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THE COST OF CRIME: UNDERSTANDING THE FINANCIAL AND HUMAN IMPACT OF CRIMINAL ACTIVITY

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CONTENTS

STATEMENTS OF COMMITTEE MEMBERS

	Page
Sessions, Hon. Jeff, a U.S. Senator from the State of Alabama	2
Specter, Hon. Arlen, a U.S. Senator from the State of Pennsylvania	1

WITNESSES

Lappin, Harley G., Director, Federal Bureau of Prisons, Washington, D.C.	3
Leary, Mary Lou, Executive Director, National Center for Victims of Crime, Washington, D.C.	8
Ludwig, Jens, Professor, Georgetown Public Policy Institute, Georgetown University, Washington, D.C.	7
Sedgwick, Jeffrey, Director, Bureau of Justice Statistics, Washington, D.C.	4

QUESTIONS AND ANSWERS

Responses of Harley Lappin to questions submitted by Senator Kennedy	19
Responses of Jens Ludwig to questions submitted by Senator Kennedy	26
Responses of Jeffrey Sedgwick to questions submitted by Senator Kennedy	29

SUBMISSIONS FOR THE RECORD

Dorgan, Hon. Byron, a U.S. Senator from the State of North Dakota, statement	33
Lappin, Harley G., Director, Federal Bureau of Prisons, Washington, D.C., statement	36
Leary, Mary Lou, Executive Director, National Center for Victims of Crime, Washington, D.C., statement	58
Ludwig, Jens, Professor, Georgetown Public Policy Institute, Georgetown University, Washington, D.C., statement	64
Sedgwick, Jeffrey, Director, Bureau of Justice Statistics, Washington, D.C., statement	71

VerDate Aug 31 2005 14:27 Jul 30, 2008 Jkt 042938 PO 00000 Frm 00003 Fmt 5904 Sfmt 5904 S:\GPO\HEARINGS\42938.TXT SJUD1 PsN: CMORC

THE COST OF CRIME: UNDERSTANDING THE FINANCIAL AND HUMAN IMPACT OF CRIMINAL ACTIVITY

TUESDAY, SEPTEMBER 19, 2006

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Committee met, pursuant to notice, at 10:33 a.m., in room SD–226, Dirksen Senate Office Building, Hon. Arlen Specter, Chairman of the Committee, presiding.

Present: Senators Specter and Sessions.

OPENING STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Chairman SPECTER. Good morning, ladies and gentlemen. The Judiciary Committee will now proceed with our hearing on the cost of crime. This has been a subject of keen interest to me since my days as District Attorney of Philadelphia. My experience there suggested to me that the criminal problems in America could be dealt with by taking two positions: One on career criminals to have life sentences, to separate them from society on a permanent basis. Career criminals commit about 70 percent of our violent crimes. And, second, to provide for realistic rehabilitation for first offenders, second offenders, and especially juveniles, because they would return to society, and that we would be well advised to have realistic rehabilitation, notwithstanding the very extensive cost, from a point of view of protecting society from recidivists and from the dual point of view of giving individuals an opportunity to beat the drug habit, beat the alcohol habit, have literacy training, have job training to re-enter society.

Toward that end, I introduced legislation shortly after I was elected in 1980. My views on career criminals were accepted by the Congress and signed by the President on the armed career criminal bill in 1984—robbery, burglary, rape, major offenses, amended in 1986 to include drug sales. It had been characterized by Attorney General Barr as one of the most effective weapons in the arsenal of the prosecutor for law enforcement.

In 1985, I introduced the National Violent Crime Program Authorization Act, where I was seeking to reduce violent crime with realistic rehabilitation. At that time I estimated the cost of violent crime at $100 billion and up to $500 billion of pain and suffering was included.

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When I chaired the District of Columbia Appropriations Subcommittee, I structured a program which cost some $22 million for literacy training and job training in the D.C. prisons. And the OMB Director, David Stockman, made a recommendation to President Reagan that he veto the bill. Pretty unusual to have a document appropriations bill vetoed, and it was, in fact, not vetoed. For many reasons, that program did not succeed and was later abandoned because of cost.

We are now considering, among other legislative initiatives, the so-called Second Chance Act, which is designed to give recidivists a second chance—or violators a second chance to try to avoid their becoming recidivists. Interestingly, the Washington Post—interestingly, the—it would not have been so interesting if the Washington Post had commented. It was the Wall Street Journal that said people are finally interested in rehabilitation because it will save money. And saving money has more tangible benefits and seems to attract more supporters than other reasons to rehabilitate and avoid recidivism.

So that is a brief statement of a lot of years of focus on this issue, and it is nice to be Chairman of this Committee to put it on the agenda. And it is nice to have an experienced Federal prosecutor, Senator Sessions, who knows these issues and is very much on top of them, so I now yield to my distinguished colleague from Alabama.

STATEMENT OF HON. JEFF SESSIONS, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator SESSIONS. Mr. Chairman, thank you for having this hearing. I think it is very important. Our witnesses have some very interesting testimony, I believe, and I look forward to hearing that.

The dream and hope and belief that we could find a cure for recidivism is still worth great intensive effort and consideration. But history tells us it is not so easy. I believe it was Norm Carson who used to head the prison system, and he said there is nobody, there is no area of the Government in which more people do not think—more people think they know the answer and how to fix it than in prisons. You know, everybody says if you just do this, the prisoners will be straight. But it has proven to be a grim thing, really, and so I will not say any more. I look forward to hearing from the panel.

Chairman SPECTER. Well, thank you very much, Senator Sessions.

With Senator Sessions' comments about the prisons, so-called correctional facilities, I made it a point when I was D.A. of Philadelphia to visit all of Pennsylvania's correctional facilities. I saw a lot of familiar faces there, people that my office had convicted and sent to jail. And it is a long neglected subject.

Well, I want to turn now to our distinguished panel. We begin with Mr. Harley Lappin, Director of the Federal Bureau of Prisons, an expert in corrections, two decades in prison management prior to being appointed to his current position; recipient of the Attorney General's Award for Excellence in Management; bachelor's degree from Indiana University, and a master's degree in criminal justice and corrections administration from Kent State University.

Thank you for joining us, Mr. Lappin, and we look forward to your testimony.

STATEMENT OF HARLEY G. LAPPIN, DIRECTOR, FEDERAL BUREAU OF PRISONS, WASHINGTON, D.C.

Mr. LAPPIN. Chairman Specter, Senator Sessions, it is a pleasure to be here and have the opportunity to appear before you today to discuss a variety of issues regarding the cost of crime as it pertains to the Bureau of Prisons.

The Federal prison system today encompasses 113 institutions with approximately 192,000 inmates and a staff of 35,000. When I began my career 21 years ago, we had about 45 institutions and just over 32,000 inmates. At the time, when Norm Carlson was the Director, as you mentioned, this was after many, many years of a pretty stable population up until that point. Beginning in the early 1980s and continuing to the present, the Federal Government has played a much more substantial role in the criminal justice system. And with increases in Federal sentences and law enforcement efforts, the increase in the Federal inmate population has been staggering.

Our increasing costs are being driven primarily by the increasing number of inmates and the substantial amount of time these individuals will be incarcerated. The Federal inmate population increased by over 10,000 inmates per year between 1997 and 2001 and has been increasing by over 7,000 inmates per year since then. We project the population to increase to over 220,000 inmates in the Federal prison system by 2011. The current average sentence length for inmates in our custody is about 9.6 years.

We realize that considerable taxpayer resources are devoted to funding our agency, and we make every effort to use those resources wisely. All of our operations, activities, and initiatives are driven by our mission: protecting public safety through the secure and safe confinement of inmates, as well as returning productive and crime-free ex-offenders to their communities.

We have undertaken a number of specific cost containment initiatives over the past few years. Like many other Federal agencies, we are under fiscal constraints and have been making adjustments to our operations to allow us to continue to operate safe and secure prisons at substantially reduced costs. We undertook these initiatives to be able to continue to expand capacity. We will continue to build and manage new Federal prisons at the medium- and high-security level, where we are experiencing the greatest level of crowding and where we expect the greatest number of new admissions. And we will contract with the private sector for the confinement of criminal aliens in low-security facilities.

While we have 35 institutions that are more than 50 years old, the majority are relatively new. However, even these facilities have been taxed as a result of crowding, which has increased from 26 percent above capacity in 1996 to 36 percent above capacity today.

To counter the deleterious effects of crowding, we have improved the architectural design of our newer facilities, taken advantage of new and improved technologies and security measures, and enhanced population management and inmate supervision strategies. Through research we conducted over several years and encom-

passing many institutions, we have determined that there is a direct relationship between crowding and violence in our institutions. It is imperative that we get resources to increase bed space capacity and staffing in order to reduce crowding to a more manageable level.

Full staffing of all institution positions is very important for our agency. All of our employees in our institutions are law enforcement officers, and we operate under a "correctional worker first" philosophy. Both custody and non-custody staff are responsible for inmate supervision and institution security. This allows us to maintain a substantial number of staff who provide inmate programs, giving offenders the opportunity to gain the skills they need for successful re-entry into society.

Virtually all Federal inmates will be released back into our communities at some point in time. The vast majority of our inmate programs and services are geared toward helping inmates prepare for their eventual release. We provide many self-improvement programs, including work in prison industries and other institution jobs, vocational training, education, substance abuse treatment, and other programs that impart essential life skills.

Federal Prison Industries serves as a prime example of a cost-savings program. Inmates who participate in the Federal Industries Prison program are 24 percent less likely to recidivate, thereby reducing costs to society, notably the cost to the criminal justice system for rearrest, prosecution, and incarceration, as well as the cost of victimization. They are also more likely to maintain employment after release as a result of FPI training. Without a program like FPI, our prisons would be more costly to operate. Due to some recent changes in law and policy, however, we see somewhat of a decline in the opportunity for inmates to participate in this type of program.

Chairman Specter, Senator Sessions, this concludes my opening statement. I would be more than happy to answer questions that you have an interest in during this Committee hearing.

Thank you.

[The prepared statement of Mr. Lappin appears as a submission for the record.]

Chairman SPECTER. Well, thank you, Director Lappin. Thank you for adhering to our time limits, and thank you for your more comprehensive written testimony, all of which will be included in the record, as will all the prepared statements.

We now turn to Dr. Jeffrey Sedgwick, Director of the Bureau of Justice Statistics; had been Deputy Director in the Reagan administration; has a bachelor's degree from Kenyon, a Ph.D. from the University of Virginia; had been on the faculty of the University of Massachusetts, Political Science Department, where he is currently on leave.

Thank you for being with us today, Dr. Sedgwick, and the floor is yours.

STATEMENT OF JEFFREY SEDGWICK, DIRECTOR, BUREAU OF JUSTICE STATISTICS, WASHINGTON, D.C.

Mr. SEDGWICK. Thank you, Mr. Chairman, Senator Sessions. As you know, I currently serve as Director of the Bureau of Justice

Statistics, and BJS is the official statistical agency of the United States Department of Justice and a component of the Office of Justice Programs. Our primary mission is to collect, analyze, publish, and disseminate information on crime, criminal offenders, victims of crime, and the operation of justice systems at all levels of Government. I am pleased to be here this morning to discuss the financial impact of crime on victims and the criminal justice system.

I would like to divide my comments into three parts: first, an overview of the National Crime Victimization Survey—one of the Nation's two leading measures of crime; second, the costs of crime to victims estimated by this source; and, finally, the cost of crime in terms of the level of justice system expenditures.

What we know of the financial impact of crime on victims is largely based on the NCVS that was initiated in 1972 as the National Crime Survey. Its purposes were to measure the "dark figure of unreported crime," obtain information on characteristics of crime victims and crime events, and provide estimates of year-to-year change. The NCVS Sample is a nationally representative, stratified, multistage sample drawn from the Decennial Census. It is a household- or address-based survey and one of the largest ongoing Government surveys. The sample is interviewed every 6 months and contains 76,050 people and 42,000 households.

The NCVS measures crimes both reported and not reported to police. It is considered an omnibus crime survey that measures crimes of violence and theft for household members age 12 and older, provides national estimates with each household interviewed seven times at 6-month intervals over a period of 3 years. The survey has a 92-percent response rate measured by households. The crimes measured by NCVS include rape, sexual assault, robbery, aggravated assault, simple assault, pocket picking or purse snatching, burglary, motor vehicle theft, and theft. The NCVS does not measure homicide.

In estimating the financial cost of crime to victims, the NCVS largely relies on four measures:

In terms of injury, we ask the question: What was the total amount of your medical expenses resulting from this incident, including anything paid by insurance?

For theft, we ask the question: What was the value of the property that was taken?

For damage, we ask the question: How much would it cost to repair or replace the damaged items?

And for lost work, we ask the question: About how much pay did you or other family members lose as a result of your victimization?

Using these categories, we can derive estimates of the financial cost of crime to victims over time by looking at NCVS data from the past decade.

If we look at that data, for example, in 1994, we find that there were 10.86 million violent crimes in the United States that resulted in a gross loss to victims of $2.26 billion and 31.01 million property crimes that resulted in a gross loss to victims of $22.59 billion, or a combined total of $24.85 billion measured in constant 2004 dollars.

By 2000, the number of violent crimes had fallen to 6.32 million with a resulting gross loss of $1.67 billion while the number of

property crimes had fallen to 19.3 million, resulting in a gross loss of $12.96 billion, or a combined total of $14.63 billion measured in 2004 constant dollars.

In 2004, the number of violent crimes was 5.18 million with a resulting gross loss of $1.14 billion, while property crimes totaled 18.65 million with a resulting gross loss of $14.71 billion, or a combined total of $15.85 billion.

Now, it is important to remember that these NCVS data accurately track trends but yield significant underestimates of the costs of crime. For example, intangible, or non-monetary, costs include fear, pain, suffering, and lost quality of life. These are currently not estimated by the NCVS.

Even on tangible costs that involve monetary payments, such as medical costs, stolen or damaged property, wage losses, et cetera, NCVS cost estimates are limited. Costs unreported by victims are assumed to equal zero. Medical costs are limited to short-term costs. And other costs not measured in the NCVS include mental health care costs and the costs of economic or white-collar crimes.

On this latter issue, in the second half of 2004, the NCVS included a special supplement designed to estimate the incidence and prevalence of identity theft, a form of victimization not routinely estimated in the NCVS. Findings from that supplement indicated the estimated loss as a result of identity theft in the 6 months from July to December 2004 was about $3.2 billion.

Equally important are the tangible and intangible costs of crime to non-victims including the costs of security devices or services for the home, fear, behavior changes to avoid anticipated victimization, and so on. None of these costs are currently estimated by the NCVS.

In addition to the costs of crime to victims, there is the expenditure of the criminal justice system, including policing, prosecution and adjudication, and correction. Based on the most recent figures from 2003, the United States spent an estimated $185 billion. Expenditures for operating the Nation's criminal justice system increased from almost $69 billion (in 2003 dollars) in 1982 to $185.5 billion in 2003. Of this amount, local governments funded nearly half, with State governments funding another third.

Chairman SPECTER. Dr. Sedgwick, how much more time will you require?

Mr. SEDGWICK. About 10 seconds.

Chairman SPECTER. OK.

Mr. SEDGWICK. Thank you, sir.

One way to put these figures in context is to consider the per capita expenditure on administration of justice. That figure for 2003 was $638 for every person in the United States population. This $638 purchased police protection, prosecution and adjudication of criminal offenders, and incarceration of all those found guilty.

I can stop there.

[The prepared statement of Mr. Sedgwick appears as a submission for the record.]

Chairman SPECTER. Thank you very much, Dr. Sedgwick. We will come back on the Q&A for amplification.

We now turn to Dr. Jens Ludwig, Associate Professor of Public Policy at Georgetown University, faculty research fellow of the Na-

tional Bureau of Economic Research, and a member of the Steering Committee of the National Consortium on Violence Research at Carnegie Mellon; B.A. from Rutgers and a Ph.D. in economics from Duke.

Thank you for being with us today, Professor Ludwig, and we turn the floor over to you.

STATEMENT OF JENS LUDWIG, PROFESSOR, GEORGETOWN PUBLIC POLICY INSTITUTE, GEORGETOWN UNIVERSITY, WASHINGTON, D.C.

Mr. LUDWIG. Chairman Specter, Senator Sessions, thank you very much for inviting me to testify this morning. It is an honor to appear before this Committee to discuss what is known about the cost of crime to American society.

I believe the costs of crime to America are plausibly on the order of $2 trillion per year. That is trillion with a T. Around two-thirds of these costs are due to what are common called "street crimes," while the remaining one-third is due to white-collar or economic crimes. There are, unavoidably, some uncertainties associated with generating an estimate of this sort. The costs of crime in the United States could be somewhat higher or somewhat lower than my figure suggests, but I believe the $2 trillion is a defensible best estimate for what the costs of crime to American society might be each year.

My calculations suggest that the cost of crime are enormous by any standard. By way of comparison, total gross domestic product in the United States in 2004 was equal to $11.7 trillion. Put differently, the reduction in the quality of life that Americans experienced due to crime, what one might call a "crime tax," is the equivalent of around 17 percent of U.S. GDP.

While gun violence accounts for just a small share of the total number of crimes that occur that in the United States each year, these are disproportionately costly crimes to society that together account for at least $100 billion of costs.

Street crime in the United States, particularly violent crimes, are disproportionately concentrated among our Nation's poorest residents, yet the costs of crime are much more evenly distributed across society than these victimization statistics would suggest.

Given the enormous toll that crime imposes on American society, even costly new initiatives to reduce crime can generate benefits to American taxpayers and citizens that justify the increased Government expenditures. For example, one of the most famous early childhood model programs in the United States for poor 3- and 4-year-old children is called Perry Preschool, which was implemented in Ypsilanti, Michigan, in the 1960s. Perry participants have now been followed up to their 40th birthdays, and the program is estimated to generate around $6 in benefits to society for each $1 spent on the program. The costs of reduced crime alone account for more than half of the benefits from the Perry Preschool program, which implies that the value of crime reduction alone from this targeted preschool intervention exceeds the overall costs of the entire program.

More generally, the cost-effectiveness of anti-crime policies and programs can often be enhanced by targeting resources at the high-

est-risk people, such as ex-offenders, career criminals or gang members, or at particularly costly aspects of the crime problem, such as crimes that involve guns.

Finally, if crime really is a $2 trillion per year problem in the United States, then in my view we would benefit by spending much more than we currently do on research and development efforts to identify new and more effective ways to prevent crime. It is my understanding that the National Institute of Justice's current research budget annually is substantially smaller than that of the National Institutes of Health. I believe there would be great social returns to increased R&D spending for NIJ and other activities of this sort.

This concludes my opening statement. I would be pleased to answer any questions that you might have.

[The prepared statement of Mr. Ludwig appears as a submission for the record.]

Chairman SPECTER. Thank you very much, Professor Ludwig.

Our final witness is Ms. Mary Lou Leary, Executive Director of the National Center for Victims of Crime. She served as Deputy Associate Attorney General and Chief of Staff for the Office of Associate Attorney General, an Assistant U.S. Attorney, and Acting Director of the Office of Community Planning in the Department of Justice. She has a bachelor's degree from Syracuse, a master's degree from Ohio State, and a law degree from Northeastern.

Thank you very much for being with us, Ms. Leary, and we look forward to your testimony.

STATEMENT OF MARY LOU LEARY, EXECUTIVE DIRECTOR, NATIONAL CENTER FOR VICTIMS OF CRIME, WASHINGTON, D.C.

Ms. LEARY. Thank you, sir. Good morning, Chairman Specter and Senator Sessions. I want to thank the Committee for holding this hearing to examine the costs of crime. Through our testimony about the costs of crime, we hope to help you look beyond the dollars that are associated with medical costs, funeral costs, lost wages, and the like to see the intangible but lasting impact on individual victims of crime and communities.

On an individual level, victims and those who serve them can tell you more about the true cost of crime, and it goes far beyond dollars. At the National Center, we hear stories every day from victims who call our National Crime Victim Helpline. We see how victimization leads to increased substance abuse, higher rates of depression and posttraumatic stress disorder, increased risk of suicide, homelessness, higher rates of unemployment and underemployment, and negative long-term consequences. The impact can be physical, emotional, financial, and social, and it reaches way beyond the individual victim to encompass friends, family, communities, coworkers, and schoolmates.

Victims of violent crime are at particularly high risk. Almost 50 percent of rape victims, 37 percent of stalking victims, and 32 percent of physical assault victims will develop PTSD, posttraumatic stress disorder. PTSD has a profound effect on a victim's quality of life and just the ability to function from day to day. People with PTSD often suffer from very disturbing flashbacks. They can be jumpy, irritable, very easily startled, constantly on guard. And they

may have difficulty concentrating or sleeping. If they do not get treatment, many PTSD sufferers will suffer this way for 10 years or more after the event.

Moreover, we are just beginning to understand the cost of crime to our Nation's youth. Victimization at this crucial point in human development has far-reaching impact. Teenage victims report more truancy, negative contact with teachers, hostile conflict with other students. This disrupts their academic performance and really impedes their ability to get a career later on. The link between teen victimization and substance abuse, teen pregnancy, and eating disorders is also well established.

But one of the most alarming impacts of teen victimization is the relationship between that victimization and their becoming a perpetrator. Being a victim of crime has been identified by researchers as the single most significant factor that contributes to teens later becoming perpetrators of crime.

What about the impact of homicide? Nobody can really fully understand what a homicide survivor goes through. Everybody in this room can certainly understand a family's shock and grief upon learning of a loved one's death by violent ways. But there are other dramatic impacts that we have not even considered.

Time and time again, we hear about entire families who are devastated when they lose a family member to homicide. Marriages break up. Families no longer celebrate holidays because they think it is just not right to do that after one of the members has been the victim of murder. Survivors of homicide struggle with maintaining careers. Many of them cannot return to work on time to save their job. And in communities where there has been a homicide, oftentimes the family members and the rest of that community, if it is a homicide committed on the street, have to walk by those blood-stained sidewalks every single day, and oftentimes for years to come.

The impact of other violent crime is also far-reaching. We know about the immediate aftermath when you have hospitalization and treatment of an assault victim or battered spouse. But after discharge, what about the scars, those invisible scars, or even the visible ones for victims who are unable to afford reconstructive surgeries so they can go out in public or get a job?

People call our helpline every single day and tell us that they are traumatized, unable to leave home; their marriages have broken up; they have gained 100 pounds; they are terrified to sleep in the room where they were attacked. We hear about these intangible costs day in and day out, and not enough is being done to address those intangible costs.

Finally, we know that the impact of identify theft goes way beyond just dollars. People can spend the rest of their lives after that kind of victimization trying basically just to restore their own identity and financial solid footing, or the elderly who are stripped of their life savings and suddenly face their old age living in poverty, and oftentimes betrayed by their very caregivers. The emotional impact of that betrayal is devastating in and of itself.

Even minor crimes can have a far-reaching impact. Victims whose car is stolen, how then are they to get their kids to daycare

or to school? How are they to get to work to support their families? Even these minor crimes can destroy a family's life.

So it is very important when we talk about the cost of crime to use dollar figures just as a starting point. The real cost of crime includes the costs of the quality of an individual life and of society's life at large, from substance abuse, depression, PTSD, homelessness, loss of employment, school dropouts, and other consequences to our social system at large.

Chairman SPECTER. Ms. Leary, how much more time do you require?

Ms. LEARY. I am done. I thank you for this opportunity. The National Center looks forward to working with this Committee to address the costs of crime.

[The prepared statement of Ms. Leary appears as a submission for the record.]

Chairman SPECTER. Well, thank you very much, Ms. Leary, and thank you all. The testimony and the prepared statements are very profound. I am just sorry there are not more people here to listen to them. The press table has all empty chairs, and the television is internal only.

It is true that our colleagues have a great many matters, especially in the last 2 weeks of a session before we adjourn at the end of next week. But when you talk about rehabilitation, you do not strike a very sexy note, regrettably. And the testimony that is being given here today is really very significant.

Professor Ludwig, how come you have such a low figure for the cost of crime at $2 billion? Where did you get that figure?

Mr. LUDWIG. The figure is $2 trillion per year.

Chairman SPECTER. I cannot hear you. Speak up.

Mr. LUDWIG. The figure is $2 trillion per year.

Chairman SPECTER. I meant trillion. We get mixed up on zeros around here.

[Laughter.]

Mr. LUDWIG. It is easy to do, Senator.

Chairman SPECTER. Where did you get the figure? Come on.

Mr. LUDWIG. The figure is so large because it is intended to try and put a dollar value, as difficult as that might be, on the profound intangible costs that Ms. Leary was describing to the victims of crime.

Chairman SPECTER. Profound intangible costs.

Mr. LUDWIG. Profound intangible costs.

Chairman SPECTER. OK. Now, where did you get the figure?

Mr. LUDWIG. Sir, the figures come from—basically the figures come from trying to find out how members of the public are willing to pay to reduce the risk of crime victimization to themselves and their loved ones.

Chairman SPECTER. How much the members of the public are willing to pay to reduce—

Mr. LUDWIG. Are willing to pay out of their own pocket in order to reduce the costs of crime, the risks of crime.

Chairman SPECTER. How much are they willing to pay?

Mr. LUDWIG. Well, I estimate that those costs alone account for about $700 billion of my $2 trillion figure.

Chairman SPECTER. $700 billion they are prepared to pay?

Mr. LUDWIG. $700 billion for the elimination—the figures that we have imply that all together the public—

Chairman SPECTER. Where do you get that figure when cities are not putting up any more money for their police forces? They are looking for the Federal Government and the States to solve their local crime problems. They are not taxing to put more police on the street.

Mr. LUDWIG. Well, I think that the evidence that we have suggests that the value to citizens from increased spending on things like additional law enforcement efforts would, in fact, generate value to society that exceeds the costs.

Chairman SPECTER. Let me interrupt you. You are up to $700 billion. Now, you have got $1.3 trillion to account for on your way to $2 trillion. Proceed.

Mr. LUDWIG. Sir, we have got $700 billion in costs to victims. We have $700 billion from white-collar economic crimes. So I am up to one-point—

Chairman SPECTER. Where do you get that figure?

Mr. LUDWIG. Sir, that comes from a variety of surveys of small and large businesses across different industries in the United States.

Chairman SPECTER. Who made the surveys?

Mr. LUDWIG. There are a variety of different surveys of firms in the insurance industry, one of the national—

Chairman SPECTER. Are those in your prepared text?

Mr. LUDWIG. They are in my prepared text, Senator, yes, sir. So that brings it up to $1.4 trillion, and then the residual that gets us up to $2 trillion comes from things like explicit Government expenditures, as Dr. Sedgwick was mentioning, as well as costly private measures that individuals and businesses undertake to protect themselves against the risk of crime.

Chairman SPECTER. I am pressing you on the details because if we can prove a $2 trillion figure, you would attract a lot of attention.

Mr. LUDWIG. My written testimony, Mr. Chairman, includes a technical appendix that tries to spell out the methodology in perhaps painfully gruesome detail.

Chairman SPECTER. I am not neglecting the other three witnesses. I plan to come back for a second round here.

Director Lappin, you say that educational programs have a benefit of nearly $6 for every $1 spent. How much does your Bureau, the Federal Bureau of Prisons, spend on education?

Mr. LAPPIN. Well, let me just say for the record that the numbers you are referencing are actually out of a piece of research from the Washington State Institute of Public Policy in 2001, where they compared the investment of dollars spent in education and vocational training and their supposed impact on reducing crime, that is, reducing prosecutions, incarcerations, and so on. And as you indicate, a benefit of education is for every dollar invested, about a $6 savings.

Chairman SPECTER. Well, how do they come to that conclusion, if you know?

Mr. LAPPIN. I think through—again, I am not an expert specifically on how this research was done. Your staff, in fact, asked for

that research earlier today, and we have provided a copy of that to them. Annually, we invest about—just a moment and I will give you the exact number.

We spent about $102 million providing education, which includes GED, English as a second language, parenting, and other associated classes, as well as vocational training, to the 192,000 inmates in this past year in the Bureau of Prisons, so about $102.9 million a year goes toward education and vocational training, about $53 million toward drug treatment, and about $33 million or so toward religious programs. So that is kind of an example of the investment we make in programs to hopefully increase or enhance the skills of inmates.

And let me just say in general, we are thrilled, to be honest with you—by "we," I mean me as the Director of the Bureau of Prisons and other directors of corrections around the country—thrilled that the President, the Senators, Congressmen, and State and local Congressional staff are talking about re-entry and the impact of these programs on inmates, because, one, we want to invest that money wisely, and we want to make sure that that money we invest is being—the impact is reducing recidivism, because at the end of the day, that is what it is all about, is returning to the community offenders who are more likely to be successful, less likely to reoffend, less likely to victimize.

Chairman SPECTER. The red light went on in the middle of your answer, and I am going to come back to you, Director Lappin, to ask you in the next round how effective your correctional programs are. You comment about people—you are delighted to hear people talking about it. I do not hear nearly enough talk. In fact, I do not hear much talk at all. But I am glad to yield to Senator Sessions because he will talk about it.

Senator SESSIONS. I have been observing this crime situation for quite a number of years, from the time I was—in the mid-1970s, I was a young prosecutor, and I tried to think about it and ask myself what is happening.

Mr. Sedgwick, our murder rate today, the rate of murder, as I recall, compared to the murder rate in the late 1970s or early 1980s is about half of what it was.

Mr. SEDGWICK. Substantially lower, that is correct.

Senator SESSIONS. I want to hear that. The murder rate in America is one-half of what it was 25 years ago. When Ronald Reagan got elected, a lot of people think he got elected to fight the cold war. He really got elected because people were shocked by the doubling of the crime rate in the mere 10 years, surging 12-, 15-percent rate increases of crime, and there was an article that came out—I do not know if you remember it, Professor Ludwig or Dr. Sedgwick, by a study that rebutted and debunked the idea that was afoot at the time that prisons are of no value, that social programs and education would end crime, and that this was the mantra of the 1980s—the 1970s. And it said basically, after great intensive survey and study, that these programs had little, if any, impact on crime, on recidivism in prisons.

In fact, I would note, Mr. Lappin—and I am just looking at your numbers here. Your drug treatment program—and you have some good drug treatment program. We spend a lot of money on that.

You said that the recidivism rate was—16 percent less likely to recidivate and 15 percent less likely to relapse in drug use within just 3 years, in a 3-year period. So I am not saying that is insignificant. And the numbers we are dealing with, 15 percent is significant. But anybody that has this idea that we can just have a drug treatment program in prisons and they are all going to go out and not use drugs again are living in a dream world. We have been trying this for 30 years.

You also suggest that those who participate in educational or vocational training, in your numbers, Mr. Lappin, are 33 percent less likely to recidivate. But wouldn't you admit that people who are sort of self-select—there are several prisoners in a prison. Those who tend to take advantage of the education programs already—and this is what the study that I referred to in the late 1980s said. It was a moral, personal, intellectual decision by a person who is incarcerated whether or not they are going to continue a life of crime. They have to decide: Do I want to be in and out of jail the rest of my life? Or do I want to make something of my life? And how that occurs to them comes from various different ways.

But, at any rate, wouldn't you admit that that is not to say that if every prisoner in American Federal prisons undertook an education program that all would reduce recidivism by 33 percent?

Mr. LAPPIN. You are correct in that when you look at the inmates in our custody, we have willing participants and we have unwilling participants. I am confident to say that the majority, 60 to 70 percent, of the inmates at least in our custody are typically willing participants, and willing to get involved in these programs.

But you are right, even for those willing participants, only a portion of them are successful in the end. You are absolutely correct in that just because you happen to participate in a vocational training or an education program you are going to be cured. We are certainly not seeing that. We certainly see enhanced chances of success.

Senator SESSIONS. Yes, even at the margin, 10 percent, 15 percent.

Mr. LAPPIN. That is right.

Senator SESSIONS. That is worth considering.

Mr. LAPPIN. That is correct.

Senator SESSIONS. And it ought to be a factor in our processes. I noticed that you said that—I noticed also that the crime rate was up a little bit this past year, which was 2 percent. Is that what it was overall or something? That is not a good—we have been having some good numbers.

But let me just say one more thing. You had a 10-percent decline in the recidivism rate over 1983 to 1994, but it was really from 44 percent to 40 percent.

All I would say, first of all, one of the most important things for us to understand about crime, there is not a magic bullet. There is not one program that—we have tried every kind of program in prison, and we have invested all kinds of experimental programs, and the numbers are not where we would like them to be.

I would contend that there still remains in this country a limited number of people who will rob, rape, shoot, and kill you. There are not that many. And if you identify those and they serve longer pe-

riods of time, you will have a reduction in crime in America. And that is what happened. The Federal Government adopted a tough mandatory sentencing policy, without parole. States have followed with repeat offender laws, and we have surged the number of people in prison, and we have had a significant drop in the crime rate when the American people in the 1980s would not have thought it was possible that we were going to be reducing by half the murder rate in America.

My time is up, and maybe we will get into some of these solutions as we go forward, but I think we should not underestimate the fact that if you look up a group of violent criminals, 100,000 of them, and keep them in jail, that 100,000 will not commit violent crimes. And if they are released, you are going to have a high recidivist rate among a lot of those, and if we are smarter about who we release, smarter about who stays in jail, we can reduce the pressure on our prisons without increasing the threat to the public. And I do not know how to do that.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Sessions.

Director Lappin, do you track the people you release to see the percentage of recidivism?

Mr. LAPPIN. Yes, we do. We do research to assess our programs, and in doing so we do tracking of offenders.

Chairman SPECTER. Do you track them all?

Mr. LAPPIN. We do a sampling. We do a representative sample of those who are released. We do not track all of them. We release about 41,000 offenders a year back into this country, and about 20,000 get released to other countries.

Chairman SPECTER. Would you provide in writing for the Committee how many you track and what your findings are by way of recidivism?

Mr. LAPPIN. Yes. We actually have—

Chairman SPECTER. And would you give me your best estimate as to how many of these 192,000 inmates you have you think are susceptible to rehabilitation? And would you give us the figures as to what it would cost on education, literacy training, detoxification, job training, and re-entry so that we can make quantification as to what appropriations we would have to deal with those issues?

Dr. Sedgwick, does your role in crime statistics give you insights into the list of questions I just posed to Director Lappin?

Mr. LAPPIN. We have a very strong interest in recidivism and re-entry studies. We find them enormously difficult to conduct. They are very expensive.

Chairman SPECTER. We do not have a whole lot of time, and we are going to have just a second round. Would you respond to the same question as to what it would cost to trace them? You find out from Director Lappin how many he traces and find out what it would cost to trace them.

Mr. SEDGWICK. Sure.

Chairman SPECTER. And what statistical program you would recommend to make a determination as to how many recidivists there are and see if you can shed some light on what should be done to avoid recidivism.

Mr. SEDGWICK. Right.

Chairman SPECTER. You are sitting on a gigantic statistical cumulation of information.

Mr. SEDGWICK. Yes, we are.

Chairman SPECTER. When you have the techniques and procedures to response to those questions, we would like to know that.

Mr. SEDGWICK. OK.

Chairman SPECTER. Ms. Leary, your statement is really fascinating when you talk about the impact on the victims, and particularly at risk of developing post stress disorder, symptoms up to 10 years, a negative impact on truancy for those 12 to 19, your conclusion that the victims of crime are likely to commit further criminal offenses, marriages broken up in the aftermath of homicide involving the loss of a child.

I would be interested, the Committee would be interested in how you might list all of these factors and how you would go about quantifying the cost. That is a pretty hard thing to do, but jurors are asked to do that all the time on pain and suffering. That is the category.

How would you approach that, Ms. Leary?

Ms. LEARY. Well, it is a really difficult research question, and, you know, one of the problems that we have in really quantifying these things is that there is not enough research being done on the intangible costs of crime.

Chairman SPECTER. Would you give us your ideas as to how the research ought to be conducted? Take your statement to the next steps so we can try to quantify it.

Professor Ludwig, we are going to be contacting you for more specification on the $2 trillion.

Mr. LUDWIG. Certainly. That would be terrific.

Chairman SPECTER. OK. My light is on.

Ms. LEARY. Yes, I am not a researcher, but I could say that one idea that comes to mind is an addendum to the National Crime Victimization Survey that BJS does, which is a pretty good tool for finding out about crime that actually doesn't even get reported to the FBI. Because, you know, when the FBI says rape is down this year and, you know, where there are only so many reported rapes during 2005 or 2006, people assume, Oh, gee, that is terrific, there are not as many rapes as there used to be.

Well, all that means is not as many rapes were reported, but it does not mean that not as many rapes are actually being committed.

So I would say that probably a survey that goes to that crime which is not reported necessarily to authorities would be the way to start, and I can talk with Mr. Sedgwick about that. I would be happy to do that and to respond to this Committee.

Chairman SPECTER. Well, that is—my red light went on, and if you would also deal with the question about unreported crime and try to quantify the costs of unreported crime, that is pretty tricky.

We have a vote coming up at noon that we have to get ready for, so we are not able to go into as much detail as we would like to at the hearing. But the issues which I have posed will be very helpful as a followup.

Senator Sessions?

Senator SESSIONS. Thank you.

Ms. Leary, it is good to see you again, and thank you for your leadership and service in the Department of Justice. I have a staff person that still—just now, after, I think, 5 years getting through, you know, an identity theft problem. I know a young lady that was assaulted, knocked down, her backpack stolen, had to have knee surgery because she was twisted so badly when she was knocked down by a criminal. So you are right that things are significant.

Mr. Sedgwick, you remember the Rand Study on California prisons that showed quite number of prisoners committed hundreds of crimes, and, in fact, a certain percentage, a significant percentage, said they committed as many as 200-plus crimes a year.

Mr. SEDGWICK. Right. I remember that study very well.

Senator SESSIONS. They would knock in your car window and do two or three a night, break in your house, break in your business, and those kinds of things, and leave a trail of debris and broken people who had to put in burglar alarms, and all of these things that occur. It is a big deal.

Let me ask you, Mr. Lappin, I understand we have a substantial number, maybe 27 percent of our Federal prison system involved non-citizens.

Mr. LAPPIN. That is correct. About 26, 27 percent are non-U.S. citizens. That is about 48,000 inmates in our custody are non-U.S. citizens.

Senator SESSIONS. Now, does that include the people that are detained at the border until they are released through ICE agents?

Mr. LAPPIN. It does not. That is—

Senator SESSIONS. It does not include the people that they are detaining for release and deportation?

Mr. LAPPIN. That is a portion of those who are detained at the border. Those who are convicted and sentenced to Federal prison. So there is another group who are in detention status, either pending return or pending trial, that is typically the responsibility of ICE, Bureau of Immigration and Customs Enforcement, or the Marshals or some other temporary holding group until a decision is made about their return or—

Senator SESSIONS. Let me say, I think overwhelmingly people who come to our country are not criminals, even if they come illegally to work here, but I do believe there is a trend out there that I sense that people who are in trouble in their own countries for criminal activities might find that the best thing to do is skip town and come into the United States, because everybody knows them back in their home country. So I think we need to do a better job of managing that, and that would have a substantial effect.

Mr. Sedgwick, your Crime Victimization Study is designed to go beyond police reports.

Mr. SEDGWICK. Correct.

Senator SESSIONS. They do have some potentials for manipulation. If a police chief wants to say he is making progress in fighting crime, he will report that crime rates are down. If the police department got cut in its budget for 2 or 3 years, he will report that police crime is up.

Now, that is the cynical view, but police do have some ability to make the numbers up here higher by reporting more arrests or lower if they choose.

Mr. SEDGWICK. Correct, and that is—

Senator SESSIONS. The Crime Victimization Study, briefly, some believe it is more accurate than the police reports.

Mr. SEDGWICK. Certainly, it is better measure of the victim's experience with crime. Ultimately, the UCR numbers are a good measure of a police department's experience with crime.

Senator SESSIONS. Right.

Mr. SEDGWICK. But if you want to get beyond that and say what is an American citizen's experience with crime and victimization, the NCVS is a better measure of that. It was designed to do that and complement—

Senator SESSIONS. Because that surveys people to see if they have been affected by crime.

Mr. SEDGWICK. Correct.

Senator SESSIONS. Mr. Lappin, 9 years you say is the average sentence served in the Federal prison?

Mr. LAPPIN. 9.6 years.

Senator SESSIONS. And that is without parole.

Mr. LAPPIN. That is correct.

Senator SESSIONS. It used to be in the old days you would get 15 years, you would probably serve about 3. Now in the Federal system, you get 15 years, you probably serve 13 of those.

Mr. LAPPIN. Pretty close.

Senator SESSIONS. Something like that. In your view—and I will ask each of you this briefly, because my time is up—could we reach a higher level of sophistication in identifying those who deserve the longer periods of time and those who we could take a chance on to allow shorter periods of sentencing? Mr. Lappin?

Mr. LAPPIN. I believe we could. In fact, there are some systems in place today that identify some individuals who we think are going to be more successful in the community and as a result can have some time off of their sentence. These are typically nonviolent offenders, and I will use the drug legislation that was passed a few years ago as an example.

Senator SESSIONS. The crack dealer who has got 9 years or 15 years, you are not going to be able to let him out in 7 if you think there is going to be a good chance—

Mr. LAPPIN. Not if they have violence in their background. Again, this is primarily for nonviolent offenders. This is the only program that we have that really gives the inmate an opportunity to serve less time given their performance in prison and their background.

Senator SESSIONS. All right.

Mr. LAPPIN. So I think we could do a better job of that.

Senator SESSIONS. And at the front end and at the back end.

Mr. LAPPIN. Yes, we could.

Senator SESSIONS. Mr. Sedgwick?

Mr. SEDGWICK. I think the Bureau of Justice Statistics can improve on our ability to provide benchmarks on re-entry success and recidivism avoidance.

Senator SESSIONS. And I would agree. I believe it was Ms. Leary that said—or somebody. Research is important. We need the best information we can get. Mr. Ludwig, briefly? My time is over.

Mr. LUDWIG. I agree with my fellow panelists.

Senator SESSIONS. Thank you.

Ms. Leary?

Ms. LEARY. I do as well, and when I was at OJP, I saw the benefit of the research and the studies that were done. And if we want to base what we do on what we know, we have to fund research and development.

Senator SESSIONS. Thank you, Mr. Chairman. Thank you for having this hearing. I think it is very valuable.

Chairman SPECTER. Thank you, Senator Sessions and thank you all. The topic is an extraordinarily complex one, and we have started the process of trying to analyze how to cope with it. And if we had some handle as to the specifics on recidivism to measure what education, job training, and literacy training, et cetera, would prevent recidivism, we would be able to move ahead. And we ought to see if we cannot get a handle on the unreported crimes, which is hard. We ought to try to get a handle on the intangible costs. And if you can document your $2 trillion figure, Professor Ludwig, we might have a lot of support from casualty insurance companies and businesses which lose hard dollars.

Thank you all, and that concludes our hearing.

[Whereupon, at 11:31 a.m., the Committee was adjourned.]

[Questions and answers and submissions for the record follow.]

QUESTIONS AND ANSWERS

U.S. Department of Justice
Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

February 28, 2007

The Honorable Patrick J. Leahy
Chairman
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Please find enclosed responses to questions arising from the September 19, 2006, appearance before the Committee of Harley Lappin, Director of the Federal Bureau of Prisons. The subject of the hearing was "The Cost of Crime: Understanding the Financial and Human Impact of Criminal Activity." We hope that the information is helpful to the Committee.

Please do not hesitate to call upon us if we may be of additional assistance. The Office of Management and Budget has advised us that from the perspective of the Administration's program, there is no objection to submission of this letter.

Sincerely,

Richard A. Hertling
Acting Assistant Attorney General

Enclosure

cc: The Honorable Arlen Specter
Ranking Minority Member

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Questions for the Record
Posed to Harley Lappin, Director of the Federal Bureau of Prisons
"The Cost of Crime: Understanding the Financial and Human Impact of Criminal Activity"
Senate Judiciary Committee
September 19, 2006

QUESTIONS POSED BY SENATOR KENNEDY:

1. In your testimony you discuss the health care provided to inmates, including a medical classification system to assign inmates with varying health needs to "facilities with appropriate health care capabilities."

Questions:

1) Can you expand on the types of health care most often provided to non-violent elderly prisoners over the age of 60, as well as its cost and proportion of these as compared to the overall cost of prisoner health care?

Response:

Elderly inmates generally receive the same medical care afforded to every inmate, and their care depends on their medical condition more than their age. The cost of health care for inmates (whether elderly or not) is part of each institution's overall budget. The Bureau of Prisons (BOP) does not track the cost of health care provided to individual inmates. Therefore, the BOP is unable to determine the cost of health care for specific groups of inmates, such as non-violent inmates over the age of 60. Nonetheless, inmates over the age of 60 often receive treatment for such medical conditions as arthritis, diabetes, atherosclerotic heart disease, chronic obstructive pulmonary disease, coronary artery disease, congestive heart failure, rheumatoid arthritis, cancer (lung, colon, prostate, non-Hodgkin's lymphoma, Hodgkin's lymphoma, and leukemia), hepatitis C, depression, hypertension, asthma, and prostate enlargement.

2) Can you please indicate, with as much detail as possible, whether these inmates require special facilities or extra staffing to meet their health needs?

Response:

The BOP classifies and designates inmates based on their security and program needs and on other special management considerations (such as a need to be separated from another inmate). The BOP manages as many inmates as possible in general populations, even those inmates that may have special program needs. Unless there are special circumstances, none of which ordinarily are related to age, the BOP attempts to afford all inmates the opportunity to be involved in the widest variety of correctional programs.

In addition, the need to place inmates as close to their homes, families, or eventual

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release areas as possible argues for the dispersion of elderly inmates throughout Federal institutions rather than consolidating them in a limited number of facilities.

For these reasons, elderly inmates are not segregated into specific institutions. Ordinarily, elderly inmates are designated to the general prisoner population at Federal correctional institutions and afforded the same opportunities for involvement in programs and services as all inmates. Inmates who require medical care beyond the capabilities of a traditional institution and the facility's community consultant services are often designated to a BOP medical referral center. The designation is based on the inmate's health care needs, not the inmate's age. Medical referral centers employ more health care staff because their mission is to provide advanced levels of medical care.

3) If so how do such facilities compare in cost to other health costs in the prison system?

Response:

As indicated in the previous response, the BOP does not operate special facilities to meet the health care needs of only elderly inmates. Medical referral centers help meet the health care needs of all inmates.

4) What is the Bureau of Prison's position on a pilot program that would allow for the paroled release of elderly non-violent prisoners? Such a prisoner is defined by Congress as:

a person who

(A) is not less that 55 years of age;
(B) is serving a term of imprisonment after conviction for an offense other than a crime of violence and has served not less that 1/3 of the term of imprisonment;
(C) has not been previously convicted of any federal or state crime of violence;
(D) has not been determined by the Bureau of Prisons, on the basis of information used by the Bureau of Prisons to make custody classifications and in the sole discretion of the Bureau to have a history of violence;
(E) has not escaped, or attempted to escape from a Bureau of Prisons facility; and
(F) has not been determined by the Director, under the disciplinary system of the Bureau of Prisons, to have committed an infraction involving an act of violence.

Response:

The Department of Justice opposes an early release pilot program. Such a program would be inconsistent with the principles embodied in the Sentencing Reform Act of 1984. Criminals should serve the sentence imposed by the courts as required by law

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regardless of their age, subject only to the statutory reduction of up to 15% for good behavior while in prison. A potential windfall of up to a 2/3 reduction in sentence based on age is unfair and cannot be justified merely as a cost-saving measure. Additionally, the availability of such a reduction in time served could impact prosecutors' ability to secure cooperation from defendants over the age of 50. Moreover, the administration of such a program would reduce any potential savings from it.

2. Your testimony also mentions the availability of mental health treatment and counseling to prisoners. In your testimony you stated that, "The Bureau provides a full range of mental health services through staff psychologists and psychiatrists, enhanced by contract services from community health professionals. Psychologists are available for professional counseling and treatment on an individual or group basis."

Questions:

1) What percentage of juveniles incarcerated for non-violent offenses are receiving these mental health services?
2) What is the cost of such services?
3) Are there any programs specifically designed to reach out to and encourage the participation of non-violent juveniles in mental health programs?

Response:

The BOP does not operate juvenile facilities, but rather contracts with private facilities and with other governmental entities for the confinement of juvenile offenders. Currently, there are approximately 210 juveniles in these institutions. Only about 24 percent of that total has been adjudicated for non-violent offenses.

The contracts and intergovernmental agreements the BOP has entered into for the confinement of juveniles require the facility to provide mental health services to the inmates. The facilities are required to conduct an initial mental health screening within 24 hours and a full mental health evaluation within 14 days of the juvenile's arrival at the facility. The cost of these programs and services is incorporated into the *per diem* rate that the Bureau has negotiated for the contract.

The activities of each juvenile offender are closely monitored, and juveniles meet with program staff approximately every two weeks. At these meetings, facility staff review and address the needs of the inmate. Program staff will refer a juvenile requiring mental health counseling or treatment to the appropriate mental health care provider at the facility.

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3. Your testimony also highlighted the availability of religious programs for inmates who choose to participate.

Question:

1) Can you please provide more detail on the content and frequency of such programs and associated costs?

Response:

BOP institutions accommodate services and programs for inmates of the approximately 30 faiths represented within the population. Inmates are granted permission to wear or retain various religious items, and accommodations are made to facilitate observances of holy days. BOP facilities offer "religious alternative" diets designed to meet the stringent dietary requirements common to several faith groups, such as the Jewish and Islamic faiths. Most institutions have sweat lodges to accommodate the religious requirements of those whose religious preference is Native American. BOP chaplains oversee inmate worship services and self-improvement programs such as study of sacred writings and religious workshops. BOP chaplains also provide pastoral care, spiritual guidance, and counseling to inmates. In addition, inmates may request visits and spiritual counseling from community representatives. Religious programs are led or supervised by staff chaplains, contract spiritual leaders, and community volunteers and include the following:

Weekly Programs

- Worship service (*e.g.*, Roman Catholic Mass, Jumah Prayer, general Christian worship, Jewish Sabbath services, Messianic / Sabbatarian services, Native American Sweat Lodge and/or Pipe Ceremony)
- Sacred writing study or religious instruction (*e.g.*, Catechism study; language study of ancient sacred texts in Hebrew, Arabic, Greek, and Latin)

Daily Programs

- Religious diet accommodation
- Scheduled prayer opportunities or devotions
- Pastoral counseling and care

Occasional Programs

- Ceremonial/Ritual Meal Celebrations
- Holy Day Observances
- Fast Days

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- Retreats, Seminars, and Workshops
- Grief and Bereavement

Reentry Programs

- Life Connections Program (a residential reentry program for persons of any faith or no faith)
- Life Connections Threshold (a non-residential reentry program)

The cost of religious programs is part of each institution's overall budget.

4. A recent article in The Washington Post on prisons as a potential breeding ground for Islamic extremists, (Lara Jakes Jordan, "Study: Prisons Breed Islamic Extremists," The Washington Post, Tuesday, September 19, 2006), mentions the importance of preventative programs to avert radicalization from occurring, and noted that funding for many of these preventive programs has been curtailed due to a lack of sufficient federal funding.

Question:

1) Does the Bureau of Prisons have such preventive programs in place? If so, please elaborate upon them.

Response:

The BOP understands the importance of controlling and preventing the recruitment of inmates into terrorism. Inmates are particularly vulnerable to recruitment by terrorists, and the BOP understands that it must guard against the spread of terrorism and extremist ideologies. The BOP's practices in institution security and inmate management are geared toward the prevention of any violence, criminal behavior, disruptive behavior, or other threats to institution security or public safety.

The BOP has taken a number of measures over the last several years and is actively engaged in several ongoing initiatives to ensure that Federal inmates are not recruited to support radical organizations or terrorist groups. The BOP has eliminated most inmate organizations in order to control the influence that outside entities have on Federal inmates. The agency also has enhanced its information and monitoring systems, its intelligence gathering and sharing capabilities, and its ability to identify and manage disruptive inmates.

In addition to containing and isolating inmates who could attempt to radicalize other inmates, the BOP helps inmates become less vulnerable to attempts to be radicalized through the provision of sound correctional programs. Some experts have identified the societal marginalization of inmates as a key factor in their becoming radicalized. The

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BOP provides inmates with a broad variety of programs that have been proven to assist in the development of key skills, thereby minimizing the likelihood of the inmates being marginalized. These programs include work (including prison industries), vocational training, education, and drug treatment. The BOP has for many years worked diligently and with great success, at targeting these programs toward inmates with substantial needs. The result has been demonstrable gains in the effort to return inmates to society with the skills necessary to become productive, law-abiding members of society.

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Jens Ludwig, Georgetown University
Responses to Questions from Senator Edward Kennedy for Cost of Crime Hearing on September 26, 2006
March 7, 2007

1. Why do gun crimes account for a disproportionate share of the total social cost of crime?

The United States has well over 200 million guns in private circulation (Cook and Ludwig, 1996). In principle private gun ownership can help people defend themselves against criminal attack and may also help deter crime more generally. However private gun ownership also contributes to the general availability of guns to criminals through theft – estimates suggest as many as 500,000 guns are stolen each year – and through so-called "secondary market" sales of used guns that do not involve licensed gun dealers and are almost completely unregulated under current federal law (Cook, Molliconi and Cole, 1995; Cook and Ludwig, 1996).

The best available research suggests that on net, increases in household gun ownership rates lead to more homicides, but not an increase in the overall level of other violent crimes (Duggan, 2001; Cook and Ludwig, 2006). This pattern of results is consistent with findings dating back to the 1960s that gun involvement makes criminal attacks more lethal, even if gun availability does not affect the overall level of crime that occurs (Zimring, 1968).

The fact that guns intensify crime and make criminal attacks more lethal is important in understanding the social costs of crime because Americans appear to be much more concerned about lethal violent crime than non-lethal crime. For example a study by economists Steven Levitt and Julie Berrie Cullen found that each additional violent crime in a city causes on average one city resident to move someplace else, while each homicide causes fully 70 residents to move elsewhere (Cullen and Levitt, 1999; see also Cook and Ludwig, 2000). The implication is that public policy efforts that successfully reduced gun involvement in crime would have disproportionately large impacts in reducing the social costs associated with crime in the U.S.

2. What is your position on child safety trigger locks? What is their potential saving in the total social cost of crime and gun violence?

A large share of all gun owners keeps their firearms stored unlocked and loaded (Cook and Ludwig, 1996), which contributes to the risk of gun theft, accidents and unauthorized use in suicide or homicide attempts by teens and other household members. Gun locks are relatively inexpensive, so cost is unlikely to be the main explanation for why so many gun owners store their guns in a fashion contrary to common safety recommendations. Survey evidence suggests that gun owners who store their weapons unlocked and loaded are mostly concerned about having these weapons available for use against criminal intruders (Cook and Ludwig, 1996).

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Distribution of child safety trigger locks is probably a good idea even if many gun owners refuse to employ these devices if only because the costs of such locks are quite low while the social costs of gun violence are extremely high, so the number of gun injuries that must be prevented in order for trigger lock distribution to pass a benefit-cost test is likely to be quite modest. An even more effective policy may involve thinking of ways to combine distribution of trigger locks with changes in the incentives that gun owners face for keeping their guns stored safely.

3. From 2004 to 2005 the violent crime rate increased from 1.4 to 2 per 1,000. If gun violence increased at this rate over the next ten years, what would happen to the social costs of gun crime?

Crime counts are notoriously variable from year to year, and so it would be difficult to construct any reliable long-term forecast of what will happen to gun violence in the U.S. over the next 10 years from a single year change in the violent crime rate.

But with that said, the recent short-term increases in violent crime observed in the U.S. are not an encouraging development, and if they persisted over time the social costs to society 10 years from now could in principle be higher – perhaps substantially higher – than $100 billion per year, which is the figure that I have estimated with my colleague Philip Cook for the U.S. during the mid-1990s (Cook and Ludwig, 2000). Given the substantial costs of crime, including gun crime, to society, there is in my view an important role for public policy to arrest any new increase in violent crime that may be on the horizon. One promising starting point would be to restore funding for the U.S. Department of Justice's COPS program, which is believed to generate benefits to society that far outweigh costs (Donohue and Ludwig, 2007).

4. What would happen to gun crime if ATF were constrained in its ability to share gun tracing data with local law enforcement?

The answer is that gun violence in the U.S. would almost surely go up to some degree, although the exact magnitude of the increase is difficult to know. Trace data can help local police officers identify possible suspects, and can also help police intelligence units identify gun-trafficking rings.

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U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

March 7, 2007

The Honorable Patrick J. Leahy
Chairman
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed please find responses to questions posed by Senator Kennedy to Jeffrey Sedgwick, Director of the Bureau of Justice Statistics, Office of Justice Programs of the Department of Justice, following Director Sedgwick's appearance before the Committee on September 19, 2006. The subject of the Committee's hearing was "The Cost of Crime: Understanding the Financial and Human Impact of Criminal Activity."

We hope that this information is helpful to the Committee. If we may be of additional assistance in connection with this or any other matter, we trust that you will not hesitate to call upon us.

Sincerely,

Richard A. Hertling
Acting Assistant Attorney General

Enclosure

cc: The Honorable Arlen Specter
Ranking Minority Member

The Honorable Edward M. Kennedy

Questions Posed to
Jeffrey Sedgwick
Director of the Bureau of Justice Statistics, Office of Justice Programs, Department of Justice
"The Cost of Crime: Understanding the Financial and Human Impact of Criminal Activity"
Senate Judiciary Committee
September 19, 2006

Questions posed by Senator Edward Kennedy

1. As you may know, my office has exchanged correspondence with the Department of Justice on a study on the frequency of prison rape conducted by Professor Mark Fleisher of Case Western Reserve University. This questionable study was funded with money allocated under the Prison Rape Elimination Act of 2003. The Department confirmed that the funds for this particular research have been frozen pending further review. However, we have not received additional information to explain whether the author complied with established research guidelines.

Would you please provide an update on this issue?

On January 26, 2006, the Acting Director of the National Institute of Justice (NIJ) froze the remaining funds of Dr. Mark Fleisher's grant. This was a total of approximately $81,000. In order to release these funds back to Case Western Reserve University, Dr. Fleisher was required to submit a draft report by no later than February 28, 2006, and, following peer review of the document, submit a final report to NIJ. Both reports were required to be technical in nature, describing the methodology, data collection, statistical techniques, and other pertinent information that would afford other researchers in the field the knowledge to reproduce the study in the future. This was in keeping with the requirements for all NIJ grant final reports. In addition to the final report, Dr. Fleisher was also required to submit a copy of the original data collected by him and his team. This data would be sent to the National Archive of Criminal Justice Data at the University of Michigan (NACJD).

On February 28, 2006, Dr. Fleisher hand delivered a draft copy of the report along with a final copy of the data. NIJ sent the draft copy out to four independent peers for review, two researchers and two practitioners, consistent with NIJ's standard review procedures. Dr. Fleisher's data was sent to NACJD for routine cleaning and processing.

Dr. Fleisher submitted his final report on December 4, 2006. The report is available on www.ncjrs.gov. The data is available on the NACJD Web site **http://www.icpsr.umich.edu/NACJD/.**

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2. Could you also provide the Committee with an update on the status of BJS surveys authorized under this Act?

The Prison Rape Elimination Act of 2003 (P.L. 108-79) requires the Bureau of Justice Statistics (BJS) to carry out, for each calendar year, a comprehensive statistical review of the incidence and effects of prison rape. The Act further specifies that the review and analysis shall be based on a random sample, or other scientifically appropriate sample, of not less than 10 percent of all Federal, State, and county prisons, and a representative sample of municipal prisons. More than 8,700 facilities nationwide are covered by the Act. The Act requires the Attorney General to submit a report, not later than June 30 of each year, listing institutions in the sample and ranking them according to the incidence of prison rape.

2006 Data Collection Activities

BJS has completed a national pretest of survey methodologies for inmate self-reports in prisons and local jails. Testing in juvenile facilities and among former state prisoners is underway.

On December 8, 2006, BJS hosted a workshop entitled National Rollout: Sexual Violence Reported by Prison and Jail Inmates using Audio Computer Assisted Self-Interview (ACASI) technology. Invited participants included researchers, advocates, members of the National Prison Rape Elimination Commission and DOJ review panel, correctional administrators, staff of Members of Congress, and other federal partners. BJS and the Research Triangle Institute (RTI) discussed results of the pretest, the sampling process, and collection protocols, followed by a demonstration of the ACASI instrument to be used by inmates to report incidents of sexual assault. An analysis of pretest results will be published in early 2007.

The Census Bureau, sponsored by BJS, is currently conducting the 2006 data collection of administrative records on sexual violence reported by correctional authorities—forms will be mailed out at the end of the year for a January 1 to December 31, 2006, count. The 2005 findings are reported in *Sexual Violence Reported by Correctional Authorities, 2005,* July 2006, NCJ 214646.

2007 National Implementation

The national prison rape collection and reporting system will be fully operational in prison and jail, with annual data reporting based on victim self-reports at the facility level. Collections from youth and former inmates will be underway, with estimates available at the first practicable time following data collection.

In 2007, BJS will be conducting a number of activities, including:

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a) collecting incident-level data from administrative records in all State and Federal prisons and in a sample of local jails, juvenile facilities, and police lockups on substantiated incidents of sexual violence;

b) collecting self-reports of sexual victimization from up to 90,000 inmates in 150 prisons and 300 local jails nationwide;

c) completing testing activities and beginning implementation of the survey of adjudicated youth in 150 State-operated facilities and 30 large, local or private juvenile facilities;

d) completing pretest analysis and beginning collection of self-reports of sexual victimization from more than 11,500 former State inmates under active supervision in a nationally representative sample of 285 parole offices; and

e) developing and testing a surveillance system for clinical (medical, dental, mental health) indicators of sexual violence in prisons and jails.

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SUBMISSIONS FOR THE RECORD

Statement of Senator Byron Dorgan
Senate Judiciary Committee Hearing on "The Cost of Crime:
Understanding the Financial and Human Impact of Criminal Activity"

September 19, 2006

Chairman Specter and Ranking Member Leahy, I would like to thank you for holding a hearing today to examine the financial and human impact of crime in this country. As all of us know, victims of crime and their families often face a significant challenge trying to rebuild their lives and recover a sense of emotional and financial security after a crime has been perpetrated against them.

By law, victims of federal crimes are generally entitled to "full and timely restitution" for losses from a convicted offender. In recent years, however, the amount of uncollected restitution and other federal criminal debt has spiraled upward while the percentage of that debt ultimately recovered for crime victims has plummeted. The amount of uncollected federal criminal debt has increased from $6 billion in 1996 to over $41 billion by the end of fiscal year 2005. To make matters worse, Government Accountability Office (GAO) investigators found that federal criminal justice officials collected an average of only four cents on every dollar of criminal debt that was owed to crime victims in years 2000, 2001 and 2002.

These figures are disheartening, and the victims of crime in this country deserve better. At the very least, crime victims should not be concerned that their prospects for financial restitution are being diminished because criminal offenders are frittering away their ill-gotten gains on lavish lifestyles and the like.

I have introduced with Senator Grassley and several of our colleagues legislation called the Restitution for Victims of Crime Act of 2006 (S. 3561) to give Justice Department officials the tools they have requested to help them do a better job of collecting court-ordered federal restitution and fines. Our bill includes provisions that will remove many existing impediments to increased collections. For example, Justice Department officials have described a circumstance where they were prevented by a court from accessing $400,000 held in a criminal offender's 401(k) plan to pay a $4 million restitution debt to a victim because that court said the defendant was complying with a $250 minimum monthly payment plan and that payment schedule precluded any other enforcement actions. S. 3561 would remove impediments like this in the future.

Our legislation also addresses a major problem identified by the GAO for federal officials in charge of criminal debt collection; that is, many years can pass between the date a crime occurs and the date a court orders restitution. This gives criminal defendants ample opportunity to spend or hide their ill-gotten gains. Our bill sets up pre-conviction procedures for preserving assets to help ensure that financial assets traceable to a crime are available when a court imposes a final restitution order on behalf of a victim. These tools are similar to those already used by federal officials in some asset forfeiture cases and upheld by the courts.

Some of the key provisions of S. 3561 would do the following:

- Clarify that court-ordered federal criminal restitution is due immediately in full upon imposition, just like in civil cases and that any payment schedule ordered by a court is only a minimum obligation of a convicted offender.

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- Allow federal prosecutors to access financial information about a defendant in the possession of the U.S. Probation Office – without the need for a court order.

- Clarify that final restitution orders can be enforced by criminal justice officials through the Bureau of Prisons' Inmate Financial Responsibility Program.

- Ensure that if a court restricts the ability of criminal justice officials to enforce a financial judgment, the court must do so expressly for good cause on the record. Absent exceptional circumstances, the court must require a deposit, the posting of a bond or impose additional restraints upon the defendant from transferring or dissipating assets.

- Help ensure better recovery of restitution by requiring a court to enter a pre-conviction restraining order or injunction, require a satisfactory performance bond, or take other action necessary to preserve property that is traceable to the commission of a charged offense or to preserve other nonexempt assets if the court determines that it is in the interest of justice to do so. Under the bill, a criminal defendant is allowed to challenge a court's pre-judgment asset preservation order. For example, a defendant may challenge a post-indictment restraining order if he or she can show that there is no probable cause to justify the restraint or the order does not provide the accused with adequate resources for attorney fees or reasonable living expenses.

- Permit the Attorney General to commence a civil action under the Anti-Fraud Injunction Statute to enjoin a person who is committing or about to commit a federal offense that may result in a restitution order; and permit a court to restrain the dissipation of assets in any case where it has power to enjoin the commission of a crime, not just banking or health care fraud as permitted under current law.

- Allow the United States under the Federal Debt Collections Procedure Act to use prejudgment remedies to preserve assets in criminal cases that are similar to those used in civil cases when it is needed to preserve a defendant's assets for restitution. Such remedies, including attachment, garnishment, and receivership, are not currently available in criminal cases because there is no enforceable debt prior to offender's conviction and judgment.

- Clarify that a victim's attorney fees may be included in restitution orders, including cases where such fees are a foreseeable result from the commission of the crime, are incurred to help recover lost property or expended by a victim to defend against third party lawsuits resulting from the defendant's crime.

- Allow courts in their discretion to order immediate restitution to those that have suffered economic losses or serious bodily injury or death as the result of environmental felonies. Under current law, courts can impose restitution in such cases as a condition of probation or supervised release but this means that many victims of environment crimes must wait for years to be compensated for their losses, if at all.

I hope that members of the Senate Judiciary Committee will agree that the current state of our federal criminal debt collection effort is not acceptable and that this legislation is a serious effort to improve it. The Restitution for Victims of Crime Act of 2006 has already been endorsed by a number of organizations concerned about the well-being of crime victims, including: The National Center for Victims of Crime, Mothers Against Drunk Driving, the National Organization for Victims Assistance (NOVA), the National Alliance to End Sexual Violence, Parents of Murdered Children, Inc., Justice Solutions, the National Network to End Domestic Violence and the National Association of VOCA Assistance Administrators (NAVAA).

I think that swift passage of our legislation to enhance federal criminal debt collection will send a clear and much-needed message to white collar and other criminals: if you commit a crime you will be held accountable and will not be allowed to benefit in any way from your criminal activity and ill-gotten gains. This bill will reassure many innocent victims of federal crime that the federal criminal justice system is doing everything in its power to recover court-ordered restitution that is owed to them.

Mr. Chairman, I look forward to working with the members of the Judiciary Committee to address any remaining questions about our legislation and to move the legislation forward in the U.S. Senate in the remaining days of this session.

Department of Justice

STATEMENT

OF

HARLEY G. LAPPIN
DIRECTOR
FEDERAL BUREAU OF PRISONS

BEFORE THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

CONCERNING

"THE COST OF CRIME:
UNDERSTANDING THE FINANCIAL AND HUMAN IMPACT
OF CRIMINAL ACTIVITY"

PRESENTED ON

SEPTEMBER 19, 2006

Statement of
Harley G. Lappin
Director
Federal Bureau of Prisons
Before the Committee on the Judiciary
United States Senate
"The Cost of Crime:
Understanding the Financial and Human Impact of Criminal Activity"

September 19, 2006

Good Morning Chairman Specter, Senator Leahy, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss a variety of issues regarding the cost of crime as it pertains to the Federal Bureau of Prisons (BOP).

We realize that considerable taxpayer resources are devoted to funding our agency, and we make every effort to use those resources wisely. All of our operations, activities, and initiatives are driven by our mission -- protecting public safety through the secure and safe confinement of inmates, as well as returning productive and crime-free ex-offenders to their communities. The post-release success of offenders is as important to public safety as inmates' secure incarceration.

We face a number of challenges that affect our ability to fulfill this mission. Most of these challenges relate to the growth and changing composition of the Federal inmate population -- two factors over which we have no control. Adding to our reentry challenges is the fact that virtually all Federal inmates will be released back into our communities at some point. Most will need some type of job training, work experience, education, counseling, and other life skills and self-improvement programs while incarcerated -- such as drug abuse treatment, anger management, and parenting -- if they are to successfully reenter society.

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Currently, there approximately 192,000 inmates in BOP custody. Most of these inmates (53.6%) are serving sentences for drug trafficking offenses. The remainder of the population consists of inmates convicted of weapons offenses (14.3%), immigration law violations (10.4%), violent offenses (8.9%), fraud (4.1%), property crimes (3.8%), sex offenses (2.2%), and other miscellaneous offenses (2.7%). The average sentence length for inmates in BOP custody is 9.6 years. Approximately seven percent of inmates in the BOP are women, and approximately 27 percent are not U.S. citizens.

The Cost of Safe and Secure Facilities

Approximately 85 percent of the BOP inmate population is confined in Bureau-operated institutions, while 15 percent is housed in facilities under contract with the BOP, primarily private sector prisons. The BOP operates 113 institutions at four security levels -- minimum, low, medium, and high -- and one maximum-security prison for the less than 1 percent of the inmates who require that level of security. This graduated security scheme allows us to assign an inmate to an institution in accordance with his or her individual security needs. These needs are determined by our validated, objective inmate classification system, which yields an inmate security classification of minimum, low, medium, and high. Inmates also are designated to particular facilities that meet program needs or other requirements (such as health care); and we operate a number of detention centers that confine pre-trial and pre-sentenced offenders.

Classifying inmates appropriately and designating them to institutions of the appropriate security level is critical to the Bureau's ability to operate in a cost efficient manner. It is least costly to confine inmates in minimum security facilities, and it becomes more expensive as the security level of the institution increases. Specialized facilities, such as medical referral centers and detention

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centers, cost even more to operate. Costs are driven primarily by the number and type of staff needed to ensure the safe and secure operation of the institutions at the different security levels and to provide the appropriate programs and any specialized care needed by inmates. Examples of some specific programs and services that we provide are residential drug abuse treatment, specialized medical care, and programs for females who have suffered trauma in their lives.

For all security levels, the BOP's average daily cost per inmate is $64.19. We also contract for bedspace to house low-security criminal aliens. The average daily cost for these facilities is $61.57. The BOP's average daily cost for our low-security facilities is $52.58. At privately-operative facilities under contract with the BOP, the average daily cost is $60.65.

The overall cost per inmate includes the cost of providing housing, food, clothing, programs, and medical care for inmates; as well as the cost of staff salaries and benefits, staff training, telecommunications, utilities, purchases of goods and services, and policy and oversight provided by administrative offices across the country. Approximately 70 percent of the BOP's total operational budget (the Salaries and Expenses portion) is devoted to funding staff salaries and benefits. In FY 2005, the BOP's enacted budget for Salaries and Expenses was almost $4.6 billion; for FY 2006, it was $4.8 billion; and our FY 2007 request is for $4.9 billion.

We receive separate Buildings and Facilities appropriations which cover the costs associated with the maintenance, repair, and expansion of existing institutions and the new institution construction program. Amounts appropriated for this program are as follows: $205 million was enacted in FY 2005, $99.9 million in FY 2006, and the FY 2007 request is $117.1 million.

Like many Federal agencies at this time, we are under fiscal constraints and have been making adjustments to our operations to allow us to continue to operate safe and secure prisons at

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substantially reduced costs. We have undertaken a number of specific cost containment initiatives over the past few years.

Our general approach toward cost reduction has included reviewing programs, services, and operations and discontinuing those that are determined to be unnecessary or not cost effective; consolidating and centralizing services; and eliminating management and non-management positions. We have been able to achieve considerable savings through the elimination of 2,405 positions based on these cost reduction initiatives. We have not and will not, however, make changes to institution staffing or operations if it will compromise the safety and security of our facilities. We undertook these cost reduction initiatives to be able to continue to expand capacity -- through new construction and smart utilization of available state, local, and private bedspace -- to meet the increasing inmate population, to reduce crowding, and to staff positions that have direct contact with inmates. We are currently completing construction on several facilities and contracting out, as appropriate, for low security and community-based facilities.[1]

Some of our restructuring and reorganization initiatives are already completed or are well underway. These include:

[1] A recent report by Abt Associates (completed pursuant to a grant from the National Institute of Justice (NIJ)) regarding the private prison demonstration project of the Taft Correctional Institution concluded that the private sector operated the Taft Correctional Institution in an acceptable manner at much lower cost as compared to what it would have cost the Federal government to operate the institution. The BOP disagrees with both of these conclusions. The overall costs were computed using inappropriate overhead costs (Abt assumed 12%, while the actual costs ranged from 3.48% to 5.22%), and the review of performance substantially de-emphasized serious operational difficulties. The Bureau of Prisons' evaluation of Taft, including a detailed report prepared by an independent economist under contract with BOP, found that the private sector operated Taft at nearly the same cost as BOP would have operated it (a difference of 2.6%), but at a much reduced level of performance. Based on a more expansive review of performance (including all serious inmate misconduct rather that a few select measures as was done in the NIJ report), the BOP found that the private sector's operation of Taft was deficient in certain aspects, and generally at the low end of the acceptable spectrum in the context of all Federal low-security prisons.

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- Closing four outmoded and costly stand-alone, minimum- security Federal prison camps.
- Centralizing and automating human resource management and financial management functions.
- Consolidating and centralizing our inmate designation and sentence computation functions.
- Eliminating management positions in the Central Office and our regional offices.
- Consolidating management positions at co-located or proximate institutions.
- Reducing management layers to increase the efficiency of decision making and the effectiveness of managing staff and inmates.
- Implementing a medical classification system and adjusting health services staffing to match the classification of the facility.
- Implementing a correctional services roster management initiative to better manage staff resources at the institution level and to help reduce overtime expenditures.
- Discontinuing the Intensive Confinement Center programs at three locations.

Despite these efforts, we are faced with continuing challenges because our costs are driven iprimarily by factors that are outside of our control. These factors include: the increasing inmate population, the escalating cost of utilities and fuel, and the cost of particular services, most notably health care.

We recognize and take very seriously our responsibility for ensuring that taxpayers' dollars entrusted to us are spent wisely and accounted for properly. For seven consecutive years, the BOP has received a "clean" opinion on its Audited Financial Statements and we are committed to

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continuing this record in the future. We believe it is extremely important to account for every dollar spent.

The Federal Inmate Population

As I just mentioned, our funding needs are driven primarily by the increasing inmate population. The most significant increases in the inmate population have occurred in the last two decades. However, evidence suggests that population growth has actually slowed over the last three years, although we saw an increase of over 7,000 inmates per year during the last two years.

In 1930 (the year the Bureau was created), we operated 14 institutions for just over 13,000 inmates. By 1940, the Bureau had grown to 24 institutions and 24,360 inmates. The number of inmates did not change significantly for 40 years. In 1980, the total population was 24,252 inmates.

From 1980 to 1989, the inmate population more than doubled, from just over 24,000 to almost 58,000. This resulted from law enforcement efforts along with legislative reform of the Federal criminal justice system and the creation of a number of mandatory minimum penalties. During the 1990s, the population more than doubled again, reaching approximately 136,000 at the end of 1999 as we felt the effect of efforts to combat illegal drugs, firearms violations, and illegal immigration. In addition, shortly after the National Capital Revitalization and Self-Government Improvement Act of 1997 became law, we began transferring sentenced felons from the District of Columbia into our custody, as well as accepting custodial responsibility of newly-sentenced D.C. felon inmates.

Our current population of more than 192,000 inmates is expected to increase to over 221,000 by the end of FY 2011.

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Crowding

The size of the BOP inmate population exceeds the rated capacity of our prisons. Currently, we are at 36 percent above rated capacity, systemwide. Over the past several years, we have been able to increase the number of beds and take a variety of steps to mitigate the effects of crowing in our facilities. For instance, we have improved the architectural design of our newer facilities and have taken advantage of improved technologies in security measures such as perimeter security systems, surveillance cameras, drug detection systems, and body alarms. These technologies support BOP employees' ability to provide inmates the supervision they need in order to maintain security and safety in our institutions.

We have also enhanced population management and inmate supervision strategies in areas such as classification and designation, intelligence gathering, gang management, use of preemptive lockdowns, controlled movement, and staff training. We are using these measures to their greatest extent, and they have been very helpful.

The Importance of Prison Architecture

The architecture of our prisons greatly impacts our ability to control costs. We have 35 institutions that are 50 years old or older. These institutions present significant modernization and repair costs that we have to attend to year after year and are a part of our annual budget request. These facilities are less amenable to some of the technological and architectural improvements afforded through the design of our newer institutions.

Beginning in the early 1970s with the construction of the Federal Correctional Institution in Morgantown, West Virginia, we changed our basic prison architectural design to support the principle of direct supervision of inmates -- a principle that the BOP and other correctional agencies have held

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since that time. Our contemporary prison design affords greater efficiency in staffing because it allows staff to oversee increased numbers of inmates and results in a more efficient inmate-to-staff ratio.

This is especially important in relation to our emphasis on inmate programs and our "correctional worker first" philosophy. Regardless of the specific discipline in which a staff member works, all employees are "correctional workers first." This means that everyone is responsible for the security of the institution. All staff are expected to be vigilant and attentive to inmate accountability and security issues, to supervise the inmates working in their area or participating in their program, to respond to emergencies, and to maintain a proficiency in custodial and security matters, as well as in their particular job specialty.

All employees in our institutions are law enforcement officers. This means both custody and non-custody staff are responsible for inmate supervision and institution security. As a result, we do not require the level of custody staff in program areas. In some State correctional systems where custody staff are distinguished from non-custody staff, classrooms, work areas, and recreation areas must have a correctional officer as well as the teacher, work supervisor, or recreation specialist. Using the "correctional worker first" concept has allowed us to operate with a custody staff-to-inmate ratio (1 to 10.1) that is more than double the average (1 to 4.7) of the five largest State correctional systems. This reduced custody staffing allows us to maintain a substantial number of staff who provide inmate programs, giving offenders the opportunity to gain critical skills and training necessary for a successful return to society. And the programs work.

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Recidivism

The Bureau of Justice Statistics has reported that between 1983 and 1994, the recidivism rate for inmates released from State prisons increased from 62 percent to 67 percent. Over approximately the same time period, the recidivism rate for inmates released from Federal correctional facilities declined by 10 percent (from 44% to 40%). We are confident that this success is due in part to the effectiveness of our inmate programs.

Inmates should be held responsible for the behavior that led to their incarceration and for participating in self-improvement programs that will provide them with the skills they need to be productive, law-abiding citizens upon release. We provide many self-improvement programs, including work in prison industries and other institution jobs, vocational training, education, substance abuse treatment, religious observance, parenting, anger management, counseling, and other programs that impart essential life skills. We also provide other structured activities designed to teach inmates productive ways to use their time.

Preparation for reentry begins in the first days of an inmate's incarceration. The vast majority of our inmate programs and services are geared toward helping inmates prepare for their eventual release. The money spent on these programs (staff salaries) is money well spent. Our own rigorous research has found that inmates who participate in Federal Prison Industries are 24 percent less likely to recidivate and 14 percent more likely to be employed after release; inmates who participate in vocational or occupational training are 33 percent less likely to recidivate; inmates who participate in education programs are 16 percent less likely to recidivate; and inmates who complete the residential drug abuse treatment program are 16 percent less likely to recidivate and 15 percent less likely to relapse to drug use within three years after release.

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A 2001 study by the Washington State Institute for Public Policy helps put these statistics into a cost-benefit context. That study was an evaluation of the costs and benefits of a variety of correctional, skills-building programs. The study examined program costs; the benefit of reducing recidivism by lowering costs for arrest, conviction, incarceration, and supervision; and the benefit by avoiding crime victimization.

The study was based only on valid evaluations of crime prevention programs, including the BOP's assessment of our industrial work and vocational training programs (the Post Release Employment Project study) and our evaluation of the Residential Drug Abuse Treatment program (the TRIAD study). The analysis includes the benefit-to-cost ratio for the programs that were evaluated. The "benefit" is the dollar value of criminal justice system and victim costs avoided by reducing recidivism and the "cost" is the funds required to operate the correctional program. Regarding programs that we have found to have a positive effect on recidivism, the benefit-to-cost ratio of residential drug abuse treatment is as much as $2.69 for each dollar invested in the program; for adult basic education, the benefit is as much as $5.65; for correctional industries, the benefit is as much as $6.23; and for vocational training, the benefit is as much as $7.13.

Inmate Work Programs

Prison work programs teach inmates occupational skills and instill in offenders sound and lasting work habits and work ethics. All sentenced inmates in Federal correctional institutions are required to work (with the exception of those who for security, educational, or medical reasons are unable to do so). Most inmates are assigned to an institution job such as food service worker, orderly, plumber, painter, warehouse worker, or groundskeeper. Approximately 18 percent of the Bureau's

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eligible sentenced inmates work in Federal Prison Industries (FPI) factories -- one of the Bureau's most important correctional programs.

The goal of the FPI program is to provide inmates with job skills training and work experience, thereby reducing recidivism and avoiding undesirable idleness during these inmates' confinement. The FPI program creates the opportunity for inmates to gain specific work skills and a general work ethic -- both of which can lead to viable, sustained employment upon release -- through the day-to-day experience of working in one of a number of FPI factories.

Education, Vocational, and Occupational Training

The Bureau offers a variety of programs for inmates to achieve a level of literacy and to acquire marketable skills to help them obtain employment after release. All institutions offer literacy classes, English as a Second Language, adult continuing education, parenting classes, recreation activities, wellness education, and library services.

With a few exceptions, inmates who do not have a high school diploma or a General Educational Development (GED) certificate must participate in the literacy program for a minimum of 240 hours or until they obtain the GED. The English as a Second Language program enables inmates with limited proficiency in English to improve their English language skills. The Bureau also facilitates vocational training and occupationally-oriented higher education programs. A limited number of traditional college courses are also available to inmates. Inmates are required to pay for college courses.

Occupational and vocational training programs are based on the needs of the specific institution's inmate population, general labor market conditions, and institution labor force needs.

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On-the-job training is afforded to inmates through formal apprenticeship programs, institution job assignments, and work in the FPI program.

Recreation and wellness activities encourage healthy life styles and habits. Institution libraries carry a variety of fiction and nonfiction books, magazines, newspapers, and reference materials. Inmates also have access to legal materials and legal services at their institution to allow them to conduct necessary legal research.

Substance Abuse Treatment

Inmates must participate in a drug abuse education course if:

(1) there is evidence in their presentence investigation report that alcohol or drug use contributed to the commission of their offense;

(2) they violated supervised release, parole, conditions of placement in a residential reentry center, or conditions of home confinement as a result of alcohol or drug use; or

(3) the sentencing judge recommended that they participate in a drug abuse treatment program during incarceration.

Participants in the drug abuse education course learn the connection between drugs and crime; are taught to distinguish drug use, abuse, and addiction; and acquire the information they need to help them avoid criminal thinking errors. Inmates who need further treatment are encouraged to participate in non-residential or residential drug abuse treatment, as appropriate.

Non-residential drug abuse treatment is available in every Bureau institution. Specific populations targeted for non-residential treatment services include:

- inmates with a relatively minor or low-level substance abuse impairment;

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- inmates with a more serious drug use disorder whose sentence does not allow sufficient time to complete the residential drug abuse treatment program;
- inmates with longer sentences who are in need of treatment and are awaiting placement in the residential drug abuse treatment program;
- inmates identified with a drug use history who did not participate in residential drug abuse treatment and are preparing for community transition; and
- inmates who completed the unit-based component of the residential drug abuse treatment program and are required to continue treatment until placement in a residential reentry center, where they will receive transitional drug abuse treatment.

The residential drug abuse treatment program is available in 57 Bureau institutions, offering treatment to approximately 18,000 inmates each year. The residential drug abuse treatment program provides intensive treatment five to six hours a day, five days per week, to inmates diagnosed with a drug use disorder. The programs are managed by a doctoral-level psychologist who supervises the treatment staff. Inmates are housed together in a unit that is reserved for drug abuse treatment. Treatment is provided for a minimum of 500 hours over nine months.

Treatment targets major criminal/drug-using risk factors, especially anti-social/pro-criminal attitudes, values, beliefs, and behaviors. The BOP targets these anti-social/pro-criminal behaviors by reducing anti-social peer associations; promoting positive family relationships; increasing self-control, self-management, and problem solving skills; ending drug use; and replacing behaviors such as lying, stealing, and aggression with pro-social alternatives.

We estimate that approximately 34 percent of BOP inmates have a drug use disorder and require residential drug abuse treatment. Although 53.4 percent of all BOP inmates are incarcerated

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for drug trafficking offenses, these offenders are no more likely than any other type of inmate to require residential drug abuse treatment.

We provide residential drug abuse treatment to all inmates with a need who volunteer. The treatment, however, is provided toward the end of the sentence -- approximately 36 months before release. Accordingly, at any given time, there are a substantial number of inmates who are identified as having a need and yet are not enrolled in a residential drug abuse treatment program.[2]

Drug abuse treatment includes community transition treatment, which is provided as a treatment service to all inmates in a residential reentry center and is a required component of the residential drug abuse treatment program. As part of community transition treatment and to help ensure a seamless transition from the institution to the community, the Bureau provides a treatment summary to the residential reentry center where the inmate will reside, to the community-based treatment provider who will treat the inmate, and to the U.S. Probation Office before the inmate's arrival at the residential reentry center. Participants in community transition drug abuse treatment typically continue treatment during their period of supervised release after they leave Bureau custody.

Specific Pro-Social Values Programs

Based on the proven success of the residential substance abuse treatment program, we have implemented a number of other programs to address a variety of needs among certain segments of the inmate population (including younger offenders and high-security inmates). These programs use the same approach as the residential drug abuse treatment program. They focus on inmates' emotional and behavioral responses to difficult situations and emphasize life skills and the development of pro-

[2] Inmates who complete the residential drug abuse treatment program are 16 percent less likely to recidivate and 15 percent less likely to relapse to drug use within three years after release.

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social values, respect for self and others, responsibility for personal actions, and tolerance. Many of these programs have already been found to significantly reduce inmates' involvement in institution misconduct. The positive relationship between institution conduct and post-release success makes us hopeful about the ability of these programs to reduce recidivism.

Religious Programs

Bureau institutions accommodate religious services and programs for inmates of the approximately 30 faiths represented within the population. Religious programs are led or supervised by staff chaplains, contract spiritual leaders, and community volunteers. Chaplains oversee worship services and self-improvement programs, such as the study of sacred writings, spiritual development, and religious workshops. Bureau chaplains also provide pastoral care, spiritual guidance, and counseling to inmates. Upon request and approval, inmates may receive visits and spiritual counseling from community representatives.

Life Connections

The Life Connections Program is a residential multi-faith-based program that provides an opportunity for inmates to deepen their spiritual lives and integrate their faiths with other dimensions of their lives in order to assist them with their personal growth and their reintegration into the community. The program strives to contribute to an inmate's personal transformation; to bring reconciliation to the inmate, his or her victims, and the community; and to reduce recidivism.

Life Connections programs are currently underway at FCI Petersburg, USP Leavenworth, FCI Milan, USP Terre Haute, and FMC Carswell. Our Office of Research and Evaluation has just completed the first stage of an analysis of the program and found a reduction in serious institution misconduct among program participants. The Office of Research will next assess the effect of the

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program on recidivism, once a sufficient number of graduates have been released for at least three years.

Inmate Skills Development Initiative

The Inmate Skills Development initiative is a comprehensive reentry strategy that the BOP has undertaken over the past few years. The Inmate Skills Development Branch coordinates efforts at implementing inmate skills development strategies within the BOP and with external agencies, especially the development of collaborative partnerships to assist with the community transition phase.

The three principles of the Inmate Skills Development strategy are: (1) inmate participation in programs must be linked to the development of relevant inmate reentry skills; (2) the focus is on acquiring or improving a skill identified through a comprehensive assessment, rather than simply completing a program; and (3) resources are allocated to target inmates with a high risk for reentry failure.

Health Promotion

The Bureau provides medically necessary health care to inmates in accordance with proven standards of care. We employ licensed and credentialed health care providers in our ambulatory care units, supported with contract services provided by community consultants and specialists. We operate several medical referral centers providing advanced care to inmates with chronic or acute medical conditions.

Over the past couple of years, we have implemented a medical classification system to identify inmate health care needs (medical, mental health, and forensic) and then assign inmates to facilities with appropriate health care capabilities, to include community health care resources. We

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stratified facilities and have realigned health services staff to maximize the use of our medical resources.

We emphasize health promotion in many aspects of our inmate health care programs, including counseling during examinations, education about the effect of medications, infectious disease prevention and education, and chronic care clinics for conditions such as cardiovascular disease, diabetes, and hypertension. We promote environmental health through our emphasis on a smoke-free, clean-air environment and the maintenance of safe conditions in inmate living and work areas. In addition, our food service program emphasizes heart-healthy diets and nutrition education, and inmates receive dietary counseling in conjunction with their medical treatment. Our recreation programs provide exercise opportunities to maintain cardiovascular and musculoskeletal health.

Mental Health Treatment and Counseling

The Bureau provides a full range of mental health treatment services through staff psychologists and psychiatrists, enhanced by contract services from community mental health professionals. Psychologists are available for professional counseling and treatment on an individual or group basis. In addition, staff in an inmate's living unit are available for informal counseling. We also provide a range of evaluative mental health and forensic services to the courts.

Maintaining Family Ties Through Visiting, Telephones, and Correspondence

We know how important it is for inmates to maintain contact with their family and friends while in prison -- research has shown that maintaining ties with family contributes to an offender's avoidance of crime following reentry. Visiting, telephone privileges, and

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correspondence are three activities that help inmates maintain family and community ties while incarcerated. Inmates may have contact visits with their family, friends, attorney, and other special visitors except in our administrative maximum security prison, where all visiting is non-contact. Inmates also maintain contact with the community through telephone calls. Over 90 percent of the calls are paid for by inmates; the other approximately 10 percent are made on a collect call basis. Except for pre-arranged calls to an attorney, all calls are recorded and are subject to monitoring by staff. Inmates also maintain outside contacts by writing and receiving letters. Staff inspect general mail for contraband and randomly read incoming mail for general security purposes. Staff do not read appropriately-identified special mail (from attorneys, Members of Congress, embassies and consulates, the courts, the Department of Justice, other Federal law enforcement officers, governors, and State attorneys general), but it is inspected for contraband in the presence of the inmate.

We are currently piloting an inmate messaging system called TRULINCS, which allows offenders to communicate with family and friends through use of electronic messaging via a secure work station. We believe this system, when fully implemented, will greatly reduce the amount of incoming and outgoing mail through the U.S. postal system. Each inmate is permitted to register up to 30 electronic addresses. All incoming and outgoing messages are screened for key words and assessed by investigative staff. If appropriate, the message is uploaded by staff and transmitted via the Web environment to the intended recipient. The system currently allows each message to be indexed for indefinite retention. This process affords our offender population a fast, "real world" communication outlet, while providing the agency with enhanced content monitoring controls. To date, the system infrastructure modifications are in place at 11

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BOP facilities. Although still in the pilot stage, wardens and investigative staff report the system has greatly enhanced intelligence gathering efforts. We anticipate this pilot program will continue to be successful, and we will implement Bureauwide at all of our facilities in the next several months.

Specific Release Preparation Efforts

In addition to the wide array of inmate programs described above, the BOP provides a Release Preparation Program in which inmates become involved toward the end of their sentence. The program includes classes in resume writing, job seeking, and job retention skills. The program also includes presentations by officials from community-based organizations that help ex-inmates find employment and training opportunities after release from prison.

Release preparation includes other inmate transition services provided at our institutions, such as mock job fairs where inmates learn job interview techniques and community recruiters learn of the skills available among inmates. Qualified inmates may apply for jobs with companies that have job openings. Our facilities also help inmates prepare release portfolios, including a resume, education and training certificates, diplomas, education transcripts, and other significant documents needed for a successful job interview.

We have established employment resource centers in more than 60 institutions. Employment resource centers assist inmates with creating release folders to use in job searches; soliciting job leads from companies that have participated in mock job fairs; identifying other potential job openings; and identifying points of contact for information on employment references, job training, and educational programs.

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We use residential reentry centers (also known as community corrections centers or halfway houses) to place inmates in the community prior to their release from custody in order to help them adjust to life in the community and find suitable post-release employment. These centers provide a structured, supervised environment and support in job placement, counseling, and other services. They allow inmates to gradually rebuild their ties to the community, and they allow correctional staff to supervise offenders' activities during this important readjustment phase. Some inmates are placed in home confinement for a brief period at the end of their prison terms -- they serve this portion of their sentences at home under strict schedules, curfew requirements, telephonic monitoring, and sometimes electronic monitoring. Research has shown that inmates who go through residential reentry centers are less likely to recidivate.

We recently enhanced our use of residential reentry centers by piloting a transitional skills program in five facilities across the United States. The nine-week transitional skills program includes counseling in areas such as dealing with authority figures, managing peer pressure, developing realistic expectations, developing a support network, and time management. All future residential reentry center contracts will be required to provide the transitional skills program.

Closing

The Bureau strives to be a good steward of taxpayers' money and to be cost conscious in our planning and decision making. As I noted above, there are some major factors that are out of our control and that affect the number and type of inmates coming into our system. Although considerable resources are needed to operate the Federal prison system because of the large

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inmate population, the funding devoted to this effort ensures the safety of staff, inmates, and the general public and helps reduce recidivism.

Chairman Specter, this concludes my formal statement. I would be pleased to answer any questions you or other Members of the Committee may have.

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TESTIMONY OF MARY LOU LEARY
Executive Director, National Center for Victims of Crime

Before the
Committee on the Judiciary
United States Senate

"The Cost of Crime: Understanding the Financial and Human Impact of Criminal Activity"

September 19, 2006

Good morning, Chairman Specter, Ranking Minority Member Leahy, and members of the Committee. My name is Mary Lou Leary, and I am executive director of the National Center for Victims of Crime. The National Center is a nonprofit, resource and advocacy organization that, for the past twenty years, has championed rights, protections, and services for victims of crime. We provide direct support for victims through our National Crime Victim Helpline (1-800-FYI-CALL) where we help victims cope with the impact of crime, learn about their legal rights and options, make safety plans, access victim compensation, and connect with local services in their own communities.

I want to thank the committee for holding this hearing to examine the cost of crime. This committee has the responsibility for considering legislation aimed at reducing crime, punishing offenders, and assisting victims. We are grateful that the committee is taking the time to examine the impact crime has on the millions of lives it touches. Through our testimony, we hope to help you look beyond the numbers.

We know crime results in significant out-of-pocket losses to victims—the Bureau of Justice Statistics estimates over $1.14 billion in annual losses to victims of violent crime, and another $15 billion to victims of property crime.[1] The Federal Trade Commission estimates that losses from identity theft alone total $5 billion a year.[2]

Medical costs, funeral costs, lost wages, and other tangible out-of-pocket costs impose a significant burden on victims. Those of us who work with crime victims know the intangible costs of crime can be even greater. We witness how victimization often leads to increased substance abuse, higher rates of depression and posttraumatic stress disorder, increased risk of suicide, homelessness, higher rates of unemployment and

[1] Bureau of Justice Statistics, "Criminal Victimization in the United States, 2004: Statistical Tables," (Washington, DC: Bureau of Justice Statistics, 2006), Table 81, http://www.ojp.usdoj.gov/bjs/pub/pdf/cvus04.pdf (accessed August 23, 2006).
[2] Synovate, "Federal Trade Commission—Identity Theft Survey Report," (September 2003), 6-7, http://www.consumer.gov/idtheft/pdf/synovate_report.pdf (accessed September 15, 2006).

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underemployment, and negative long-term health consequences.[3] The impact can be physical, emotional, financial, and social. Crime affects more than just the immediate victim. It reaches family, friends, schoolmates, co-workers, and communities.

Victims of violent crime are particularly at risk of developing posttraumatic stress disorder (PTSD). Nearly 50 percent of rape victims, 37 percent of stalking victims, 32 percent of physical assault victims, 15 percent of shooting or stabbing victims, and 7 percent of witnesses to violence will develop PTSD.[4] PTSD has a profound effect on a victim's quality of life and ability to function. A person with PTSD may experience disturbing flashbacks or other episodes of reliving the event. They often become adept at avoiding anything—people, places, or things—that could remind them of the traumatic experience. They may become emotionally paralyzed—often through substance abuse—in order to avoid painful, overwhelming feelings. They may also show symptoms of psychological and physiological arousal, such as being very jumpy, easily startled, or irritable. They may find themselves constantly on guard and may have difficulty concentrating or sleeping. Without treatment, many people continue to suffer symptoms of PTSD up to 10 years after the traumatic event.[5]

Moreover, we are just beginning to understand the cost of crime to our nation's youth. *Our Vulnerable Teenagers*, a landmark report released in 2002 by the National Center for Victims of Crime and the National Council on Crime and Delinquency, documented the far-reaching impact of victimization at this crucial point in human development: victimized youth (ages 12 to 19) report more truancy, more negative contact with teachers, and increased conflict with other students, all of which can disrupt educational

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[3] A study by Kaiser Permanente found a strong relationship between childhood abuse and household dysfunction and self-reports of cigarette smoking, obesity, physical inactivity, alcoholism, drug abuse, depression, suicide attempts, sexual promiscuity, and sexually transmitted diseases. It further found that persons who reported higher numbers of such adverse childhood experiences were much more likely to have multiple health risk behaviors. Similarly, the more adverse childhood experiences reported, the more likely the person was to have heart disease, cancer, stroke, diabetes, skeletal fractures, liver disease, and poor self-rated health as an adult. V.J. Felitti et al., "The Relationship of Adult Health Status to Childhood Abuse and Household Dysfunction." *American Journal of Preventive Medicine* 14 (1998): 245-258.

[4] Sidran Foundation, "Post-traumatic Stress Disorder Fact Sheet," http://www.sidran.org/ptsdfacts.html (accessed August 31, 2005). Some estimates put the risk of PTSD for rape victims even higher. See Population Information Program, "Population Reports: Ending Violence Against Women," (Baltimore, Maryland: The Johns Hopkins University School of Public Health, December 1999) which places the risk of a woman developing PTSD after rape between 50 percent and 95 percent. PTSD in stalking victims is addressed in M. Path and P.E. Mullen, "The Impact of Stalkers on their Victims," *British Journal of Psychiatry* 170 (1997):12-17.

[5] Sidran Foundation, "Post-traumatic Stress Disorder."

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performance and impede later career prospects.[6] The link between teen victimization and substance abuse, teen pregnancy, and eating disorders has also been well-established.[7]

One of the most alarming impacts of crime on teens is the strong relationship between being a victim of crime and committing criminal offenses. Being a victim of crime has been identified as the strongest predictor of violent offending among our nation's youth.[8]

On an individual level, victims and those who serve them can tell you more about the true cost of crime, and it goes far beyond dollars. At the National Center, we hear these stories every day from victims who call our National Crime Victim Helpline.

Impact of Homicide

When we think of the impact of crime, the first image that often comes to mind are survivors of homicide victims. While no one can fully understand what a homicide survivor goes through, all of us in this room can empathize with what it must feel like to learn of the violent death of a loved one. We can appreciate that the family suffers shock and unbearable grief. But there are other dramatic effects that many of us may not have considered.

Time and again, we hear of marriages broken up in the aftermath of murder, especially after parents lose a child to homicide. Husbands and wives may withdraw from each other and may deal with the tragedy in very unique, and sometimes conflicting, ways. One parent may appear to recover fairly quickly while the other can't stop crying months later. One may be focused on the criminal justice system response and being present at every court proceeding; the other may feel that no matter what happens in the courts, it

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[6] Madeline Wordes and Michell Nunez, *Our Vulnerable Teenagers: Their Victimization, Its Consequences, and Directions for Prevention and Intervention.* (Washington, DC: National Council on Crime and Delinquency and National Center for Victims of Crime 2002), 13.

[7] Jay Silverman et al., "Dating Violence Against Adolescent Girls and Associated Substance Use, Unhealthy Weight Control, Sexual Risk Behavior, Pregnancy, and Suicidality," *Journal of the American Medical Association*, 286, no. 5 (2001):572-79. Female students in the 9th through 12th grades who have been physically and/or sexually abused by a dating partner were found to be at increased risk for substance abuse, unhealthy weight control, risky sexual behavior, pregnancy, and suicide.

Cathy Schoen, et al., "The Commonwealth Fund Survey of the Health of Adolescent Girls," (New York, NY: The Commonwealth Fund, 1997). Female adolescent abuse survivors have also been found to be more likely to develop eating disorders. In this study, 18 percent of abuse survivors reported binging and purging, compared to only 6 percent of non-abused adolescent girls. The study also found that abused girls were more likely to use illegal drugs—30 percent compared to 13 percent of teenage girls who were never sexually abused.

Kenneth S. Kendler et al., *Archives of General Psychiatry.* (Richmond, VA: Medical College of Virginia Commonwealth University, 2000). This study found that girls who were raped were about three times more likely to suffer from psychiatric disorders and over four times more likely to suffer from drug and alcohol abuse in adulthood.

[8] See Wordes and Nunez, *Our Vulnerable Teenagers*, 14-15; Victoria Banyard, et al., "Interpersonal Violence in Adolescence Ecological Correlates of Self-Reported Perpetration," *Journal of Interpersonal Violence* 21, No. 10 (2006) 1314-32.

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doesn't matter because it will not bring the loved one back. In some cases, blame and guilt may drive a wedge between parents of a murdered child.

Survivors of homicide may also struggle with maintaining their careers. Many survivors are simply not ready to return to their "normal" routine soon after the tragedy and need more than the typical two weeks of bereavement leave. Many survivors aren't even offered two weeks, and find they can't return to work in time to save their job.

In communities where there has been a homicide on the street, we hear from the survivors who daily walk past the bloodstained sidewalk where their loved one was killed. Few of us think about the fact that it can take days or weeks for blood to be cleaned up—if ever. Instead, that crime scene exacts a daily, emotional toll on the family members and friends left behind, the children and neighbors who see those bloodstains every day.

Impact of Other Violent Crime

The impact of violent crime is far-reaching. We can picture the immediate hospitalization and treatment of an assault victim or battered spouse who has been beaten, burned, or slashed. But after discharge, what about the scars? We hear heartbreaking cases of permanent disfigurement, with victims unable to obtain the expensive reconstructive or cosmetic surgery that would give them the confidence to go out in public, to resume employment, or to date again.

But not all violent crime leaves a visible impact. One caller to our Helpline had been the victim of an attempted armed robbery when she was en route to make a deposit for her boss. The robbery was thwarted, and she sustained no physical injuries, but she was severely traumatized. She had believed she was about to die. She called us, saying that because of the robbery attempt, she hadn't left her apartment in over a year. She was severely depressed and had gained 100 pounds. She was calling because she was afraid her husband was going to divorce her and didn't know where else to turn.

Another recent caller had been held up at gunpoint at her retail job at a jewelry store. The recognized "cost" of that crime was the cost of the merchandise taken. But to that victim, the "cost" is with her everyday. She has been terrified to go back to work at the same business, but knows that she wouldn't be able to make the same salary if she started over at another store. So she continues in that job, traumatized every time she goes to work.

We heard from a rape victim who, in her efforts to avoid thinking about the rape has for several years gotten drunk before having sex with her husband. As a result, she has developed a substance abuse problem.

We heard from a victim of child sexual abuse, now in her late 20s, who Googled her name, bringing up court documents that detailed the sexual abuse and named her as the victim. She felt traumatized and exposed all over again.

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Even the steps victims can take to promote their future safety often have unintended negative consequences. Women fleeing domestic violence or stalking may have to leave their job, their community, and their circle of friends to relocate to a safe place. To keep from being traced by a determined perpetrator, a woman might change her name and her Social Security number. Then she finds she no longer has any work or credit history. With a "clean slate" Social Security number, she's unable to get a job or even a volunteer position. She may have trouble registering her children at school. She often can't even get a library card.

Impact of Financial Crime

While the public may more easily understand the devastating impact of violent crime, they may think of fraud or theft as "just" a financial crime, resulting in only minor inconveniences. But the impact on the lives of victims of financial crime can also be great. For example, we've heard from many elderly victims of fraud, or their concerned family members, about the severe physical and emotional toll of losing one's entire savings late in life, of suddenly facing an old age in poverty. We also hear about the emotional impact following the discovery of a fraud perpetrated by a caregiver or someone presumed to be a friend. The victim may no longer trust himself or herself to make decisions, and may fear or mistrust every person who comes into his or her life.

Media reports often discuss the cost of identity theft in terms of time lost from work as the victim attempts to clean up her credit record—not fully capturing the aggravation and frustration that a victim endures. One of our Helpline calls brought this into sharp focus: a man had his identity stolen, and the thief used it to claim $12,000 in unemployment benefits over three years. The victim had in fact worked steadily throughout that time. Suddenly the state unemployment commission office demanded he repay the $12,000, and he's now battling the IRS about his alleged failure to pay taxes on those benefits.

We also hear from identity theft victims whose daily lives are limited by their fear of using credit cards and avoidance of the Internet to shop and pay bills. And I'm sure you've heard about people turned down for a car loan or mortgage because of identity theft, but what about the person turned down for a new job? A lot of people don't realize that many employers routinely perform a credit check on prospective employees. The unknowing victim of identity theft may have no idea of the real reason he's been turned down for employment. He has no opportunity to explain.

Another rising "cost" of identity theft occurs when people commit crimes using someone else's identity. Suddenly that identity theft victim has an arrest warrant, or even a criminal record, under his or her name.

Car theft is a classic example of a "minor" crime with far-reaching impact. So often, that car is the victim's most valuable asset. It enables the victim to get to work, and to get his or her children to and from day care. Even when the car is recovered, impound fees accrue so quickly that the victim may be unable to come up with the several hundred

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dollars needed to reclaim the vehicle. With no transportation, the victim may lose his or her job; public transportation may not be a viable option.

We heard of one vehicle theft with even greater consequences. In that case, an elderly Arizona man's RV was stolen while he was in the hospital. Although the vehicle was recovered in Colorado, he had no way to retrieve it, let alone pay the impound fees. In that case, the RV was also his home. He was unable to be discharged from the hospital because he had nowhere to live.

Conclusion

It is important, when we talk about the "cost of crime" to use dollar figures simply as a starting point. The real cost of crime includes the cost to individual quality of life and to society-at-large from the substance abuse, depression and PTSD, homelessness, loss of employment, poor school performance, and other consequences that drain our social system and keep people from leading secure and productive lives.

I thank you for the opportunity to help bring some light to this "hidden" cost. We at the National Center for Victims of Crime would welcome an opportunity to work with Congress to improve our nation's response to victims and reduce the cost of crime.

Testimony
United States Senate Committee on the Judiciary
The Costs of Crime
September 19, 2006

Professor Jens Ludwig
Georgetown Public Policy Institute, Georgetown University

Chairman Specter, Ranking Member Leahy, and Members of the Committee:

Thank you for inviting me to testify today. My name is Jens Ludwig. I am a Professor of Public Policy at Georgetown University, as well as a Faculty Research Fellow of the National Bureau of Economic Research. It is an honor to appear before this committee to discuss what is known about the costs of crime to American society.

My testimony is divided into two sections: a summary of the conclusions, and supporting analysis.

Summary of major conclusions

- The costs of crime to America are plausibly on the order of $2 trillion per year. By way of comparison, total Gross Domestic Product (GDP) in the United States in 2004 was equal to $11.7 trillion. Put differently, the "crime tax" on Americans – that is, the reduction in quality of life due to crime – is the equivalent of around 17% of GDP.

- Included in the overall cost of crime is around $200 billion in government expenditures on the criminal justice system and another $167 billion in costly private measures to protect people and businesses against crime. Non-pecuniary costs also figure prominently in the burden of crime to American society.

- While "street crime," particularly violent crimes, is disproportionately concentrated among our nation's poorest residents, the costs of crime are much more evenly distributed than victimization statistics would suggest. Available research indicates that crime imposes large costs on middle-class families through increased taxes, private measures to reduce the risk of victimization, and the fear and anxiety associated with the risk of victimization to one's self and loved ones.

- Given the enormous toll that crime imposes on American society, even costly new initiatives to reduce crime can generate benefits to American taxpayers and citizens that justify the increased government expenditures.

- Particularly cost-effective may be crime-control interventions that focus on those people who are at the highest risk for criminal activity, such as ex-offenders who are re-entering society from prison.

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Supporting text

The annual costs of crime to American society each year are probably on the order of $2 trillion. These costs include the costs of victimization from both "street" and "white collar" crimes, the costs of administering the criminal justice system and costly private activities, including out-of-pocket expenditures, designed to reduce individual risks of victimization. The specific components of this estimate are as follows; details about the methods through which I derive these estimates, based primarily on updating previous work by the leading economists who work in this area, David A. Anderson (1999) and Mark A. Cohen (2005), are included in a Technical Appendix:

$694 billion	Victimization costs
$192 billion	Government expenditures on criminal justice
$167 billion	Private expenditures on crime prevention
$253 billion	Lost value of criminals' time
$730 billion	White collar crime
$2.04 billion	Total

These costs are enormous by any standard. By way of comparison, the entire federal defense budget in 2005 was $465.9 billion. The total budget for the federal government as a whole in 2005 was $2.48 trillion. Total Gross Domestic Product (GDP) in 2004 for the United States was equal to $11.7 trillion. It is important to note that my estimate for the cost of crime includes non-pecuniary costs that do not show up on a government budget ledger or in the official GDP calculations, which should be kept in mind when comparing my estimate to these other figures. But the non-pecuniary costs of crime are just as real as federal spending or GDP figures, even if they are "off budget," because they reduce the quality of life to Americans in a real way. The implication of my estimate is that crime reduces the quality of life in America – a "crime tax" – by the equivalent of around 17% of GDP.

This estimate of $2 trillion for the total costs of crime is enormous but, reassuringly, quite consistent with other estimates for costs of specific types of crime. For example Duke University professor Philip Cook and I estimate that the social costs of just those violent crimes where the victim is shot and injured with a firearm is nearly $100 billion in current dollars (Cook and Ludwig, 2000; Ludwig and Cook, 2001). Crimes that result in the shooting of a victim represent a minuscule share of the overall volume of crime in America – albeit an unusually costly share of the crime problem – so that my own estimate with Cook for the costs of crime-related gun violence fits comfortably next to the overall estimate of $2 trillion for the total costs of all crime.

Note that my estimate for the costs that crime imposes on American society may be conservative in that it excludes some potentially important ways in which private decisions are affected by the risk of crime victimization. One of the important ways that crime distorts the way Americans live their lives if by affecting where they live. Specifically, previous research has demonstrated that crime contributes to the flight of

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city residents to the suburbs (Cullen and Levitt, 1999), which in turn depresses urban property values and increases traffic congestion, commute times, fatalities associated with motor vehicle accidents, and overall gasoline consumption. While it is difficult to obtain a national estimate for the additional costs associated with crime's effects on suburban flight, there are reasons to believe they may be substantial. For example economist Amy Schwartz and her colleagues estimate that fully one-third of the increase in property values in New York City over the course of the 1990s may be due to the dramatic fall in crime observed in that city during the decade (Schwartz et al., 2003).

The costs of crime, particularly violent street crimes, are disproportionately borne by our nation's most disadvantaged residents. For example data from the National Crime Victimization Survey (NCVS) for 2004-5 imply that the rate of violent crime victimization for people in households with annual incomes above $75,000 – an income category that includes I believe every member of the U.S. House of Representatives and Senate as well as the majority of my colleagues on the Georgetown University faculty – is about 17 per 1,000 people. By comparison the violent crime victimization rate for people in households with incomes below $7,500 per year is around 38 per 1,000, more than twice as high as the violent crime victimization risk faced by the more affluent Americans.

Yet even middle-class American families experience substantial reductions in their quality of life as a result of the "crime tax." My own study of the costs of gun crime with Duke professor Philip Cook shows that even middle class families are willing to pay on average several hundred dollars per year to reduce the rate of gun crime in their communities by around a third. One reason that the costs of crime to society are more evenly distributed than victimization statistics would suggest is that because no one is immune from the risk of crime victimization, we all live with the anxiety and fear that is associated with worrying about injury or an otherwise traumatic victimization to ourselves or, perhaps more importantly, our spouses, parents and children. As suggested above, some of us seek to reduce this anxiety through measures like living in the suburbs rather than the city, thereby incurring other costs such as increased commute times, fuel costs and increased risk of injury from driving longer distances to work.

The large and widely-shared burden of crime in America implies that even costly new measures to reduce crime may generate benefits to society as a whole and to the government budget bottom line that outweigh any new expenditures. For instance, one of the most famous early childhood education interventions in the U.S., known as Perry Preschool, was provided to a sample of very low-income children in Ypsilanti, Michigan in the 1960s. The experiences of program participants have now been followed up through their 40th birthdays. Data from Perry Preschool suggests that the costs from crime reductions alone outweigh the nearly $18,000 per child costs of this compensatory early childhood education program. The overall ratio of benefits to costs in this program is estimated to be around 7 to 1 (Belfield et al., 2006).

As another example, a growing body of research in economics and criminology suggests that increased expenditures on law enforcement personnel, such as through the

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federal government's COPS program, can reduce crime and generate benefits to society that exceed the cost of expanding the police budget (Levitt, 2002; Donohue, 2004). The ratio of benefits to costs from increased police expenditures may be further enhanced by targeting the additional police resources towards the highest-crime neighborhoods, or towards the highest-cost parts of the crime problem such as gang violence or gun violence (Braga et al., 2001; Sherman, 2002; Cohen and Ludwig, 2003; Ludwig, 2005; Cook and Ludwig, 2006).

Finally, it is worth noting that the cost-effectiveness of crime-reduction efforts in some cases can be enhanced by targeting interventions on the highest-risk populations. One of the most widely cited and replicated findings in the field of criminology comes from following the lifetime arrest experiences of a given birth cohort of people. Studies of this sort regularly find that around 6% of each birth cohort winds up accounting for between 50-60% of all crime committed by people in that cohort (see for example Tracy, Wolfgang and Figlio, 1990). The implication is that criminal justice or social program interventions that are capable of reducing crime may be especially efficient if directed at the most criminally active subset (i.e. 6%) of each birth cohort. Prisoner re-entry programs such as those considered recently by this committee may represent one way of targeting government attention on those at greatest risk for additional criminal activity.

Technical Appendix

Victim costs: Vanderbilt economist Mark Cohen and his colleagues estimate that the social costs imposed by just five serious types of crime – murder, burglary, armed robbery, serious assaults, and rape / sexual assaults – is more than $500 billion (Cohen et al., 2004; Cohen, 2005). This figure is derived by adjusting Cohen's estimates for the costs per crime for inflation (from 2000 dollars to 2006 dollars), then multiplying these costs per crime by FBI figures for the number of homicides in 2004 and estimates from the National Crime Victimization Survey for the number of victimizations of each type of crime in 2005. Using an older methodology but applied to a wider variety of crimes, Cohen's (2005, p. 45) calculations suggest these five serious crimes account for around 72% of the total costs of all crime victimizations. My estimate for the total costs of crime victimization is thus equal to ($500 billion / .72) = $694 billion.

Because Cohen's new crime figures are derived from contingent valuation questions that ask survey respondents about their willingness to pay (WTP) to reduce crime in their communities, in principle there could be some double-counting with direct government or private expenditures at crime prevention described below. The degree of overlap across categories will depend in part on how preventive measures change in response to changes in the level of crime, something about which relatively little is currently known.

Government expenditures: The Sourcebook of Criminal Justice Statistics (2003) reports that total spending on the criminal justice system by all levels of government in 2001 was equal to $167 billion. While I do not know how comprehensive criminal

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justice expenditures have changed since then, if real expenditures stayed constant than adjusting for inflation alone increases this figure to $192 billion.

Private protective measures: Anderson (1999) estimates that private individuals and businesses spend another $51.5 billion in 2000 dollars to protect against crime victimization risks (guns, guard dogs, security guards, surveillance cameras, etc.), and that the value of the time that people spend on securing their assets against crime – locking doors, participating in neighborhood watch programs, etc. – is worth another $90.3 billion in 2000 dollars. Adjusting for inflation suggests that total private protective measures may be on the order of $167.3 billion.

Opportunity costs of criminals' time: In a world without crime, criminals would spend some of the time they currently devote to planning and executing criminal activities to pro-social activities that are productive for society as a whole. Anderson (1999) estimates the lost value from the opportunity cost of criminal activity is on the order of $164 billion, in 1997 dollars. In addition Anderson (1999) estimates the lost productivity associated with time that incarcerated criminal spend behind bars to be equal to around $35.1 billion in 1997 dollars. Adjusting for inflation suggests that the total value of criminals' time devoted to crime or behind bars is around $252.9 billion.

White collar crime: Cohen (2005) cites a 2002 survey conducted by the Association of Certified Fraud Examiners suggesting that the average business loses around 6 percent of revenue to fraud and employee theft. If this estimate is extrapolated to all firms in the U.S. the survey findings would imply losses of white collar crime to businesses alone on the order of $600 billion in 2002 dollars, or the equivalent of around $680 billion in current dollars. Cohen (2005) also cites a study by Titus, Heinzelmann and Boyle (1995) suggesting that the cost of fraud to consumers may be on the order of $45 billion in 2002 dollars, or about $50 billion in current dollars. Both of these estimates are subject to some inherent measurement uncertainties, although it is encouraging that our implied figure for the costs of white collar crime – around $730 billion per year – is generally consistent with Anderson's (1999) tabulation of $750 in fraud costs derived using a more conservative estimate for the costs of fraud and employee theft to businesses but accounting for other types of fraud like unpaid taxes, health insurance fraud, financial institution fraud and mail fraud. Moreover these estimates might be conservative in the sense that this calculation omits the costs of consumer fraud where the victim never realizes he or she has been defrauded, and ignores many of the potentially substantial private costs undertaken by individuals and firms to protect themselves against white collar crime. Finally, it is useful to note that economists sometimes will exclude the value of property losses from crime because they are simply transfers from law-abiding citizens to criminals, rather than absolute losses from a larger society perspective. But this approach gives criminals full standing in a societal benefit-cost calculation, an assumption that for present purposes I do not make.

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Statement of

Jeffrey Sedgwick
Director
Bureau of Justice Statistics

Before the

Committee on the Judiciary
United States Senate

Concerning

The Cost of Crime: Understanding the Financial
And Human Impact of Criminal Activity

September 19, 2006

Mr. Chairman, Senator Leahy, and Members of the Committee, I am Jeffrey Sedgwick, Director of the Bureau of Justice Statistics (BJS). BJS is the official statistical agency of the U.S. Department of Justice (DOJ), and a component of the Office of Justice Programs (OJP). Our primary mission is to collect, analyze, publish, and disseminate information on crime, criminal offenders, victims of crime, and the operation of justice systems at all levels of government. I am pleased to be here this morning to discuss the financial impact of crime on victims and the criminal justice system.

I would like to divide my comments into three parts: an overview of the National Crime Victimization Survey (NCVS) – one of the Nation's two leading measures of crime; the costs of crime to victims estimated by this source; and the cost of crime in terms of the level of criminal justice system expenditures.

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What we know of the financial impact of crime on victims is largely based on the NCVS that was initiated in 1972 (as the National Crime Survey). Its purposes were to measure the "dark figure of unreported crime," obtain information on characteristics of crime victims and crime events, and provide estimates of year to year change. The NCVS Sample is a nationally representative, stratified, multistage sample drawn from the Decennial Census. It is a household (address)-based survey and one of the largest ongoing government surveys. The sample is interviewed every 6 months and contains 76,050 people and 42,000 households.

The NCVS measures crimes both reported and not reported to police. It is considered an "omnibus" crime survey that measures crimes of violence and theft for household members age 12 and older, provides national estimates with each household interviewed seven times at 6 month intervals (3 years). The survey has a 92 percent response rate (households). The crimes measured by NCVS include rape, sexual assault, robbery, aggravated assault, simple assault, pocket picking/purse snatching, burglary, motor vehicle theft, and theft. The NCVS does not measure homicide.

In estimating the financial cost of crime to victims, the NCVS largely relies on four measures:

- Injury: *What was the total amount of your medical expenses resulting from this incident (INCLUDING anything paid by insurance)?*
- Theft: *What was the value of the property that was taken?*
- Damage: *How much would it cost to repair or replace the damaged items(s)?*

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- Lost work: *About how much pay did you or other family members lose?*

Using these categories, we can derive estimates of the financial cost of crime to victims over time by looking at NCVS data from the past decade.

In 1994, for example, there were 10.86 million violent crimes that resulted in a gross loss to victims of $2.26 billion and 31.01 million property crimes that resulted in a gross loss to victims of $22.59 billion (or a combined total of $24.85 billion in 2004 dollars).

By 2000, the number of violent crimes had fallen to 6.32 million with a resulting gross loss of $1.67 billion while the number of property crimes had fallen to 19.30 million resulting in a gross loss of $12.96 billion (or a combined total of $14.63 billion in 2004 dollars).

In 2004, the number of violent crimes was 5.18 million with a resulting gross loss of $1.14 billion, while property crimes totaled 18.65 million with a resulting gross loss of $14.71 billion (or a combined total of $15.85 billion).

It is important to remember that these NCVS data accurately track trends but yield significant underestimates of costs. For example, intangible, or non-monetary, costs include fear, pain, suffering, and lost quality of life. These are not currently estimated by the NCVS.

Even on tangible costs that involve monetary payments (such as medical costs, stolen or damaged property, wage losses, etc.) NCVS cost estimates are limited. Costs

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unreported by victims (e.g., "don't know amount") are assumed to equal $0. Medical costs are limited to short-term costs (an average of 3 months due to the 6-month reference period for reporting victimizations in the survey). Other tangible costs not measured in NCVS include mental health care costs and the costs of economic/white collar crimes (such as fraud, theft of services, antitrust violations).

In the second half of 2004, the NCVS included a special supplement designed to estimate the incidence and prevalence of identity theft, a form of victimization not routinely estimated in the NCVS. Findings from that supplement indicated the estimated loss as a result of identity theft in the 6 months from July to December 2004 was about $3.2 billion.

Equally important are the tangible and intangible costs of crime to non-victims including costs of security devices or services for the home, fear, behavior changes to avoid anticipated victimization, and so on. None of these costs are estimated by the NCVS.

In addition of the costs of crime to victims, there is the expenditure of the criminal justice system including policing, prosecution and adjudication, and correction. Based on the most recent figures (2003), the United States spent an estimated $185 billion for police protection ($83.1 billion), corrections ($60.9 billion) and judicial and legal activities ($41.6 billion). Expenditures for operating the Nation's justice system increased from almost $69 billion (in 2003 dollars) in 1982 to $185.5 billion in 2003. Of

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this total amount, local governments funded nearly half, with State governments funding another third.

One way to put these figures in context is to consider the per capita expenditure on administration of justice; that figure for 2003 was $638 for every person in the United States population. This $638 purchased police protection, prosecution and adjudication of criminal offenders, and incarceration of all those found guilty.

Another way to place the figure in context is by comparing it to spending for other government programs. Since state and local governments account for more than four fifths of all criminal justice expenditures, it is useful to examine their spending on criminal justice compared to all other state and local expenditures. There we find that total justice expenditures accounted for approximately 7.2 percent of all state and local expenditures in 2003.

Mr. Chairman, one historical trend from these two components of the cost of crime is evident. The number of victimizations has been declining as justice system expenditures have been increasing. Establishing any causal linkage between these two trends goes beyond both the charge of the Bureau of Justice Statistics and what inferences the data will bear. But the inverse correlation between the two trends points to the question: what level of expenditure on the justice system reduces the total burden of crime on American society?

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Thank you for the opportunity to speak with you today. I would be pleased to answer any questions you may have.

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