 November 2006). See Appendix C.

The table below shows the WSIPP cost estimates for both criminal justice government costs and victim costs, by type of crime.

Figure 2: WSIPP’s Estimates of Marginal Resource Operating Costs³⁵

Exhibit B.2
Estimates of Marginal Resource Operating Costs, Per Unit

Costs, Per Unit, By Type of Crime										
Resource	Units Used In Cost Estimate	Murder/Man-slaughter	Rape & Sex Offenses	Robbery	Aggravated Assault	Property	Drug	Mis-demeanor	Year in Which Unit Cost Estimates are Based	Annual Real Cost Escalation Rate
State and Local Governmental Operating Costs Paid by Taxpayers										
Police and Sheriff's Offices	\$ Per Arrest	\$31,648	\$6,438	\$6,438	\$6,438	\$5,370	\$5,370	\$305	2004	0.0%
Superior Courts & County Prosecutors	\$ Per Conviction	\$127,905	\$5,686	\$1,522	\$1,522	\$1,522	\$1,522	\$593	1996	0.0%
Juvenile Detention, with Local Sentence	Annual \$ Per ADP	\$30,300	\$30,300	\$30,300	\$30,300	\$30,300	\$30,300	\$30,300	1995	0.0%
Juvenile Local Probation	Annual \$ Per ADP	\$1,928	\$1,928	\$1,928	\$1,928	\$1,928	\$1,928	\$1,928	1995	0.0%
Juvenile Rehabilitation, Institutions	Annual \$ Per ADP	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$0	1996	0.0%
Juvenile Rehabilitation, Parole	Annual \$ Per ADP	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$0	1996	0.0%
Adult Jail, with Local Sentence	Annual \$ Per ADP	\$17,047	\$17,047	\$17,047	\$17,047	\$17,047	\$17,047	\$17,047	1995	0.0%
Adult Community Supervision, Local Sentence	Annual \$ Per ADP	\$2,688	\$2,688	\$2,688	\$2,688	\$2,688	\$2,688	\$0	1994	0.0%
Department of Corrections, Institutions	Annual \$ Per ADP	\$22,600	\$22,600	\$22,600	\$22,600	\$22,600	\$22,600	\$0	2006	0.0%
Department of Corrections, Post-Prison Supervision	Annual \$ Per ADP	\$2,688	\$2,688	\$2,688	\$2,688	\$2,688	\$2,688	\$0	1994	0.0%
Costs Paid by Crime Victims										
Victim Costs--Monetary, Out of Pocket Costs ⁽¹⁾	\$ Per Crime	\$1,096,828	\$6,649	\$2,513	\$1,559	\$5,103	\$0	\$0	1995	0.0%
Victim Costs--Quality of Life ⁽¹⁾	\$ Per Crime	\$2,036,965	\$88,124	\$6,221	\$6,466	\$67	\$0	\$0	1995	0.0%

(1) Miller, T. R., Cohen, M. A., Wiersma, B. *Victim Costs and Consequences: A New Look*. U.S. Dept. of Justice, 1996.

By using the Consumer Price Index, West Region (see Appendix C), we were able to update the costs to reflect approximate 2005 figures. The table below shows the updated figures, in addition to the total calculations. We can see that there is a total of \$1,097,036,170 in criminal justice system costs incurred by the government, \$363,476,113 in victim monetary costs, and \$709,125,091 in victim quality of life costs.

³⁵ WSIPP’s 2001 report, Table IV-D, page 82.

Figure 3: 2006 Marginal Resource Operating Costs

Resource	Manslaughter/Murder	Rape	Robbery	Agg. Assault	Property
Police/Sheriff	\$32,597	\$6,631	\$6,631	\$6,631	\$5,531
Courts and Prosecutors	\$161,288	\$7,169	\$1,919	\$1,919	\$1,919
Local Juvenile Detention	\$39,329	\$39,329	\$39,329	\$39,329	\$39,329
Local Juvenile Probation	\$2,497	\$2,497	\$2,497	\$2,497	\$2,497
Juvenile Rehab, Institutional	\$45,396	\$45,396	\$45,396	\$45,396	\$45,396
Juvenile Rehab, Parole	\$10,088	\$10,088	\$10,088	\$10,088	\$10,088
Local Adult Jail	\$22,076	\$22,076	\$22,076	\$22,076	\$22,076
Local Adult Probation	\$3,572	\$3,572	\$3,572	\$3,572	\$3,572
Adult Corrections (Prison)	\$23,828	\$23,828	\$23,828	\$23,828	\$23,828
Adult Corrections (Parole)	\$3,572	\$3,572	\$3,572	\$3,572	\$3,572
Victim Costs (Monetary)	\$1,422,982	\$8,610	\$3,254	\$2,019	\$6,608
Victim Costs (Quality of Life)	\$2,640,460	\$88,221	\$8,056	\$10,963	\$87
Total Justice System Costs/Crime	\$344,243	\$164,158	\$158,908	\$158,908	\$157,808
Total Victim Costs/Crime	\$4,063,442	\$96,831	\$11,311	\$12,982	\$6,695
Annual Number of Crimes in LA	244	32	2015	4176	152
Justice System Costs	\$83,995,342	\$5,253,049	\$320,200,108	\$663,600,819	\$23,986,853
Victim Monetary Costs	\$347,207,671	\$275,535	\$6,557,485	\$8,430,947	\$1,004,475
Total Victim Costs	\$991,479,832	\$3,098,593	\$22,790,718	\$54,214,398	\$1,017,663
Total Justice System Costs	\$1,097,036,170				
Total Victim Monetary Costs	\$363,476,113				
Total Victim QOL Costs	\$709,125,091				
Total Victim Costs	\$1,072,601,204				

Victim Costs

In addition to estimating the criminal justice costs, we also used the WSIPP report to estimate victim monetary costs and victim quality of life costs. According to the WSIPP report, a study by the US Department of Justice in 1996 was able to successfully estimate victim costs of crime.³⁶ The study divided victim costs into “monetary costs,” which include medical spending, mental health payments, future earnings, and property damage, less public programs, and “quality of life

³⁶ Miller, T.R., Cohen, M.A., Wiersema, B. *Victim Costs and Consequences: A New Look*, U.S. Dept. of Justice, 1996 cited in 2001 WSIPP report, page 52.

costs,” computed from jury awards for pain, suffering, and lost quality of life.³⁷ For the purposes of analyzing government costs, we adjusted these figures to 2005 using the CPI and calculated the total victim costs by multiplying it by the number of arrests in each category as reported by the LAPD. Please note that these numbers are conservative, as there could be multiple victims from a single arrest. We estimate a total of \$363,476,113 in victim monetary costs and \$709,125,091 in quality of life costs. We caution against the widespread use of these numbers, as they are controversial in public policy settings.³⁸

Projected Benefits and Cost Savings

In addition to estimating the current costs of gang crime in the City of Los Angeles, Vera also used the report published by the Washington State Institute for Public Policy to estimate potential cost-savings resulting from the implementation of the Advancement Project’s recommendations, in addition to other program possibilities. The WSIPP has assembled and reviewed a vast library of studies evaluating anti-crime programs. The Institute has used these studies to answer a critical question: “What works to reduce crime?” They have reviewed programs for adults as well as juvenile offenders, and for a limited number of preventive programs. From their analysis of these programs, they calculated the effect of those programs in reducing criminal activity during the lifetime of a program participant.

³⁷ This method for dividing costs has been used in other studies, including a study of the costs of crime by state by the Children’s Safety Network Economics and Data Analysis Resource Center. See www.edarc.org/pubs for more information.

³⁸ See, for example, Clear, T. (1996). The cost of crime—Or are prisons or community programs the best crime prevention investment? *Community Corrections Report* 4 November/December, cited in 2006 WSIPP report, page 37. Also, please note discussion from page 37 of WSIPP’s 2006 report: “In addition to costs paid by taxpayers, many of the costs of crime are borne by victims. Some victims lose their lives. Others suffer direct, out-of-pocket, personal or property losses. Psychological consequences also occur to crime victims, including feeling less secure in society. The magnitude of victim costs is very difficult—and in some cases impossible—to quantify. In recent years, however, national studies have taken significant steps in estimating crime victim costs. One U.S. Department of Justice study by Miller, Cohen, and Wiersema (1996) divides crime victim costs into two types: (a) Monetary costs, which include medical and mental health care expenses, property damage and losses, and the reduction in future earnings incurred by crime victims; and (b) Quality of Life cost estimates, which place a dollar value on the pain and suffering of crime victims. In that study, the quality of life victim costs are computed from jury awards for pain, suffering, and lost quality of life; for murders, the victim quality of life value is estimated from the amount people spend to reduce risks of death. The quality of life victim cost calculations are controversial for use in setting public policy.” For a more in-depth discussion of the victim costs of violent crime, including costs from factors such as ongoing psychological costs, increased work load of or psychological injury to other family members, loss of companionship, trauma to witnesses, and community fear of crime, see “The Costs and Consequences of Violent Behavior in the United States” by Mark Cohen, Ted Miller, and Shelli Rossman.

The table below labeled “Reducing Crime with Evidence-Based Options: What Works, and Benefits & Costs,” is drawn from WSIPP’s 2006 report. Although the Institute analyzed 571 individual programs, in this table the results have been aggregated and presented in a more general typology of programs. The effects are outlined in Column 1, where a negative number corresponds to a reduction in future criminal activity.

Once programs have been shown to reduce crime, the next step is to estimate the benefit of that reduction in criminal activity. This estimate was based on the detailed cost data WSIPP developed for the State of Washington. In our preliminary analysis, we have assumed that the cost of crime in California does not differ from Washington enough to require adjustment.³⁹ Those benefits from reduced criminal activity in the future are calculated separately for taxpayers and for crime victims. The first set of benefits is important to budget officials, legislators on appropriating committees and, of course, to taxpayers themselves. The second set of benefits is important to the full range of policy-makers and, of course, to crime victims and their families.

Benefits for taxpayers and for crime victims per program participant are displayed in Columns 3 and 2 respectively.

The next step is the calculation of the cost per participant of providing the program, presented in Column 4. Finally, the net present value (NPV) of the benefits less the costs is provided for each program type in Column 5. Net present value analysis is the standard methodology used in business and in policy analysis to summarize a set of costs and benefits which stretch several years into the future. For example, a corporation analyzing whether to enter a new business line will use the net present value of future costs and revenues to determine whether to move ahead with the investment. We note that this kind of long-term analysis is not regularly used in governmental budgeting, where a greater emphasis is placed on annual costs and savings.

³⁹ Several comparative analyses of the costs of criminal justice agencies in California and Washington suggest that the cost per inmate of those systems differ by a significant amount. In general, California costs seem to be about 75-80% of those in the state of Washington. However, in discussions with us, WSIPP researchers suggested that those differences are likely to be offset by longer sentences and higher incarceration rates in California, and suggested that we simply use the Washington data without adjustment. We have done so, with the caveat that this issue deserves additional study.

Figure 4: WSIPP Estimates of Implementation of Evidence-Based Programs⁴⁰

Exhibit 4
Reducing Crime With Evidence-Based Options: What Works, and Benefits & Costs

Washington State Institute for Public Policy Estimates as of October, 2006	Effect on Crime Outcomes Percent change in crime outcomes, & the number of evidence-based studies on which the estimate is based (in parentheses)	Benefits and Costs (Per Participant, Net Present Value, 2006 Dollars)			
		Benefits to Crime Victims (of the reduction in crime)	Benefits to Taxpayers (of the reduction in crime)	Costs (marginal program cost, compared to the cost of alternative)	Benefits (total) Minus Costs (per participant)
		(2)	(3)	(4)	(5)
Notes: "n/e" means not estimated at this time. Prevention program costs are partial program costs, pro-rated to match crime outcomes.					
Programs for People in the Adult Offender System					
Vocational education in prison	-9.0% (4)	\$8,114	\$6,806	\$1,182	\$13,738
Intensive supervision: treatment-oriented programs	-16.7% (11)	\$9,318	\$9,369	\$7,124	\$11,563
General education in prison (basic education or post-secondary)	-7.0% (17)	\$8,325	\$5,308	\$962	\$10,669
Cognitive-behavioral therapy in prison or community	-6.3% (25)	\$5,858	\$4,748	\$105	\$10,299
Drug treatment in community	-9.3% (8)	\$5,133	\$5,495	\$574	\$10,054
Correctional industries in prison	-5.9% (4)	\$5,360	\$4,498	\$417	\$9,439
Drug treatment in prison (therapeutic communities or outpatient)	-5.7% (20)	\$5,133	\$4,308	\$1,604	\$7,835
Adult drug courts	-8.0% (57)	\$4,395	\$4,705	\$4,333	\$4,767
Employment and job training in the community	-4.3% (16)	\$2,373	\$2,388	\$400	\$4,359
Electronic monitoring to offset jail time	0% (9)	\$0	\$0	-\$870	\$870
Sex offender treatment in prison with aftercare	-7.0% (6)	\$6,442	\$2,885	\$12,585	-\$3,258
Intensive supervision: surveillance-oriented programs	0% (23)	\$0	\$0	\$3,747	-\$3,747
Washington's Dangerously Mentally Ill Offender program	-20.0% (1)	\$18,020	\$15,116	n/e	n/e
Drug treatment in jail	-4.5% (9)	\$2,481	\$2,656	n/e	n/e
Adult boot camps	0% (22)	\$0	\$0	n/e	n/e
Domestic violence education/cognitive-behavioral treatment	0% (9)	\$0	\$0	n/e	n/e
Jail diversion for mentally ill offenders	0% (11)	\$0	\$0	n/e	n/e
Life Skills education programs for adults	0% (4)	\$0	\$0	n/e	n/e
Programs for Youth in the Juvenile Offender System					
Multidimensional Treatment Foster Care (v. regular group care)	-22.0% (3)	\$51,828	\$32,915	\$6,945	\$77,798
Adolescent Diversion Project (for lower risk offenders)	-19.9% (8)	\$24,328	\$18,208	\$1,913	\$40,623
Family Integrated Transitions	-13.0% (1)	\$30,708	\$19,502	\$9,665	\$40,545
Functional Family Therapy on probation	-15.9% (7)	\$19,529	\$14,617	\$2,325	\$31,821
Multisystemic Therapy	-10.5% (10)	\$12,855	\$9,622	\$4,264	\$18,213
Aggression Replacement Training	-7.3% (4)	\$8,897	\$6,859	\$897	\$14,660
Teen courts	-11.1% (5)	\$5,907	\$4,238	\$936	\$9,208
Juvenile boot camp to offset institution time	0% (14)	\$0	\$0	-\$8,077	\$8,077
Sex offender cognitive-behavioral treatment	-10.2% (5)	\$32,515	\$8,377	\$33,064	\$7,829
Restorative justice for low-risk offenders	-8.7% (21)	\$4,828	\$3,320	\$880	\$7,067
Interagency coordination programs	-2.5% (15)	\$3,084	\$2,308	\$205	\$5,186
Juvenile drug courts	-3.5% (15)	\$4,232	\$3,167	\$2,777	\$4,622
Regular surveillance-oriented parole (v. no parole supervision)	0% (2)	\$0	\$0	\$1,201	-\$1,201
Juvenile intensive probation supervision programs	0% (3)	\$0	\$0	\$1,598	-\$1,598
Juvenile wilderness challenge	0% (9)	\$0	\$0	\$3,085	-\$3,085
Juvenile intensive parole supervision	0% (10)	\$0	\$0	\$6,460	-\$6,460
Scared Straight	+6.8% (10)	-\$8,355	-\$6,253	\$58	-\$14,667
Counseling/psychotherapy for juvenile offenders	-18.9% (6)	\$23,126	\$17,309	n/e	n/e
Juvenile education programs	-17.5% (3)	\$41,181	\$26,153	n/e	n/e
Other family-based therapy programs	-12.2% (12)	\$15,006	\$11,231	n/e	n/e
Team Child	-10.9% (2)	\$5,759	\$4,131	n/e	n/e
Juvenile behavior modification	-6.2% (4)	\$19,271	\$12,238	n/e	n/e
Life skills education programs for juvenile offenders	-2.7% (3)	\$6,441	\$4,091	n/e	n/e
Diversion progs. with services (v. regular juvenile court)	-2.7% (20)	\$1,441	\$1,034	n/e	n/e
Juvenile cognitive-behavioral treatment	-2.5% (8)	\$3,123	\$2,337	n/e	n/e
Court supervision vs. simple release without services	0% (8)	\$0	\$0	n/e	n/e
Diversion programs with services (v. simple release)	0% (7)	\$0	\$0	n/e	n/e
Juvenile intensive probation (as alternative to incarceration)	0% (5)	\$0	\$0	n/e	n/e
Guided Group Interaction	0% (4)	\$0	\$0	n/e	n/e
Prevention Programs (crime reduction effects only)					
Nurse Family Partnership-Mothers	-56.2% (1)	\$11,531	\$8,161	\$5,409	\$14,283
Nurse Family Partnership-Children	-16.4% (1)	\$8,632	\$4,922	\$733	\$12,822
Pre-K education for low income 3 & 4 year olds	-14.2% (8)	\$8,145	\$4,644	\$593	\$12,196
Seattle Social Development Project	-18.6% (1)	\$1,805	\$4,341	n/e	n/e
High school graduation	-10.4% (1)	\$1,738	\$2,851	n/e	n/e
Guiding Good Choices	-9.1% (1)	\$570	\$2,092	n/e	n/e
Parent-Child Interaction Therapy	-3.7% (1)	\$268	\$784	n/e	n/e
Program types in need of additional research & development before we can conclude they do or do not reduce crime outcomes:					
Programs needing more research for people in the adult offender system					
Case management in the community for drug offenders	0% (13)				Findings are mixed for this broad grouping of programs.
COSA (Faith-based supervision of sex offenders)	-22.3% (1)				Too few evaluations to date.
Day fines (compared to standard probation)	0% (1)				Too few evaluations to date.
Domestic violence courts	0% (2)				Too few evaluations to date.
Faith-based programs	0% (5)				Too few evaluations to date.
Intensive supervision of sex offenders in the community	0% (4)				Findings are mixed for this broad grouping of programs.
Medical treatment of sex offenders	-21.4% (1)				Too few evaluations to date.
Mixed treatment of sex offenders in the community	0% (2)				Too few evaluations to date.
Regular parole supervision vs. no parole supervision	0% (1)				Too few evaluations to date.
Restorative justice programs for lower risk adult offenders	0% (8)				Findings are mixed for this broad grouping of programs.
Therapeutic community programs for mentally ill offenders	-20.8% (2)				Too few evaluations to date.
Work release programs (from prison)	-4.3% (4)				Too few recent evaluations.
Programs needing more research for youth in the juvenile offender system					
Dialectical Behavior Therapy	0% (1)				Too few evaluations to date.
Increased drug testing (on parole) vs. minimal drug testing	0% (1)				Too few evaluations to date.
Juvenile curfews	0% (1)				Too few evaluations to date.
Juvenile day reporting	0% (2)				Too few evaluations to date.
Juvenile jobs programs	0% (3)				Too few recent evaluations.
Juvenile therapeutic communities	0% (1)				Too few evaluations to date.
Mentoring in juvenile justice	0% (1)				Too few evaluations to date.

⁴⁰ Source: WSIPP's 2006 report, page 9.

This table is full of useful data, but it is also cumbersome and includes some data we will not need in our review. We have simplified these data to make them more accessible for use in the anti-gang initiative. Our first step was to eliminate the column specifying effects, allowing us to concentrate more easily on costs and benefits. We have also dropped the adult offender programs, which are less relevant to the anti-gang initiative. Finally, we have eliminated any program areas where WSIPP was unable to estimate an effect or calculate a net benefit, or where the effect was an increase in costs, or the net benefit was negative.

With this smaller data set in hand, we also calculated one additional data element. We have included the net benefit for taxpayers as well as the total net benefit, which also includes benefits for crime victims. By isolating the taxpayer benefit, we hope to make the analysis more persuasive to budget officials, and to emphasize that many of the programs detailed will not only pay for themselves in taxpayer dollars saved over a period of years, but can also throw off benefits sufficient to fund other programs of value where evaluation studies have not yet produced evidence of reductions in crime.

Figure 5: WSIPP Summary of Program Economics (in 2006 \$)⁴¹

Program Description	Net cost per participant	Benefits Participant Per		Benefits - Costs (NPV)	
		Taxpayer Only	Crime Victims Only	Taxpayer Only	Taxpayer and Victim
Nurse-Family Partnership -- Mothers	5,049	8,161	11,531	3,112	14,643
Nurse-Family Partnership -- Children	733	4,922	8,632	4,189	12,821
Pre-K for low-income 3 & 4 year-olds	593	4,644	8,145	4,051	12,196
Multi-Dimensionable Treatment Foster Care (vs regular care)	6,945	32,915	51,828	25,970	77,798
Adolescent Diversion Project (for lower risk offenders)	1,913	18,208	24,328	16,295	40,623
Family Integrated Transitions	9,665	19,502	30,708	9,837	40,545
Functional Family Therapy on probation	2,325	14,617	19,529	12,292	31,821
Multisystemic Therapy	4,264	9,622	12,855	5,358	18,213
Aggression Replacement Therapy	897	6,659	8,897	5,762	14,659
Teen Courts	936	4,238	5,907	3,302	9,209
Juvenile Boot Camp to offset institution time	(8,077)	-	-	8,077	8,077
Restorative Justice for low-risk offenders	880	3,320	4,628	2,440	7,068
Interagency coordinative programs	205	2,308	3,084	2,103	5,187
Juvenile Drug Courts	2,777	3,167	4,232	390	4,622

From these updated costs and benefits, we can create a menu of program options for the City of LA. In the table below, we have assumed an arbitrary and illustrative number of participants. Using the Excel spreadsheet that we have attached, the Advancement Project or the City can plug in any number of program participants and the total cost and benefits will automatically be generated.

⁴¹ Source: WSIPP's 2006 report, Exhibit 4, page 9.

Figure 6: Portfolio Selection Worksheet

Program Description	# of participants	Net cost per participant	Total Program Cost	Net Taxpayer Benefits	Total Net Benefits
Nurse-Family Partnership -- Mothers	100	5,049	504,900	311,200	1,464,300
Nurse-Family Partnership -- Children	100	733	73,300	418,900	1,282,100
Pre-K for low-income 3 & 4 year-olds	10,000	593	5,930,000	40,510,000	121,960,000
Multi-Dimensionable Treatment Foster Care (vs regular care)	100	6,945	694,500	2,597,000	7,779,800
Adolescent Diversion Project (for lower risk offenders)	100	1,913	191,300	1,629,500	4,062,300
Family Integrated Transitions	100	9,665	966,500	983,700	4,054,500
Functional Family Therapy on probation	100	2,325	232,500	1,229,200	3,182,100
Multisystemic Therapy	100	4,264	426,400	535,800	1,821,300
Aggression Replacement Therapy	100	897	89,700	576,200	1,465,900
Teen Courts	1,000	936	936,000	3,302,000	9,209,000
Juvenile Boot Camp to offset institution time	250	(8,077)	(2,019,250)	2,019,250	2,019,250
Restorative Justice for low-risk offenders	150	880	132,000	366,000	1,060,200
Interagency coordinative programs	1,000	205	205,000	2,103,000	5,187,000
Juvenile Drug Courts	1,000	2,777	2,777,000	390,000	4,622,000
Totals	14,200		11,139,850	56,971,750	169,169,750

This simplified presentation also allows the Advancement Project to create a portfolio of crime reduction programs suitable for the anti-gang initiative now under study. Using the cost per participant, the Project can estimate the costs and benefits of an initiative with a given number of participants. As evidenced by the table above, the total benefits of many of these programs for taxpayers and for crime victims are striking. As discussed earlier, it is also possible to argue that the positive net benefit for taxpayers of any recommended portfolio can be used to invest in other programs where evidence-based analysis does not show reductions in crime, but where other positive results are anticipated.

Recommendations

Establishment of Capacity to Track Data

As part of a comprehensive, long-term effort to reduce gang violence, we believe that the Advancement Project's key recommendations should include both better data collection by existing agencies as well as the establishment of a new research institute to support the City in developing more precise measures of gang violence. Without better data on gang crimes and their disposition, it is difficult to accurately compute the costs of gang violence, and therefore determine which agencies are most heavily affected. As discussed above, we found this to be a significant problem in our analysis and were forced to apply the estimates or assumptions of one agency to a number of agencies that do not keep track (or do not make available) these types of statistics.

Similarly, it is difficult to determine the best mix of investments to reduce crime without independent and rigorous analysis of programs and their results. The gang phenomenon in Los Angeles is without precise parallel elsewhere in the country. We assume in this analysis that programs that reduce juvenile criminality will work as well in Los Angeles as they do in other urban settings, but the analysis of programs in other cities must be buttressed by rigorous analysis of anti-crime initiatives in Los Angeles.

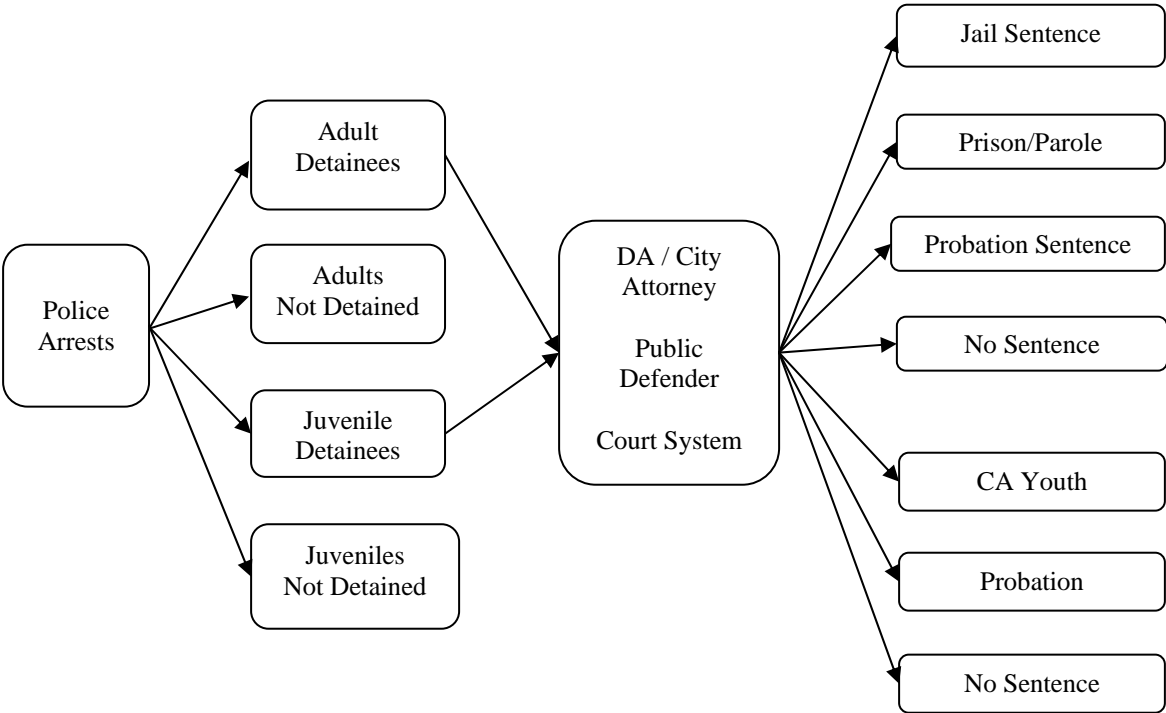
A new institution should replicate the Washington State Institute of Public Policy's trail-blazing work in the cost-benefit analysis of anti-crime programs. It might be situated in a university setting, or alternatively, could be a free-standing nonprofit. In either case, it should have a multi-year commitment of start-up funding from the City and County of Los Angeles, and should be free to seek additional support from foundations and federal agencies. A quick estimate suggests that base costs might total as much as \$1 million a year during its startup period, and long-term support of perhaps half that amount might be required on a continuing basis. We think the return on this investment will be very high indeed.

Simultaneously, however, is crucial to pay attention to definitions of gang involvement and to who is gathering and managing this data, as there exists a gray area between what counts as a “gang crime” and crime that is committed by someone who might be loosely gang-involved or gang-affiliated. It is apparent that each agency is defining “gang-involvement” differently, particularly as it relates to the classification of gang members under their respective watch. There are important questions to be answered about the categorization of gang crimes, especially in light of gang enhancement laws and the potential increase in gang involvement after a period of incarceration. We urge the Advancement Project to proceed carefully in this area and remain cognizant of the current political focus on incarcerating gang members.

Next Steps

How can these findings best be used to justify and secure funding for a comprehensive approach to gang violence in Los Angeles? We recommend that you start this process by having discussions with budget officials at the City and County levels, who will have to understand and agree with the methodology behind the analysis in order to use it to justify investments in cost-saving programs. You should use this opportunity to not only integrate their comments and feedback into the analysis, but also to discuss how they can plan for upcoming budget cycles by implementing programs that have demonstrated taxpayer savings. If resources allow, Vera would be happy to take part in these meetings or work with the Advancement Project to prepare beforehand. You should also begin a process of getting State officials to realize the potential payoffs of investing in local gang initiatives.

Appendix A: Criminal Justice System Flow



Appendix B: LAPD Citywide Gang Crime Summary, December 2005⁴²

LOS ANGELES POLICE DEPARTMENT Citywide Gang Crime Summary
DECEMBER 2005

The gang crime totals were prepared by the Area Gang CAD units and this report was compiled by Special Operations Support Division.

Gang-Related Crimes

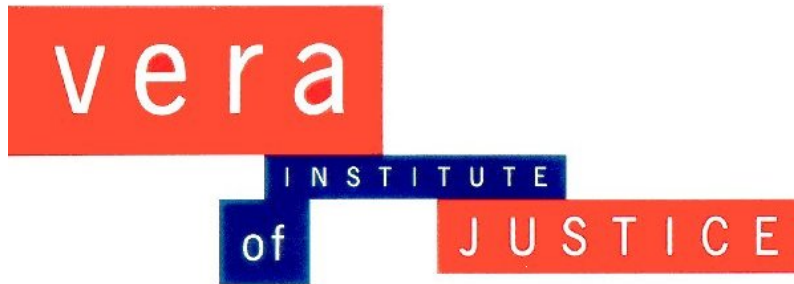
CRIME	CATEGORY	THIS MONTH	LAST MONTH	YR-TO-DATE	LAST YTD	% CHG LAST YTD	SYR AVERAGE	% CHG TO SYR AVERAGE
1	Homicide	9	16	244	293	-16.7	298.6	-18.3
2	Attempt Homicide	32	72	579	719	-19.5	723.0	-19.9
3	Felony Assault	170	166	2620	2625	-0.2	3049.2	-14.1
4	* Attacks on Police Officers	11	8	75	61	23.0	93.8	-20.0
5	Robbery	162	184	2015	2339	-13.9	2631.0	-23.4
6	Shots Inhabited Dwell	13	10	191	189	1.1	262.8	-27.3
7	Kidnap	3	3	53	44	20.5	61.0	-13.1
8	Rape	5	4	32	37	-13.5	46.0	-30.4
9	Arson	0	0	6	2	200.0	4.4	36.4
10	** Witness Intimidation	39	51	642	755	-15.0	776.8	-17.4
11	Extortion	0	2	16	20	-20.0	15.4	3.9
12	Carjacking	12	15	146	119	22.7	165.6	-11.8
	TOTAL	456	531	6619	7203	-8.1	8127.6	-18.6

⁴² LAPD online statistics. http://www.lapdonline.org/crime_maps_and_compstat/content_basic_view/24435 (1 December 2006).

Appendix C: CPI-U, West Region, all items⁴³

		% change	Adjustment Factor
1985	108.00	84.1%	1.841
1986	110.50	79.9%	1.799
1987	114.30	73.9%	1.739
1988	119.00	67.1%	1.671
1989	124.60	59.6%	1.596
1990	131.50	51.2%	1.512
1991	137.30	44.8%	1.448
1992	142.00	40.0%	1.400
1993	146.20	36.0%	1.360
1994	149.60	32.9%	1.329
1995	153.50	29.5%	1.295
1996	157.60	26.1%	1.261
1997	161.40	23.2%	1.232
1998	164.40	20.9%	1.209
1999	168.90	17.7%	1.177
2000	174.80	13.7%	1.137
2001	181.20	9.7%	1.097
2002	184.70	7.6%	1.076
2003	188.60	5.4%	1.054
2004	193.00	3.0%	1.030
2005	198.80	N/A	N/A

⁴³ United States Department of Labor Bureau of Labor Statistics, “Consumer price indexes.”
 <<http://www.bls.gov/cpi/home.htm>> (29 November 2006).



Cost-Benefit Analysis: Next Steps

Megan Golden and Jena Siegel, Vera Institute of Justice

As you requested, this memo outlines additional steps for the City to take moving forward. These steps are meant to complement the “Recommendations” section of our recent Cost-Benefit Analysis memo.

Make Sure Budget Officials Agree with Analysis

- Review calculations and methods and make adjustments as necessary based on feedback from budget officials
- Research and select potential programs or changes to current programs that have been shown to reduce gang activity, are needed in neighborhoods with high rates of violence, and are also cost effective; these should be heavily influenced by the Advancement Project’s findings and the cost-benefit analysis

Develop Projected Budget For New Programs

- Develop expense budget to implement proposed gang reduction programs or oversight body. Include budget for first year and start-up expenses, as well as budget for fully implemented program
- Come up with five-year budget projections of expenditures and savings; presumably the expenditures will initially exceed the savings, but over time, the savings should surpass the costs
- Identify City agencies in which the programs will be located and potential funding streams; work with the agency heads to move forward with planning
- Work with budget officials, the Mayor’s Office, and the City Council to include program costs in the City budget for the upcoming year

Meet With County and State Officials

- Develop strategic plan to approach County and State budget officials and representatives to discuss the potential payoffs of investing County and State money in LA City gang initiatives. This will likely include many of the steps discussed above, including

reviewing and adjusting the methods for the cost-benefit analysis based on feedback from budget officials

Develop Tracking Mechanisms

- Begin the process of developing mechanisms to track data on gang violence that were incomplete or difficult to obtain in the current cost analysis; this may result in the City issuing an RFP for consulting and/or research services to conduct a more in-depth cost analysis at this point or in the future, or may take the form of establishing a more formal capacity or body to collect this data