



# Casino Gambling and Crime in Chicago

The impact of the proposed casino complex  
on Chicago, Cook County, and selected state  
and federal criminal justice agencies

November 1992

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## PROJECT ADVISORY COMMITTEE

Throughout the course of this project, the advisory committee members provided reaction and advice to project staff on a variety of issues, including methodology, data collection, data analysis, and findings. At the conclusion of the project, members emphasized that report findings be characterized as preliminary and partial estimates of any total future criminal justice costs related to casino gambling in Chicago.

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## PART I: EXECUTIVE SUMMARY

The entertainment and casino complex proposed to be developed in Chicago would likely attract millions of new visitors annually, and is projected to generate thousands of new jobs and millions in tax revenues and other fiscal benefits for the local economy. However, along with the many benefits the casino complex would provide, there would also be costs. Although there is general agreement that crime would increase along with the projected growth in tourism engendered by the casino complex, no other analysis has comprehensively assessed the impact of serious crime increases on criminal justice system workloads and resource needs. This study explores the impact of the proposed casino complex on criminal justice system costs.

This analysis offers a preliminary glimpse of the potential crime impact of the proposed casino complex and the associated criminal justice system costs. As a first approximation, it is conservative, focusing only on Cook County index crime and cost impacts. Using findings and assumptions derived from the best available research on the crime impacts of both tourism and casino gambling, and utilizing Chicago casino complex visitor projections developed by Deloitte & Touche and Arthur Andersen & Co., five future scenarios positing a range of potential increases in the number of index crimes in Cook County were developed. The cost implications of each of these scenarios were calculated using current budget and criminal justice processing data from Chicago, Cook County, and state justice agencies whose workloads would be affected. Two of the scenarios are considered more likely to occur, because they are based on research that separately estimates the impacts of tourism and casino gambling. These scenarios suggest that opening the proposed entertainment and casino complex would:

- ▶ increase the annual number of Cook County index crimes by from 2.4 percent to 5.8 percent, and
- ▶ generate additional justice system expenditures of from \$42 million to \$100 million annually (in 1992 dollars), just to respond to these index crime increases.

Many types of likely crime-related costs are not included in this cost analysis. The cost of regulating the casinos and ancillary services and industries to minimize penetration of organized crime, though not included in this study's cost estimates, has been projected by Deloitte & Touche to range from \$31.6 million to \$53.2 million per year, in 1992 dollars. Although 47 percent of all crimes in Cook County are non-index, costs associated with

probable increases in such non-index crimes as DUI, fraud, extortion, embezzlement, prostitution and drug offenses are not part of this estimate. Costs to victims of crimes, both index and non-index, are likely to be significant, but could not be quantified for this analysis. The overall cost impact on the justice system of any increases in organized crime activity resulting from casino operations cannot be quantified, but prosecution of such cases typically is quite costly for the federal agencies involved. Finally, cost estimates presented herein do not include any capital expenditures which might be necessary to expand justice system facilities to accommodate increased case flows and inmate populations.

Most components of the local and state justice system that serve the citizens of Chicago are already severely strained. With jail and prison crowding growing ever more severe and increases in workloads outpacing budget expansion for most agencies, it is vital that the potential criminal justice system impacts of the casino complex be considered. This study is intended as a policy-making tool, providing one sounding of likely resource needs for the justice system should the casino complex be established. Although cost assessment is the principal focus of this effort, cost assignment is the logical next step. Policy-makers must take action to ensure that the local and state criminal justice system has resources adequate to respond to any crime increases that may occur in connection with the casino and entertainment complex.

The Illinois Criminal Justice Information Authority's mission is to provide public policy-makers with the necessary information to make informed and effective decisions that affect criminal justice in Illinois. The Authority strives to maintain an objective, system-wide, research based perspective on criminal justice issues. This study was conducted by staff of the Illinois Criminal Justice Information Authority, in collaboration with an independent criminal justice planning consultant, and with the support of the Illinois State Police. The Project Advisory Committee provided methodological and strategic advice throughout the project. Key actors in federal, state and local justice and other government and private agencies offered opinions and perspectives which assisted project staff in framing issues and identifying information needs. This study is the first step in what should become an ongoing process of crime impact and criminal justice cost projection in conjunction with casino planning efforts.

*Summary of Casino Impact on Criminal Justice: Annual Crime and Cost Estimates*

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<b>Increase in Cook County Index Crime*</b>	<b>1,416 +0.3%</b>	<b>4,323 +1.0%</b>	<b>10,604 +2.4%</b>	<b>25,490 +5.8%</b>	<b>38,240 +8.6%</b>
Law Enforcement Costs	\$1,522,200	\$4,647,225	\$11,399,300	\$27,401,750	\$41,108,000
Pretrial Detention Costs	839,845	2,564,018	6,289,347	15,118,396	22,680,559
Court Costs	361,703	1,104,267	2,708,686	6,511,166	9,768,026
Probation Costs	137,107	418,584	1,026,755	2,468,124	3,702,670
Correctional Costs	2,682,182	8,188,612	20,086,061	48,283,072	72,434,079
<b>Total Projected Costs</b>	<b>\$5,543,037</b>	<b>\$16,922,706</b>	<b>\$41,510,149</b>	<b>\$99,782,508</b>	<b>\$149,693,334</b>
Assumptions	<ul style="list-style-type: none"> <li>‡ Low visitor estimate</li> <li>‡ Current index crime rate</li> </ul>	<ul style="list-style-type: none"> <li>‡ High visitor estimate</li> <li>‡ Current index crime rate</li> </ul>	<ul style="list-style-type: none"> <li>‡ Low visitor estimate</li> <li>‡ Crime impact based on visitor spending</li> <li>‡ Specific crime impact related to casino</li> </ul>	<ul style="list-style-type: none"> <li>‡ High visitor estimate</li> <li>‡ Crime impact based on visitor spending</li> <li>‡ Specific crime impact related to casino</li> </ul>	<ul style="list-style-type: none"> <li>‡ Stabilized crime rate increase of 8.64%</li> </ul>
Likelihood	‡ <b>Less likely</b>	‡ <b>Less likely</b>	‡ <b>More likely</b>	‡ <b>More likely</b>	‡ <b>Less likely</b>

\* "Index" crimes include eight commonly defined and reported offenses (murder, criminal sexual assault, robbery, aggravated assault, burglary, larceny/theft, motor vehicle theft, and arson), but not many high-volume offenses such as DUI and drug trafficking and abuse. Percent increases are based on 1991 data.

## PART II: INTRODUCTION/PROJECT BACKGROUND

Legalized gambling is not new to Illinois or the Chicago area. The state permits, and receives substantial income from a variety of legalized betting programs and facilities. The Chicago area alone boasts several racetracks, and riverboat gambling is only a short drive away in Joliet. When the Illinois Lottery and all of its official retail ticket purchase outlets are taken into consideration, legalized gambling is present in every county in the state.

One form of legalized wagering that is *not* present in Illinois is *land-based casino gambling*. While not present in Illinois, casino gambling has become a major public policy issue for the state, as well as for many other areas of the nation. Some jurisdictions have turned to casino gambling as a means to revitalize an economically depressed area (for example, Atlantic City, New Jersey). After much debate about the costs and benefits of land-based casino gambling, legislators in Louisiana have decided to open a casino in New Orleans. However, the promise of increased tax revenue was not enough to convince officials in New York and Florida to move in this direction. Legislative approval was not granted, with officials citing reasons such as increased street crime, corruption of public officials, possible infiltration by organized crime, and the negative impact to the state's image.<sup>1</sup>

One of the fastest-growing gaming industries is within the Native American community. Tribes in Minnesota, Wisconsin, South Dakota, Connecticut, and California are currently operating casinos. Under federal (Bureau of Indian Affairs) guidelines, and with local and state approval, tribes may purchase non-reservation land on which to develop land-based casinos.

In Illinois, the St. Croix Lake Superior Chippewa tribe is currently negotiating with officials of the City of Rolling Meadows to open a casino in that city.<sup>2</sup> Many tribes view casino gambling as an opportunity to increase revenue and employment. Even though these economic benefits could make the tribes less dependent on federal aid, some opponents of government sanctioned Indian casinos are concerned about "unsavory influences" such as organized crime controlling the casinos.<sup>3</sup> Intervention by outside enforcement agencies is limited because Native American reservations are sovereign nations. In Illinois as elsewhere, the benefits and drawbacks of casino gambling are receiving increased scrutiny as specific casino proposals begin to take shape.

In early 1992, a consortium of Caesars, Hilton, and Circus-Circus put forth a detailed proposal to construct a land-based casino gambling/resort complex in the City of Chicago. That proposal, calling for a 100-acre casino, hotel, and entertainment complex, raised a number of philosophical, practical, and economic issues that required resolution prior to any approval or support for the project. If the project were to proceed, formal approval would be required by both the City of Chicago and the Illinois General Assembly.

Since the initial proposal was made, casino gambling in Chicago has become a topic of much discussion for members of the Illinois legislature, City of Chicago and state officials, members of the criminal justice community, the news media, religious and business groups, and representatives of the consortium proposing the complex. That discussion was fueled by a number of reports, emerging in the summer of 1992, that assessed various benefits and deficits of the proposed casino complex. The most prominent among these studies were the following:

- ▶ *Report to the Mayor* (City of Chicago Gaming Commission, 1992)
- ▶ *Impact of the Proposed Chicago International Entertainment Center on Chicago Metropolitan Area Tourism, Employment, and Tax Revenue* (Arthur Andersen & Co., 1992)
- ▶ *Report of the Economic & Other Impacts of a Proposed Gaming Entertainment and Hotel Facility* (Deloitte & Touche, 1992)
- ▶ *How Casino Gambling Affects Law Enforcement* (Illinois State Police, 1992)

As information was obtained, it became apparent to Authority staff that the impact such a complex might have on all city, county, state, and (Chicago-based) federal criminal justice agencies was *not* being adequately measured. While both City of Chicago officials and the above reports acknowledged that crime would likely rise with the presence of a land-based casino complex, the issue was not analyzed in any depth. There was an attempt to assess initial costs of the complex to the Chicago Police Department in reports by both the City of Chicago Gaming Commission and Deloitte and Touche. However, this assessment (1) was limited only to the local law enforcement area, and (2) was based estimates on rather simplistic assumptions about tourism and service expansion, rather than on the specific relationship between crime and the proposed complex.

Authority staff believed that a comprehensive cost impact to the entire justice system (law enforcement, prosecution, defense, courts, probation, and corrections) would be necessary to accurately reflect what the casino project might do to existing city, county, and state agency workloads and budgets. Staff were further concerned that many aspects of the Chicago and Cook County justice systems are already seriously strained (for example, crowding at the county jail) and could not afford *any* unanticipated increases resulting from such a project.

Research in other U.S. cities (see Appendix 2 for a full listing) seemed to raise additional issues. Reports from Atlantic City indicated that crime levels, following the development of casino gambling in that city, had risen at a much higher rate than in other urban areas in the state. A study of a proposed casino complex in New Orleans estimated substantial increases in the criminal justice workload for that city if a casino were to be built. Finally, data from cities with major non-casino tourist attractions (for example, Orlando, Florida, Sandusky, Ohio) suggested unanticipated rises in crime since the opening of major tourist attractions. These studies led Authority staff to believe that anything less than a comprehensive criminal justice system impact study would be a disservice to the citizens of Chicago, Cook County, and Illinois.

Because of these concerns, the Authority's Executive Director met with the Director of the Illinois State Police to discuss the criminal justice impact issue. While the Authority had identified casino impact on crime as a serious research issue, budgetary constraints did not permit assigning staff to such a project. The outcome of that meeting was an agreement for ISP to fund, and for the Authority to conduct, a comprehensive and objective criminal justice impact study. A proposal was developed by the Authority and forwarded to ISP on July 23, 1992, for approval and funding. Within two weeks, project funding and staffing were completed and work begun. A project timeframe of August through November, 1992 was decided upon. This timetable was chosen so that study information would be available in a timely fashion for all policy makers, and particularly in time for the fall veto session of the legislature.

The Authority's mission is to provide public policy-makers with information they need to make informed and effective decisions that affect criminal justice in Illinois. The Authority strives to maintain an objective, system-wide, research based perspective on criminal justice issues. Because of this role, the Authority's Executive Director determined at an early stage to remove the Authority from the "yes" or "no" debate raging around the casino proposal. Rather, Authority staff set out to assess the total impact that such a project would have on the criminal justice system if it came to fruition. To ensure a fair

and objective process, two steps were taken. First, an independent advisory committee, consisting of members of Illinois' academic community, was put in place for the duration of the project (a list of committee members appears on at the front of this document). Second, an independent criminal justice planning consultant (Teri K. Martin, Law & Policy Associates, Aloha, Oregon) was brought on to provide research assistance to Authority staff.

The project approach (detailed in the Methodology section of this report) was straightforward. It consisted of three components: 1) a search of relevant literature on how casinos or other major tourist attractions have affected crime and criminal justice in other major U.S. cities; 2) a series of interviews with key criminal justice officials and other government officials in Cook County and Illinois; and 3) a statistical analysis of projected changes in crime and the resultant budgetary costs those increases would have on the justice system and its component agencies. The primary focus of the impact was the City of Chicago and Cook County. However, staff also looked at the likely impact to other jurisdictions, particularly state-level criminal justice agencies (for example, the Illinois Department of Corrections) and Chicago-based federal agencies (for example, the United States Attorney's Office for the Northern District of Illinois).

This study is to be used as a policy making tool. The information provided here will help the state, county, and city accurately assess additional resource needs for the justice system in relation to the development of a casino complex. Additionally, if the casino project proceeds, information in this report may be useful if actual financial terms (presuming the project moves ahead) for the proposed casino project are negotiated with the consortium of private developers. While cost *assessment* was the principal focus of the study, cost *assignment* would then be the next logical step as government officials take action to provide the additional justice funds that will be needed.

## PART III: METHODOLOGY

### *Purpose/ Goal of Study*

The goal of this study is to identify, and quantify, the impact that a land-based casino in Chicago would have on Chicago, Cook County, and selected state and locally based federal criminal justice agencies. While a great deal of attention has been given to documenting the benefits of the proposed casino complex, insufficient attention has been paid to the impact such a complex will have on one of the most stressed government-run systems—that of criminal justice. This study attempts to anticipate and then quantify increases in serious, index crime related to the casino complex, and to determine any subsequent workload and/or cost increases to the criminal justice system.

### *Objectives*

This project focused on four critical areas of research investigation and documentation:

1. To identify and interview key local, state, and federal criminal justice directors and other government officials whose agencies are likely to be affected by the presence of a casino in Chicago, and to report on their perceptions of the casino proposal's possible effect on the criminal justice system, and their concerns about the specific impact on their respective agencies.
2. To develop an estimate of any increase in the incidence of crime in Chicago and Cook County that could be directly attributed to the presence of a land-based casino in Chicago. These estimates focus on the most serious crimes (index offenses).
3. To use these crime incidence estimates, in conjunction with already documented criminal justice system transactional costs to identify the expected costs that would be incurred by the justice system to respond to any additional workload generated as a result of the proposed casino.
4. To report on this information to the criminal justice community, other government officials, the state legislature, and the public to promote serious consideration of these issues and costs.

### *Project Time Frame/Urgency of Completion*

Authority staff set an aggressive, 90-day timetable for the entire project. Beginning in early August, staff determined that the final product would need to be available no later than the beginning of the fall veto session (November 17, 1992) of the state legislature, since discussion of the casino project had been slated for review at that time.

Based on the limited time available to staff, the goal and objectives of the project were limited to those noted previously. After considering variables such as existing datasets, number and length of interviews, complexity of estimating crime and cost increases, staff developed a phased project approach with the following phases:

- ▶ Advisory Committee Development and Input
- ▶ Literature Review
- ▶ Interviews with Key Officials
- ▶ Data Collection
- ▶ Selection of Impact Model(s)
- ▶ Estimates of Crime and Cost Impact
- ▶ Draft of Final Report
- ▶ Distribution of Final Report

### *Advisory Committee Development*

At the outset of the project, the team was aware of the highly charged political atmosphere surrounding the casino proposal. In light of this, staff felt it most important to have a body of independent advisors work with them as project work proceeded. Focusing on the need for criminal justice policy and economic expertise among the advisors, staff selected six members of Illinois academic and research community to serve on the advisory committee who are listed at the front of this report. Each of these individuals welcomed the opportunity to assist with this project. They agreed to review materials individually and to meet as a group at least three times over the course of the project to react to staff findings. Meetings of this group were held on August 28, November 5, and November 13, 1992. <sup>4</sup>

### *Database Infrastructure*

In recent years, the Authority has published an annual report on the state of Illinois' criminal justice system. *Trends and Issues* is a comprehensive report that details offense

and arrest levels, justice system agency activities, and transactional costs of those activities to local, county and state government. In order to publish this report, and conduct other relevant research, Authority researchers maintain (and regularly update) a number of databases. These databases include information on population levels, arrest and offense levels, and criminal justice budgetary information. These datasets proved invaluable as a baseline for work on the casino project.

First, the Authority's population data and crime information were combined to ascertain baseline (current) *crime rates* for Chicago and Cook County. These rates were then utilized in later stages of the project to estimate increases in *criminal incidents* based on estimates of increased casino-related populations through tourism.

Second, the Authority's Cost of Justice Database<sup>5</sup> provided baseline transactional costs, so that estimated increases in crime incidents could be "costed out" to provide estimates of the cost to each criminal justice agency of reacting to the projected increase in criminal activity. The Cost of Justice Database includes current costs of arresting, detaining, prosecuting, and incarcerating individuals within justice system agencies of Chicago, Cook County, and Illinois.

#### *Interviews with Criminal Justice and Other Government Officials*

The project team identified 20 agency directors and/or administrators who staff felt would most likely be affected by any future increases in crime related to the casino project. A detailed list of those offices, agencies, private organizations, and individuals selected for interviews are listed in Appendix 1 of this report. Interviews included representatives from these agencies:

##### Chicago

- ▶ Police Department
- ▶ Mayor's Office
- ▶ Crime Commission

##### Cook County

- ▶ Adult Probation Department
- ▶ Criminal Courts
- ▶ Judicial Advisory Council

- ▶ Juvenile Courts
- ▶ Pretrial Services
- ▶ Public Defender's Office
- ▶ Sheriff's Office
- ▶ State's Attorney's Office

#### State of Illinois

- ▶ Attorney General's Office
- ▶ Department of Corrections
- ▶ Department of Revenue-Gaming Board
- ▶ Local Governmental Law Enforcement Officers Training Board
- ▶ State Police

#### Federal Agencies (Chicago Offices)

- ▶ Federal Bureau of Investigation
- ▶ Bureau of Alcohol, Tobacco & Firearms
- ▶ U. S. Attorney's Office, Northern District of Illinois
- ▶ U. S. Internal Revenue Service

Chicago, Cook County, and Illinois agencies were selected based on the likelihood that they would need to respond to casino-related increases in criminal activity. For each agency, the director was sought as the primary interview subject. In some cases an individual other than the director was selected based on his or her expertise in the topic area. Federal agencies were selected based on their direct involvement in either regulation or investigation of gambling-related criminal activity. Federal agencies were included because their investigative/prosecutorial work would most likely be in collaboration with city, county or state agencies. These collaborative efforts would not only increase the federal agency's workload but also those of city, county, and state "partner" agencies within Illinois.

All interviews were conducted by project staff. Interviewees were given a *Casino Gambling Fact Sheet* prepared by the Authority to provide them with (1) a summary description of the casino proposal, and (2) a basic set of possible positive and negative outcomes if a casino complex were built. Staff then asked interviewees to give their own reactions to the proposal. Specific information was sought on how the interview subject thought his or her

own agency might be affected by the proposed casino.

Staff agreed in advance that no numerical estimates of changes in crime levels would be sought from the people interviewed. Such estimates would be "off the cuff" and unsubstantiated by data; thus, they were not seen as useful information. Rather, interviews focused on the interviewees' perceptions of the expected activity they might encounter related to the presence of a casino in Chicago.

### *Literature Search/Impact in Other Cities*

At the outset of the project, staff began a comprehensive literature search to gain a national perspective on the research topic. Staff relied upon a variety of available resources, including the following:

- ▶ Previously published evaluations of the Chicago casino proposal
- ▶ Previously published evaluations of casino gambling in other states
- ▶ National Criminal Justice Reference Service (NCJRS)
- ▶ Justice Research & Statistics Association (JRSA)
- ▶ Illinois Criminal Justice Information Authority research library
- ▶ State Statistical Analysis Centers (SACs)
- ▶ Various other local, state, and national sources

Information obtained from the above sources was catalogued and typically fell into one of several subcategories of information. Those subcategories were:

1. Information, data, and analyses specific to the Chicago casino proposal. For example, the Deloitte & Touche report, the Arthur Andersen report and the City of Chicago's Gaming Commission report.
2. Information, data, and analyses specific to other cities' casino gambling programs— for example, reports and/or studies from Las Vegas, Nevada, and Atlantic City, New Jersey.
3. Information, data, and analyses from cities where casino gambling proposals have been put forth, but not yet implemented— for example, studies from Kenosha, Wisconsin; Rolling Meadows, Illinois; and New Orleans, Louisiana.

4. Information, data, and analyses from cities with other (non-casino) tourist attractions with large influxes of tourists— for example, data from Orlando, Florida; Gurnee, Illinois; and Sandusky, Ohio.

5. Information, data, and analyses of a more generic nature, relating to gambling or casino gambling in some useful way— for example, "Gambling, Pathological Gambling and Crime" (*Handbook of Pathological Gambling*), and "Police Regulation of Illegal Gambling: Frustrations of Symbolic Enforcement" (*Annals of the American Academy*).

All literature was evaluated for its applicability to the study, its relevance to Chicago, and the staff review of the validity of the research.

### *Selection/Exclusion of Impact Models*

Using all available data, staff set out to develop impact models that would yield specific estimates of any crime increase in Chicago directly related to the planned casino. Based on time limitations, and the absence of any "real" Chicago casino data (since the casino is only in a proposal phase), staff determined that experiences and specific crime impact studies in other cities could appropriately serve as a models for estimating potential crime increases in Chicago.

In some cases, studies or data from other cities were excluded due to incomparability. Those cities rejected for comparative analysis included the following:

- ▶ Sandusky, Ohio (Cedar Point Amusement Park)
- ▶ Orlando, Florida (Disneyworld, Epcot Center, MGM-Universal Studios)
- ▶ Gurnee, Illinois (Great America)
- ▶ Arlington Heights, Illinois (Arlington International Racecourse)
- ▶ Cicero, Illinois (Hawthorne Race Course-Suburban Downs)
- ▶ Joliet, Illinois (Empress River Casino)

In each of the above cases, data were either unavailable or not of use for this study. For example, in the cases of Orlando, Florida, and Sandusky, Ohio, data were available and the data did in fact reflect increases in tourism and crime for both cities. However, further analysis of the data revealed that the specific impact of the tourist attractions in those cities *could not be isolated* (using currently available data or research) as a factor when analyzing crime activity.

In the cases of local gambling sites (Arlington Heights, Cicero, and Joliet) staff determined that (1) available data were lacking, and (2) there was insufficient comparability of these sites to the proposed casino. The race courses are suburban and seasonal, and the Joliet riverboat is relatively small in scale and not land-based.

After review of the literature and available data, staff identified three useful baselines, or models, from which to develop reasonable estimates of crime increases in Chicago, based on the presence of a casino:

1. Use existing tourist estimates for the Chicago casino (Deloitte & Touche, Arthur Andersen & Co.), and develop estimates of additional crime using current Cook County crime rates against those tourism estimates. Staff felt that the tourism estimates of these consultants provided a well-documented range of new population from which to develop crime estimates (all scenarios).
2. Use the University of New Orleans *Impact of Casino Gambling in New Orleans* study as a model, overlaying Chicago casino-specific tourism growth numbers in the equation. The New Orleans study provided (1) an excellent analysis of tourism impact, as well as (2) a methodology to isolate casino-specific crime impact. (Scenarios 3 and 4).
3. Use the Temple University Study of Atlantic City, New Jersey, *Do Casinos Enhance Crime?* (Simon Hakim & Andrew Buck) as a model for estimating casino-specific crime increases for Chicago. The Hakim study presented the most ambitious and rigorous research methodology for estimating crime exclusively as a result of land-based casinos (Scenario 5).

Each of these models was chosen based on the reliability of information contained in the primary research document. Chicago casino-based tourism estimates were developed by two noted, locally based consulting firms. Additionally, their figures have been generally adopted by those promoting the casino. Thus, using these numbers as baseline figures for crime estimates seemed logical. The University of New Orleans produced, in May 1990, a comprehensive estimate of the impact a land-based casino would have on that city. Notably, that study compared data from 80 cities throughout the United States to isolate a "casino-specific" factor for crime impact estimates. Finally, the Atlantic City (Hakim and Buck) report attempted to control for other (non-casino) factors in population and crime increases.

### *Isolating Casino-Specific Impact*

There are any number of variables that factor into the overall impact a land-based casino might have on the criminal justice system. The simple increase in the number of people visiting the city is a primary factor. This additional tourist population itself can account for an increase in traffic, misdemeanor, and felony offenses. That increase in tourism is based, in turn, on the sheer size of the proposed complex and how many individuals it will attract or hold on a given day.

What is not readily measurable is the "casino-specific" or "gambling-specific" impact on crime— that is, an impact in crime over and above the anticipated increase based on tourism alone. Staff were cautioned by many on the project advisory committee not to make simple comparisons between Chicago and land-based casino cities like Reno, Las Vegas, or Atlantic City. Staff agreed with this concern and were careful not to conduct any such simplistic city-to-city comparisons. Fortunately, the two selected baseline studies (University of New Orleans and Temple University/ Atlantic City) provide sufficient analysis to permit a much more sophisticated comparative analysis. Controlling for other variables (base population, current crime levels, tourism, etc.), these studies make credible attempts to isolate the "gambling factor"— to actually measure the impact of a gambling/casino complex on crime rates and levels. The methodologies in these two studies were utilized in Scenarios 3, 4, and 5 of this report.

### *Crime Impact Estimates*

All baseline crime levels and rates used in this study are for Cook County and come from existing Authority data and databases. These numbers, in turn, come from the most recent reports from the Illinois State Police (Illinois Uniform Crime Reports) and the Chicago Police Department. All statistics used were for 1990-1991. These statistics were then linked to the various formulas developed for each cost scenario. See Appendix 3 for a detailed explanation of how these figures were developed. Cook County numbers were selected (vs. Chicago) since (1) studies from other cities indicated that crime would radiate out from the site of a casino to other neighboring jurisdictions, and (2) the Authority's Cost of Justice database used to calculate cost impact is based on Cook County offense and arrest levels.

The target impact date for all estimated crime increases was 1997 (or the first full year of casino operation, if not 1997). No long-term estimates over time were done. Paralleling the approach used in the original tourism and revenue studies (Deloitte & Touche, Arthur

Andersen), this report estimates increases in crime only for the initial year of full operation.

### *Refining Crime Impact Estimates*

Crimes, in and of themselves, do not necessarily represent new activity for the entire criminal justice system. While all new offenses are investigated to some degree by law enforcement agencies, far fewer are actually "cleared" through arrest. Moving through the system, not all arrests result in prosecution, nor do all prosecutions result in convictions. Finally, not everyone convicted goes to jail or prison. In fact, the majority of convictions result in penalties of probation or other non-institutional sanctions. This "narrowing" of the justice funnel has been documented at the national and state level, and was used by staff as a premise to accurately assess crime and workload increases in various agencies throughout Illinois' justice system. Thus, any projected increase in crime ends up having a much lesser impact on agencies at the later stages of the system.

The increases in crime estimated for this study are *not for total crimes*. Only the eight index offenses <sup>6</sup> (more serious crimes like murder, robbery, criminal sexual assault, aggravated assault, burglary, theft, motor vehicle theft, and arson are included. Estimates of crime level increases in this study do not include other non-index felony or misdemeanor offenses. Estimates also do *not* include local (ordinance) violations, or most motor vehicle offenses (parking infractions, moving violations, or DUI). While these crimes will no doubt result in increased activity and costs to criminal justice agencies, staff felt that index offenses would be a more revealing measure for this initial impact study since index crimes tend to require more complex and intensive work on the part of the justice system.<sup>7</sup>

### *Justice System Cost Estimates*

The Authority maintains a comprehensive Cost of Justice Database (see "Database Infrastructure" in this section). Initiated for the 1990 edition of *Trends and Issues*, and continually updated, this database contains information on the actual (current dollar) cost to complete the various "transactions" that occur throughout the criminal justice system in Illinois. This database permits disaggregate analysis of transactional costs such as these:

- ▶ Arrest and pretrial detention costs
- ▶ Prosecutorial, defense, and court costs
- ▶ Post-adjudication, probation, and incarceration costs

With these in-house data, project staff were able to tie specific costs to the previously estimated increases in crime. Using the "narrowing" factor, costs for later stages of justice system transactions are applied only to the reduced number of individuals projected to reach those stages. For example, for every 1,000 arrests, only 248 were estimated to reach the prosecution and trial stage.<sup>8</sup>

All costs utilized in this study are *current average costs per offender* (1992 dollars) for each justice transaction. No attempt was made to inflate costs to the 1997 (casino opening) threshold. There was some consideration given to marginal costs (costs lower than the average, based on use of existing resources without new expenditures— for example, double-celling prisoners without adding space or staff). Since many criminal justice agencies are currently responding to additional workloads in just this manner, an argument can certainly be made that an accurate cost analysis should use these lower, marginal costs as the baseline. For this study, however, average costs – not marginal— were used. Staff decided to use average costs for two reasons: (1) while marginal costs appear lower than average costs, a converse argument can be made that real marginal costs may be even higher than average, when all factors (reduced enforcement services, early release from jails or prisons due to crowding, increased victimization) are taken into account, and (2) marginal costs are much harder to document while average cost numbers are well documented in the Authority's Cost of Justice Database.

As with crime impact estimates, all cost estimates are single year (1997 or first full year of casino operation). Further, cost estimates, like the crime estimates, are conservative. Due to the time constraints, Authority staff focused on most serious offenses only. Since non-index crimes were excluded from the crime estimates, no costs are included for non-index crimes. Also, other expected costs related to actual regulation of the casino (such as police officers and investigators) are not included in this study. There is still a need for more complete cost estimates that include all crimes (not just index offenses) and all regulatory costs relevant to justice agencies.

## PART IV: REVIEW OF THE LITERATURE

Research on the impact of tourism generally, and of casino gambling specifically, on crime is scanty. And some of the most methodologically sound studies are of limited use in generalizing about this phenomenon. Although the relevant research literature is limited in scope, it is still the most objective source of quantifiable indicators of how tourism and casino gambling affect crime. As noted in the methodology section of this report, staff sought available literature (news articles, journal articles, research and policy reports, feasibility studies, impact studies, etc.) in all of the following categories:

- ▶ Casino-specific studies for Chicago
- ▶ Studies from other U.S. cities with land-based casinos
- ▶ Studies from other U.S. cities considering land-based casinos
- ▶ Studies from other U.S. cities with major non-casino tourist attractions
- ▶ Studies about existing or proposed Native American-operated land-based casinos.
- ▶ Other studies on gambling/casino-related issues (city specific or general)

Several of these categories yielded studies rich with usable data, while others were not nearly as useful. The following is a summary of the relevant literature reviewed and utilized during this project.

### *Chicago Casino-Specific Studies*

The project team discovered a wealth of useful data in the several Chicago casino impact studies carried out in recent months. These studies, funded and supported by various proponents and opponents of the casino proposal, and by other criminal justice agencies included the following:

- ▶ *Impact of the proposed Chicago International Entertainment Center on Chicago Metropolitan Area Tourism, Employment and Tax Revenue*, Arthur Andersen & Co., 1992. Funded by Caesars World, Inc., Circus-Circus Entertainment, Inc. and Hilton Hotels Corp.
- ▶ *Report of the Economic and Other Impacts of a Proposed Gaming, Entertainment and Hotel Facility*, Deloitte & Touche, 1992. Funded by City of Chicago Gaming Commission.

- ▶ *Report to the Mayor, City of Chicago Gaming Commission, 1992.* Funded by the City of Chicago.
- ▶ *The Incremental Economic Impact of Casino Gambling in Chicago, Timothy P. Ryan (for Summit Consulting), 1992.* Funded by the Illinois Horse Racing and Breeding Coalition.
- ▶ *How Casino Gambling Affects Law Enforcement, Illinois State Police Intelligence Bureau, 1992.* Funded by the Illinois State Police.

Taken as a group, these studies provided a wealth of anecdotal and statistical information useful to the project team. In particular, the Arthur Andersen, and the Deloitte & Touche reports provide baseline estimates of expected tourism levels (and visitor spending data) for the proposed casino. Deferring to the expertise of the authors in estimating tourism increases, project staff decided to use these tourism and visitor spending estimates as baseline information for several of the crime impact scenarios developed in Section VI.

The City of Chicago Gaming Commission's report included preliminary estimates of law enforcement costs the City of Chicago would incur from casino regulatory and enforcement activities. That study stopped short of investigating or estimating the impact on any other components of the justice system. Similarly, the Andersen and Deloitte & Touche reports do not address the entire criminal justice system impact either. Again, however, the value of these reports is in the other issues they raise and the baseline statistics they provide to support the Authority's justice system study.

#### *Studies from Other U.S. Cities with Land-Based Casinos*

Staff sought reports from Reno and Las Vegas, Nevada, as well as Atlantic City, New Jersey, since these cities have land-based casinos. Literature about Reno and Las Vegas proved disappointing. Given the longevity of casino gambling in these cities, the topic is not one of primary interest to researchers or public policy-makers in those jurisdictions. While some limited information was obtained (*Gaming and Diversification: Forces that will Shape Nevada's Future; Labor Issues in the Gaming Industry*), little of this material proved useful for this study.

Atlantic City is the newest of the country's casino cities, having developed its boardwalk casino complex over the past 14 years. Due to the relative recentness of the casinos' arrival, more studies were available from Atlantic City, and many of those were of use to

project staff. In particular, before and after reports from the Governor's Advisory Commission on Gambling proved useful in documenting tourism growth and the unanticipated negative impact of addictive gambling. The most interesting (and relevant) report to come out of Atlantic City is the "Do Casinos Enhance Crime?" study (Scott Hakim and Andrew Buck, Temple University) which addresses many of the concerns that face Chicago. Their findings proved useful to project staff since one major effort of this study was to design a methodology to isolate the specific impact a casino has on crime.

#### *Studies from Other U.S. Cities Considering Land-Based Casinos*

Several studies have been conducted in cities that do not presently have casino gambling, but where proposals for such activities have been made. Most relevant to Chicago, the city of New Orleans has been studying a proposal for a land-based casino over the past year. The University of New Orleans' report, *The Impact of Casino Gambling in New Orleans*, sought to understand how a casino might affect all facets of city life, from impact on youth to demands for government service, including criminal justice. Project staff have identified this study as providing a plausible methodology for estimating increases in crime that are directly related to the presence of a casino.

#### *Studies/Reports from Other U.S. Cities with Major Non-Casino Tourist Attractions*

Many advisors to this study suggested that staff look closely at major non-casino tourist attractions as a means to measure tourism impact. Those advisors suggested that a casino could be viewed as "just like any other tourist attraction" and therefore could be compared to cities that have major amusement parks, etc. It was also noted that the current casino proposal for Chicago does in fact include a theme park component. Reacting to this suggestion, staff identified three such cities: Orlando, Florida (several major amusement/theme parks); Sandusky, Ohio (one major theme park); and Gurnee, Illinois (major theme park, outlet shopping mall).

Unfortunately, no reliable research publications relevant to these cities were discovered. Staff did, however, seek additional information from the local law enforcement agencies in each city. Specifically, data on population and crime were obtained for both Orlando and Sandusky, and were subsequently analyzed by project staff. Based on the inability to separate out a specific "tourist attraction" impact on crime, none of this information was used in the final impact analysis.

### *Studies About Existing or Proposed Native American Operated Land-Based Casinos*

Two cities proximate to Chicago— Rolling Meadows, Illinois; and Kenosha, Wisconsin— have received proposals for land-based casinos from Native American tribes. Federal law and Bureau of Indian Affairs guidelines permit Native American tribes to purchase land on non-tribal land and operate gambling enterprises on that land, providing local and state authorities have given them the authority to do so. While no studies were obtained from Kenosha, one report from Rolling Meadows addressed casino-related impact issues (*The Impact of a Gambling Casino on the Rolling Meadows Public Safety Resources*).

### *Other Studies on Gambling/Casino Related Issues (City-Specific or General)*

Staff reviewed studies on other gambling related issues such as regulation (*The Dilemmas of Regulating Casino Gambling*) and addictive gambling (*Prisoners, Gambling & Crime*). Even though both of these are important issues, neither topic is discussed in this report. Therefore, information contained in these studies was not used in this report.

## **PART V: PERCEPTIONS OF THE CRIMINAL JUSTICE COMMUNITY AND OTHER GOVERNMENT OFFICIALS**

### *The Need for Anecdotal Information*

For the purposes of this study, staff attempted to juxtapose "soft" data (anecdotal information from criminal justice professionals) with "hard" data (population information, crime levels and rates, budgetary data, etc.). As in most studies of this type, the general perspectives of criminal justice professionals, while not statistically proven, help staff to interpret statistical findings based on these perceptions from the field.

In estimating the impact of the proposed casino on the criminal justice system, this anecdotal information proved very useful in identifying the differences between Chicago and other cities where casino gambling takes place or is under consideration. For example, no one whom staff interviewed felt that any justice system impact could be calculated for Chicago by simply "lifting" documented crime increases from another city (for example, Atlantic City). This perspective helped staff agree on a "range of impact" approach rather than a static comparison to any other city with casino gambling.

Interviews also provided historical perspective on certain criminal justice issues pertinent to the proposed casino, which might not have been discovered, let alone discussed, if staff had focused exclusively on conducting a statistical impact analysis. Members of the justice community have specific knowledge of related impact issues (for example, costs related to the prosecution of mob influence cases) that would not necessarily have been part of an analysis of local crime trends.

### *Agencies Interviewed*

Staff interviewed a broad range of local, state, and federal criminal justice officials and other government policymakers. In all, representatives from 20 agencies within the Illinois and federal criminal justice systems met with project staff to discuss criminal justice issues related to the proposed casino. A full list of those interviewed is included as Appendix 2.

### *Interview Approach*

A broad range of topics were covered in the interviews. At the beginning of each interview, project staff presented the interview subjects with a "Casino Gambling Fact Sheet" that summarized the findings of several recent reports or evaluations on the

proposed Chicago casino. This fact sheet included a presentation of expected benefits of a casino, including increased tourism projections and anticipated governmental revenues. The fact sheet also provided preliminary estimates of justice system costs of responding to casino-related crime (for Chicago as well as other jurisdictions). Information included law enforcement cost estimates from the City of Chicago Gaming Commission report, a preliminary report by the Illinois State Police, and findings from a study by the University of New Orleans on a proposed casino there.

Interviewees were asked to provide their perspectives on the proposed Chicago casino. Specifically, they were asked to use their knowledge of previous special events and unanticipated workload increases, and apply that knowledge to the proposed casino complex. Questions by staff included the following:

- ▶ Will crime increase? Decrease? Stay the same?
- ▶ How can any change in crime levels best be measured?
- ▶ Will organized crime activities be a factor?
- ▶ Are there specific offenses that may create more problems than others?
- ▶ Will there be a "differential" workload impact (for example, more police work but a lesser increase in court workload)?
- ▶ Will official corruption be an issue?
- ▶ What might the actual impact be on your particular agency?
- ▶ What overall benefits might a casino complex yield for the city, county, and state?
- ▶ What effect would a new casino have on state regulatory activities?

Interviewees were *not* asked to quantify anticipated workload impacts (for example, "a 10-percent expected increase in crime"). Questions were limited to general assessments of the likelihood and direction of changes and opinions on issues relevant to the interviewee's agency.

### *Range of Possible Outcomes*

There was no clear consensus on what a casino complex might mean to the criminal justice community. Staff obtained opinions that ranged from (1) an overall positive impact for all concerned, to (2) a mix of good and bad outcomes, and finally (3) a significant negative impact on crime and the city itself. The following are some of the varying scenarios that emerged from the interviews:

### Positive Perspectives:

- ▶ Chicago is a sprawling, dynamic city that can hold many simultaneous events with little disruption. For example, the Bears and the Cubs or White Sox can be scheduled to play on the same day at nearly the same time. Such a coincidence causes little disruption in other ongoing city activities. In this light, a casino complex would simply be "swallowed up" as just one more (ongoing) event.
- ▶ Chicago's criminal justice system attempts to plan for, is usually prepared for, and typically adjusts or adapts quickly to any criminal activity related to special events (for example Taste of Chicago, America's Marathon: Chicago, major conventions, etc.). The system will simply react (long-term) to the casino in much the same way.
- ▶ The casino complex will bring jobs, increased tourism, and increased revenue to a cash-strapped city. That influx of funds, income and increased spending can only be good for Chicago. If the criminal justice community receives its proportional share of these increased resources, it should be able to deal with any increase in workload.

### Negative Perspectives:

- ▶ Casinos are unique tourist attractions that also attract criminals and criminal activity; thus, a whole subculture of offenders can be expected to spring up around the casino complex itself. This subculture will not only concentrate in the area but also spawn a whole new level of criminal activity.
- ▶ The criminal justice system, at state, county, and city levels, is already overloaded. Most agencies are struggling with bare-bones budgets and cannot afford any workload increases. As of November 5, 1992, the Cook County Jail was holding 10,522 inmates in a facility designed (at best) for 6,217. On November 5, 1992, state correctional facilities were holding 30,432 inmates in a system designed for 22,533. Any even slight increase in the system workload would be disastrous—and such an increase can likely be expected if a casino complex is built.

- ▶ Organized crime influence and official corruption go hand-in-hand with the presence of a casino complex. If the project proceeds, the city, county, and state can expect expanded levels of white-collar crime (such as fraud, extortion, embezzlement) and other offenses where federal sanctions apply. The subsequent (and often protracted) prosecution of these crimes will cause harm to the city's reputation and substantially increase costs to the justice system.

Overall, interviews yielded a broad range of perspectives among justice professionals. Certainly no consensus opinion emerged. These interviews served to confirm that a range of outcomes is possible, and even a combination of several of the above scenarios could emerge simultaneously. In any event, a substantial increase in workload for the justice system could certainly *not* be ruled out from the above information.

### *Differences Between Chicago and Other Cities*

Almost all those interviewed cautioned against making simplistic city-to-city comparisons when attempting to assess any crime impact in Chicago or Illinois. Chicago's uniqueness—and in fact the uniqueness of those cities that already have (or are contemplating) casino gambling—was highlighted in these discussions. Interviewees pointed out the following:

- ▶ Cities such as Reno and Las Vegas have strong gambling histories, often tied directly to their development as cities, thus rendering a direct comparison to Chicago impossible.
- ▶ Atlantic City, while yielding useful pre- and post-casino crime data for analysis, must be treated with caution. Although home to a boardwalk "complex" of casinos and hotels, Atlantic City is clearly a bifurcated city—with a literal line of demarcation between the boardwalk/casino area and the remainder of the city. No such demarcation is envisioned for Chicago.
- ▶ The impact of a proposed casino in New Orleans, with its very identifiable French Quarter and annual Mardi Gras celebration, while again useful information, cannot be superimposed onto Chicago.
- ▶ Smaller gambling facilities (racetracks, riverboats, etc.) in Illinois cities cannot be used as reasonable baselines to estimate crime impact. It is likely that these events (in smaller cities or suburban areas of Chicago) attract

different and smaller tourist populations (single-day visits/ no overnight stay).

- ▶ Native American casino enterprises (as proposed for Rolling Meadows, Illinois and Kenosha, Wisconsin) are typically smaller in scale, and sited in relatively small or rural towns. Any criminal justice impact related to these facilities would not be particularly useful to this study.
- ▶ European casino cities (for example, Monte Carlo) were also ruled out for comparison, based on the differences in regulations and format for these gambling enterprises.

Interview subjects cautioned staff strongly against using information from any *one* other city as a baseline to estimate criminal justice system impact of a casino. Rather, they suggested a composite (or spectrum) of casino impacts be presented, using information gained from the experiences of a number of other cities.

Additionally, interviewees (and advisory committee members) suggested that staff obtain crime data from cities with other *non-casino* tourist attractions as well. If casino gambling is assumed to be like any other permanent tourist attraction, then data from cities such as Orlando, Florida, and Sandusky, Ohio (large amusement park and other attractions), might yield equally useful crime and criminal justice impact information.

#### *Perceived Benefits and Drawbacks of a Casino Complex in Chicago*

People interviewed for this study raised a number of issues related to both the benefits and the drawbacks of the proposed casino. The following are some of the most prominent benefits that were anticipated by interviewees:

- ▶ Increased tourism and spending
- ▶ Increased jobs (short-term construction)
- ▶ Increased jobs (long-term casino and ancillary services and businesses)
- ▶ Increased revenue for government (state, county, municipal)
- ▶ Potential for additional jobs to reduce crime by decreasing unemployment
- ▶ Potential for criminal justice agencies to share and use increased revenue to respond to any casino-related increases in workload

With the exception of the last two points, the expected benefits identified by interviewees coincided with previously documented expectations (Deloitte & Touche report, Chicago Gaming Commission, Arthur Andersen & Co.).

Drawing on their particular criminal justice expertise, interviewees also came up with a substantial list of potential casino-related issues that could adversely affect their agencies or the City of Chicago:

- ▶ Official corruption (government employees)
- ▶ High rollers (big money) attracts criminal element
- ▶ System workload (particularly in Chicago and Cook County) is already an issue, and can only get worse with any increase
- ▶ Petty crime may increase
- ▶ Justice facilities (courtrooms, jail space, etc.) at upper limit of use now—any increased demand will have negative impacts
- ▶ Potential negative image for the city
- ▶ Increased mob influence and activity expected
- ▶ Increased addictive gambling could increase loan-sharking, other criminal activity, and social problems
- ▶ Invitation for youth to become involved in gambling activities

While interviewees were quick to agree that increased employment, tourism, revenue, and spending were good for the city, they nonetheless felt there are a number of negative issues worthy of further consideration. Focusing on these areas of concern, several *themes* emerged from the interview process. Activities, such as casino gambling, are sites where large sums of money change hands. These transactions, in turn, are very attractive to criminals. When these two (casinos and criminals) meet, selected crimes are expected to increase—including serious white-collar offenses (fraud, embezzlement) and street crimes (robbery, theft, drugs, prostitution). Another theme was that the criminal justice system *must* respond to any increase in activity—whether it is funded to do so or not. Almost all interviewees felt that the next important step, if the casino complex plan moves forward, will be the assessment of likely budgetary needs for various justice agencies, and the earmarking of funds to meet those needs.

## *Short-Term Criminal Justice Impact*

### Criminal Activity

Most interviewees felt that crime (specifically street crime and white-collar crime) would increase if a casino were built in Chicago. Even those who are on record as supporting the casino project conceded that certain types of crime would be expected to increase. The opinion of interviewees was consistent with previously projected increases in crime from other reports. For example, the Chicago Gaming Commission projected a need for additional police services.

There was also consensus on the *types* of crime that would be expected to increase. Interviewees tended to agree that street crimes such as robbery, theft, prostitution, drug offenses, assaults, and DUIs were likely to increase. These types of crimes were identified as those that would likely have the greatest impact on justice system workloads in the initial years of casino operation. Again, interviewees were not asked to make any estimate of *how much* criminal activity might increase over those first several years.

### Staffing Issues

Related to any anticipated increase in crime levels, interviewees felt that staffing needs would be the most important issue to be addressed. Agency directors pointed out that justice system agencies do not have the luxury of saying "no" to increases in activity levels or demands on staff. Even without necessary funding, staff in these types of situations are typically pulled away from a standing assignment and transferred to the new area of need. For example, the U.S. Attorney's Office pointed to several lengthy mob prosecution cases where additional attorneys (not especially funded for such work) were required to complete all prosecutorial tasks. Similarly, the Illinois State Police assigned nine officers to investigations related to the new riverboat in Joliet, even though no additional staff positions were made available to do so.

If a casino complex opens in Chicago, many interviewees were concerned that additional staff would be needed, but not available. Thus, the traditional approach of reassignment and transfer would be followed to respond to the new activities. This action, in turn, could well reduce the existing level of law enforcement or other justice system services available in the city. Many of those interviewed felt that the system's already overworked components could not reasonably be expected to respond to any additional casino-driven activities without either reducing other services or receiving an infusion of additional

resources.

## Agency Funding and Resources

Funding issues were a predominant theme among interviewees. Those who anticipated an increase in workload were concerned that additional funds to support their work would not be available in a timely fashion. Based on past experience, most felt that they could be placed in a reactive situation where workload would increase, while funding issues remained unresolved. The best-case scenario, expressed by several interviewees, was that funding requirements be identified early on and that resources be made available for all of the various agencies that may be affected (law enforcement, courts, and corrections in particular) before the opening of the casino. In this scenario, additional staff would already be trained and on board when the casino complex actually opened for business.

Many of the criminal justice officials interviewed were concerned with whether, and how, the profits from the casino complex could be expected to benefit or assist criminal justice agencies. While viewing the aggregate projected income as a benefit to state and local government, most were unclear on how (or even if) any of the expected profits would go directly to criminal justice agencies for use in meeting increased workloads. While no resolution was reached on this issue, it was recommended by many that Chicago, Cook County, and Illinois officials make criminal justice resources and funding a priority if action on the casino project proceeds.

## *Observations on Long-Term Criminal Justice Impact*

### Organized Crime

Organized crime was one of the most difficult topics to achieve consensus on. While almost all those interviewed felt that the "outfit" would no doubt be a factor to be reckoned with, the estimated *range* of impact varied dramatically. Some felt that the gambling activities would be so tightly regulated that the mob would have little ability to infiltrate casino operations directly. Others, while agreeing that the mob might have difficulty infiltrating the actual administration of the casino, felt that it could still be very active in ancillary criminal activity springing up around the complex (drugs, prostitution, illegal gambling, etc.). Organized crime is also likely to be interested in vendors and service providers for the casino. Finally, those most familiar with mob activities were strongly convinced that organized crime activity, while unseen by most, would be a factor in the casino project.

In particular, those familiar with organized crime in a larger national context felt that long-range planning on organized crime's part to infiltrate any major gambling complex in Chicago has probably already begun. Staff of the U.S. Attorney's Office (Northern District of Illinois) indicated that Chicago organized crime figures have surfaced in recent major federal criminal investigations in Atlantic City, Philadelphia, and Kansas City. Based on this "networked" activity of the mob across state lines, federal prosecutors felt it likely that organized crime activity would not be limited to local mob figures, but would more likely involve key players in several states. Importantly, it was the consensus opinion of the U.S. Attorney's Office, the Office of the Illinois Attorney General, and the Chicago Crime Commission that long-term organized crime influence (and the resultant increase in the justice system's workload to investigate and prosecute that activity) must not be underestimated.

It is interesting to note that criminal activity related to street gangs (as another layer of "organized" crime) was not a prominent topic of discussion by those interviewed. The only mention of any role these gangs might play in casino-related criminal activity came in relation to the "criminal subculture" scenario envisioned by some interviewees. In that scenario, street gangs were expected to target casino patrons (in some cases as victims of property crimes and in others as consumers of illicit goods or services), as would other members of the criminal subculture.

#### "Time Lag" Crime Trends

Many of those interviewed saw the casino's impact on crime as changing over time. They felt that while most casino patrons would gamble on a casual, intermittent basis, there would be a core of individuals who would move to a serious gambling addiction phase. Like people addicted to illegal drugs, this core of addicted gamblers might then turn to illegal means to raise funds for their addiction. Beyond street crimes such as robbery or theft, those illegal actions could range from involvement with organized crime loan sharks to long-term fraud and embezzlement. These crimes were identified as a long-term issue that must be considered as part of any analysis of the impact on criminal justice system workloads. It was noted that investigation and prosecution of such crimes (for example, a major embezzlement case) would likely be quite costly.

#### Federal Prosecution Issues

The U.S. Attorney's Office has been, and continues to be, involved in a number of complex cases involving organized crime and gambling. Staff noted that while those cases

are not necessarily prosecuted in Illinois (the most recent ones have been in other major cities), staff of the Northern District of Illinois' Office are often called upon to conduct research, testify, or help prosecute when defendants under indictment are connected to organized crime operations in Chicago.

Past experience with such indictments has shown that several federal agencies are typically called upon to assist in investigating each case. For example, in the event of a casino-related organized crime case based in Chicago, staff of the Internal Revenue Service, the Federal Bureau of Investigation, and the Bureau of Alcohol, Tobacco and Firearms could conceivably be required to conduct investigative work. Again using prior experience as a guide, federal officials cautioned that even one such case could be expensive (in terms of resources) and also divert attention from other local criminal cases.

## PART VI. ESTIMATED IMPACT OF CASINO GAMBLING ON CRIME, CRIMINAL JUSTICE WORKLOADS, AND COSTS

### *Preliminary Assumptions*

The primary goal of this study is to assess the likely costs to the local and state criminal justice system of opening a land-based casino gambling complex in Chicago. Several fundamental methodological assumptions underlie the estimates of crime impact and criminal justice system costs described in this report:

- ▶ Criminal justice cost assessments are best developed through analyses of expected changes in crime. That way, additional system costs resulting from casino operations are derived directly from estimates of likely changes in criminal justice workloads. This approach differs from that used by Deloitte & Touche, which estimated budgetary impact on the Chicago Police Department (CPD) from the additional staff and equipment which CPD officials estimated would be required for a casino complex of the general nature and size proposed.
- ▶ Changes in criminal justice workloads can best be estimated from changes in the *number* of additional reported crimes projected to result from the development of a casino complex in Chicago. Increases in the crime *rate* (number of offenses per at-risk population) do not necessarily affect the workload of criminal justice agencies, but increases in the incidence (number) of crimes during a given time period inevitably increase the workload of the justice system. Debates about whether casino gambling, or tourism in general, actually increase the crime rate if visitors are included in the base at risk population are not particularly relevant to the question of whether criminal justice system workloads, and thus operating costs, may increase.
- ▶ The impact of changes in the incidence of crime should be estimated as a *likely range* rather than as a single value, and the assumptions used to generate each estimate across the range should be carefully specified. Research on the impact of tourism generally, and of casino gambling specifically, on crime is scanty, and some of the most methodologically sound studies are of limited utility in making generalizations applicable to other jurisdictions outside the area studied.

- ▶ Although the relevant research literature is limited in scope, it is still the most objective source of quantifiable data on the impact that tourism and casino gambling have on crime. Because the resources and time available for this study were necessarily limited, the assumptions on which this study's crime impact estimates are based are derived from the best available studies of casino gambling and tourism's impact on crime in a variety of jurisdictions across the country.
  
- ▶ Both crime and criminal justice system cost impacts should be conservatively derived, producing a baseline of likely impacts to which other impacts may be added as deemed appropriate. The conservative nature of assumptions used to generate crime and cost impacts are detailed in other sections of this report.

Research findings regarding observed crime impacts of tourism and casino gambling form the basis for this study's estimates of the likely impact on crime of the proposed Chicago casino complex. These findings are summarized below, followed by descriptions of the five "scenarios" which quantify the range of potential crime impacts and specify the assumptions on which they are based.

### *Tourism and Crime*

Tourism is likely to increase the incidence of crime, primarily because of the additional number of targets for crime that it generates. Tourist victims may be especially attractive to criminals because they carry relatively large amounts of cash and easily fenced items (watches, jewelry, etc.), and because it is more difficult for visitors to actively participate in the prosecution of criminal cases.<sup>9</sup> Researchers have also documented a relationship between the proportion of transient strangers (for example, tourists) in the population and crime victimization (Fujii and Mak, 1975). In other words, as the proportion of transient strangers in the population increases, so does the level of victimization. Studies of the relationship of tourism to crime incidence suggest that the impact of tourism varies across jurisdictions. In exploring the relationship between tourism and crime, studies have used several indexes to represent "tourism" in various jurisdictions:

1. The absolute size of the average daily population of visitors, and the ratio of visitors to resident population (Fujii and Mak, 1975; Chesney-Lind, et.al., 1983; Ochrym, 1988; Northwestern University Traffic Institute (NUTI), 1992).

2. The dollar amount of spending by visitors (Ryan, et.al., 1990).

3. The proportion of total jobs (or of personal income) in an area that is contributed by the relevant tourist attraction or industry (Fujji and Mak, 1975; Ryan, et.al., 1990).

Different types of crimes have been found to be affected differently by the level of tourism present in a jurisdiction (Chesney-Lind, et.al. 1983; Forster, 1986). Researchers have documented greater increases in certain crime categories, including larceny, burglary, motor vehicle theft, and rape, that have been associated with higher tourism rates (Fujji and Mak, 1975; Walmsley, et.al., 1981; Chesney-Lind, et.al., 1983).

### *Casino Gambling and Crime*

Casino gambling may increase the incidence of crime in three primary ways:

- ▶ Casino gambling attracts organized crime, both within the casinos and in connection with ancillary operations associated with casinos. The Chicago Gaming Commission acknowledges this concern with its observation that "extremely stringent regulation is necessary to prevent organized crime from profiting from a casino complex" (*Report to the Mayor*, June 1992).<sup>10</sup> Deloitte & Touche estimates that requisite regulation of the casinos' operations could expand the annual budget of the Illinois Gaming Board by \$31.6 million to \$51.2 million in 1992 dollars (by FY 1994, the Gaming Board annual budget is anticipated to be \$10 million for riverboat casinos alone). These estimates presume that the regulatory structure for Chicago casinos would not be any more stringent than that currently in use for Illinois' riverboat casinos. Many of those interviewed for this study contended that no matter how much is spent on regulatory activities, organized crime will be involved to some extent. The cost to the criminal justice system of organized crime penetration into casinos and ancillary services and industries cannot be estimated for this report, except as it may affect the incidence of index crimes. In particular, the costs of prosecuting organized crime cases growing out of casino involvement, which can be substantial, are not included in the cost impact estimates of this study.
  
- ▶ Casino gambling attracts visitors with large amounts of cash. These visitors are potential crime victims, are possible consumers of illicit "services" associated with the casinos (for example, loan sharking, prostitution, drug sales), and may engage

in criminal behavior associated with their casino gambling activities (for example, illegal drug use, DUI, or violent behavior associated with substance abuse).

- ▶ Casino gambling may incite some, especially those who are pathological or compulsive gamblers, to obtain funds for gambling through a variety of illegal means (for example, robbery, larceny, drug sales, fraud, embezzlement). The incidence of compulsive gambling reportedly rose significantly in New Jersey after casino gambling was legalized in Atlantic City (Ryan, et.al., 1990)

Like other tourists, casino visitors clearly can and should be viewed as potential crime victims. However, many of the hypothesized connections between casino gambling and crime are more characteristic of a gambling environment than they are of other tourist attractions. Intuitively, it would seem that casino gambling is likely to have an impact on crime that differs, *both in volume and substance*, from the impact of other tourist attractions or industries.

Studies of existing casino gambling sites suggest several characteristics of the casinos may influence their unique impact on the incidence of crime:

- ▶ Proximity of casinos to major metropolitan areas (Hakim & Buck, 1989; Northwestern University Traffic Institute, 1992).
- ▶ Proximity of casinos to decaying, low-employment and low income urban neighborhoods (Hakim & Buck, 1989; NUTI, 1992).
- ▶ Scale of casino operations, as measured by: (a) casino square footage, (b) number and type of gaming positions, (c) average daily number of visitors, (d) total daily gaming revenues (WIN), (e) gaming revenues per square foot, and/or (f) average "drop" (loss) per customer (Ochrym, 1988; Ryan, et.al., 1990; NUTI, 1992).
- ▶ The ratio of overnight to day-trip casino patrons, and the corollary ratio of visitor to area-resident patrons (this may be correlated with the prevalence of compulsive gamblers and with other indices of the scale of casino operations, such as average drop per customer).
- ▶ Proportion of overnight visitors who can be accommodated at or near the casino site, and the proximity of other hotel accommodations (this affects the vulnerability of patrons to street crime victimization, and may also affect their propensity to

commit crimes such as DUI or to engage in other illicit activities which may proliferate outside casino boundaries).

- ▶ The availability of liquor to casino patrons (Chicago Gaming Commission, 1992; NUTI, 1992).
- ▶ The nature and extent of internal casino security operations (Chicago Gaming Commission, 1992; NUTI, 1992).

In addition to these casino characteristics, the nature of casino gambling's impact on crime is also likely to be affected by community characteristics thought to be generally correlated with crime. In particular, the general economic health of the community, as measured by such things as unemployment rates, assessed property values, per capita personal income, and percent of the population below the poverty line, may be related to casino gambling's impact. Additionally, the ability of the community's criminal justice system to respond appropriately to crimes, sometimes indexed by such variables as the size of the police force or per capita spending on functions such as law enforcement and corrections, may also affect the extent to which casino gambling increases the incidence of crime.

Unfortunately, research on casino gambling's impact on crime is currently richer in hypotheses than firm conclusions. However, two studies have made significant methodological progress in isolating the impact of casinos from many of the other community characteristics, even including tourism, which probably affects the number of reported crimes (Impact of Casino Gambling on Crime in the Atlantic City Region, 1970-1984., Simon Hakim, 1989 and The Impact of Casino Gambling in New Orleans., Timothy Ryan, Patricia J. Connor, and Janet F. Speyrer, 1990). These studies have been used to develop three of the five scenarios described below.

#### *Crime Impact Scenarios for the Proposed Chicago Casino Complex*

The five crime impact scenarios described here are based on assumptions derived from the best scholarly research that exists on the relationship between casino gambling and crime. The scenarios also utilize information from studies by Arthur Andersen & Co. and Deloitte & Touche about the projected scope and economic impact of the proposed casino complex. Scenarios are presented in order from the smallest to the largest projected increase in the incidence of crime. Following the scenario descriptions, is a summary table that compares the five scenarios, and discusses the strengths and

weaknesses of each approach in estimating crime impact.

All scenarios project crime impact in terms of the annual additional number of Cook County index crimes<sup>11</sup> (murder, criminal sexual assault, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson) generated by the cited assumptions. This approach generates a conservative estimate of crime impact, since research evidence suggests that casino gambling and tourism increase the incidence of at least some types of non-index crimes. Where research findings from other jurisdictions have been used, those study methodologies and findings are briefly summarized. The last three scenarios generate likely changes in the incidence of crime once casino operations have stabilized, while the first two should be interpreted as more immediate impacts of the casino complex during its first year or two of operation.

The baseline statistics used to develop the five scenarios are as follows:<sup>12</sup>

1. Cook County Population (1990): 5,105,067
2. Cook County Index Crimes (1991): 442,802
3. Cook County Index Crime Rate per 1,000 residents (1991): 86.7
4. Percentage of Total Cook County Crimes that are Index Crimes: 54%
5. Cook County Total Crimes (estimated, 1991): 820,000
6. Cook County Total Crime Rate per 1,000 residents (1991): 160.6
7. Cook County Conviction Rate (1984-1988 averaged): 72%

Estimates of annual visitor days and of visitor spending that are used in several of these scenarios are those projected for the first year of casino operations. This may underestimate the crime impact of the casinos once they have been established and stabilized.

#### *Scenario 1: Lowest Visitor Levels and Current Index Crime Rate*

This scenario assumes the following:

- ▶ Annual new visitor days in 1997 will total 5.962 million (Deloitte & Touche, 1992), which translates to an average daily visitor population (ADVP) of 16,334.
- ▶ Applying the current index crime rate to this ADVP would generate 1,416 additional index crimes in 1997, a 0.3 percent increase in the incidence of

index crime in Cook County.

This scenario thus posits the lowest estimated new visitor ratio, and presumes that only these new tourists will be victimized (with index crimes) at the same rate as the current resident population of Cook County.

*Scenario 2: Highest Visitor Levels and Current Index Crime Rate*

This scenario assumes the following:

- ▶ Annual new visitor days during the first year of casino operation will total 18.2 million (Arthur Andersen & Co., 1992), which also suggests that if existing hotel space were not a constraint, this visitor day total would climb to 30.9 million new annual visitor days. This translates to an ADVP of 49,863 (up to 84,657 with no hotel space constraints).
- ▶ Applying the current index crime rate to this (constrained) ADVP would generate 4,323 additional index crimes in 1997, approximately a 1 percent increase in index crimes in Cook County (7,339 additional crimes or a 1.7 percent increase, with no hotel constraints).

This scenario assumes the highest estimated new visitor ratio, and presumes that these visitors will experience the same index crime victimization rate as the current resident population of Cook County.

*Scenario 3: Visitor and Casino Gambling Impacts on Index Crime, Lowest Visitor Estimates*

Statistical analyses conducted by Ryan, et.al. (1990) for their national cross-sectional study of 80 cities, including those with the highest resident populations as well as those with high ratios of visitor to resident populations, form the basis for both this scenario and Scenario 4. For each of these cities (which included Reno, Las Vegas, and Atlantic City), the researchers obtained 1987 data on factors other than the presence of casino gambling which might affect crime, including visitor spending, per capita personal income, percent of the local population below poverty income level, racial composition of the population, unemployment rate, area of the city in square miles (density of the cities), and local per capita expenditures for police and corrections. Including all of these factors in a multivariate regression analysis generates separate, quantitative estimates of the impact

on crime of each of these factors. Based on such an analysis, the researchers concluded the following:

- ▶ Each million dollars of increased visitor expenditures results in .005805 total crimes per 1,000 residents.
- ▶ The presence of casino gambling "leads to an (additional) increase of 132.82 crimes per 1,000 residents" annually, or a total of 27,839 crimes in the "average" casino gambling city (composite of Reno, Las Vegas, and Atlantic City).

The researchers suggested that this casino impact estimate should be indexed to account for differences in the scale of casino operations. According to data and analyses used by Ryan, et.al., the proposed Chicago casino complex would have about 47 percent as much square footage as the 1987 average for Reno, Las Vegas, and Atlantic City, and thus would generate an annual increase of about 13,125 total crimes.

This scenario thus assumes the following:

- ▶ There will be \$222 million in net new visitor spending in 1997 (Deloitte & Touche, 1992) which would result in an annual increase of 3,516 index crimes due only to new visitors.
- ▶ Taking into consideration the size of the proposed Chicago casino complex in comparison to the average of Reno, Las Vegas, and Atlantic City, the impact of casino gambling alone would be to increase the annual number of index crimes by 7,088.
- ▶ The total increase in Cook County index crimes under these assumptions would be 10,604, or about 2.4 percent over current levels.

*Scenario 4: Visitor and Casino Gambling Impacts on Index Crime, Highest Visitor Estimates*

This scenario is also based on the Ryan, et.al., (1990) findings. It assumes the following:

- ▶ There will be \$1.162 billion in annual new visitor spending, (Arthur Andersen & Co., 1992), which would result in an annual increase of 18,402 index

crimes due only to new visitors.

- ▶ Taking into consideration the size of the proposed Chicago casino complex in comparison to the average of Reno, Las Vegas, and Atlantic City, the impact of casino gambling alone would increase the annual number of index crimes by 7,088
- ▶ The total increase in Cook County index crimes under these assumptions would be 25,490, or about 5.8 percent over current levels.

#### *Scenario 5: Casino Gambling Impacts Using Temple University/Atlantic City Research*

This scenario is based on Hakim and Buck's (1989) research using data from 64 communities in New Jersey's Atlantic, Cape May, and Ocean counties, with annual observations for six years before and six years after the legalization of casino gambling in Atlantic City. The researchers included in their multivariate analysis a number of variables, in addition to the presence of casino gambling, which might be expected to affect crime levels. The additional variables include the unemployment rate, the total assessed value of property (weighted by the state equalization ratio and corrected for inflation), the number of police (standardized by population), and the travel time to and from Atlantic City. The researchers found that the total crime rate per 1,000 residents increased 8.64 percent during the period following introduction of casino gambling, controlling for the impact of all of the other variables included in the analysis.

This scenario, therefore, assumes the following:

- ▶ Total crime rate per 1,000 residents will reach a stabilized increase of 8.64 percent following introduction of casino gambling. This will generate an annual increase of approximately 38,240 index crimes, 8.64 percent above current Cook County levels.

#### *Crime Impact Scenarios: Summary and Conclusions*

This table summarizes projected increases in the incidence of Cook County index crimes assuming the impact of the various visitor level, tourism spending and casino gambling estimates detailed in each of the five possible scenarios.

SCENARIO	INDEX CRIME INCREASE	INDEX CRIME % INCREASE
1	1,416	0.3
2	4,323	1.0
3	10,604	2.4
4	25,490	5.8
5	38,240	8.64

The range of impacts represented by these scenarios is quite large, in part because of the significant differences between available estimates of new visitors and visitor spending. The Arthur Andersen & Co. report, prepared for a joint venture of potential Chicago casino operators, estimates that the casino complex will generate nearly three times the number of new visitor days and five times the amount of visitor spending that the Deloitte & Touche report forecasts. The rest of the differences across the range are due to variation in assumptions about crime impacts of tourism and casino gambling.

The first two scenarios are based on the simplest of assumptions—that is, that casino visitors will be index crime victims at the same rate as are current residents. The difference in the scenarios' impact estimates is due to the disparities in estimated average daily visitor populations. While this is certainly the minimal impact that might be expected from any tourist attraction that draws new visitors, it does not take into account the possibility, suggested by some research (Fujii and Mak, 1975; Walmsley and Boskovic, 1981), that tourists may be victimized at higher rates than residents, at least for some types of index crime. These scenarios also do not assume that casino patrons may be victimized at even higher rates than other types of tourists for some types of index offenses, a possibility raised by at least one study (Hakim and Buck, 1989). Therefore, these low-end crime impact estimates for Cook County *are not seen as the most likely future scenarios*. They are included primarily to provide a "baseline" perspective on potential crime impacts of the proposed casino complex. Nevertheless, even these minimal crime impacts would have budgetary implications for Chicago, Cook County, and state criminal justice agencies, as outlined below.

Scenarios 3 and 4 are both based on research completed by the University of New Orleans as part of a study of the potential impact of casino gambling in New Orleans.

This is the only quantitative study to date which has attempted to separately estimate the impact of tourism and casino gambling on reported crime levels. The study also uses data from 80 cities and metropolitan areas, including all three present sites of land-based casinos. This approach minimizes the acknowledged problems inherent in comparing Chicago/Cook County to any other single jurisdiction. Further, the researchers used a measure of tourism—amount of visitor spending—that may well distinguish more precisely between casino-focused and other types of tourism than do simpler measures of average daily visitor population. The differences between the two scenarios again are due to disparities in estimates of visitor spending that would result from the presence of the casino complex. *Crime impact estimates derived from these scenarios are based on a credible and comprehensive research approach, and merit careful consideration by those considering the implementation of casino gambling in Chicago.*

The final, highest impact scenario is derived from research conducted using data from Atlantic City and surrounding communities. Focusing solely on the Atlantic City area, the study is relatively sophisticated in its methodology, controlling for the effects of many other factors likely to have contributed to changes in crime patterns over time. However, because the study focuses on a single jurisdiction, and because it does not separately estimate the effects of tourism and casino gambling, crime impact estimates derived from it should be viewed somewhat cautiously. Since Atlantic City has experienced the highest observed increases in crime levels subsequent to the introduction of casino gambling, this scenario should probably be viewed as the *upper boundary* of the likely crime impact in Cook County.

#### *Criminal Justice Cost Impacts of the Proposed Casino Complex*

Operating cost implications of the five scenarios described above have been estimated using actual cost data for Chicago, Cook County, and Illinois criminal justice agencies, including law enforcement, courts, jail, probation, and the state prison system. Before detailing the costs which are quantified in these impact estimates, it is important to note those cost categories which are *not included*:

- ▶ Costs associated with the investigation and prosecution of organized crime activities.
- ▶ Costs of regulating the casinos and ancillary services and industries in order to minimize penetration of organized crime.

- ▶ Capital costs incurred to construct or renovate any justice facilities required to respond to increased crime.
- ▶ Costs attributable to increases in non-index crimes (which are currently approximately 46 percent of all reported crimes in Cook County, but are not included in the crime impact estimates).
- ▶ Costs to criminal justice agencies outside of Cook County (except for costs associated with incarceration of Cook County offenders sentenced to state prison).

Clearly, any criminal justice system cost estimates which do not include these major cost categories must be regarded as preliminary cost projections only, and certainly underestimate any final, complete costs.

The transaction costs, clearance rates, conviction rates, probation costs, and average stays in jail and prison used to compute cost impacts for this analysis are averaged over all index crimes. Since many index offenses have higher clearance rates and require significantly more criminal justice resources to process and sanction, the following cost estimates for increases in the incidence of index offenses are also very conservative.

Average, rather than marginal, costs have been used in estimating budget impacts of increased crime in Cook County for two primary reasons: (1) local and state justice agencies are already so strained to their capacity that any significant workload increase cannot be absorbed within current resource allocations (as the use of marginal costs would imply), and (2) any workload increases attributable to the casino complex will continue after the first year, and are likely to increase over time, further stretching existing criminal justice resources.<sup>13</sup>

For each of the five crime impact scenarios, criminal justice costs for five major components of the criminal justice system have been computed: law enforcement, county jail, courts, probation, and state prisons. The basic assumptions underlying each component cost are outlined below:

- ▶ Law enforcement costs are estimated based on the per-offense expenditure of the Chicago Police Department (CPD) in 1991 (\$1,075), calculated using the 1991 CPD budget and the total number of offenses reported to CPD in 1991. The overall clearance rate of 24 percent is estimated based on CPD's 1991 Annual Report.

- ▶ County jail (pretrial) costs are estimated assuming an average cost of \$33 per day per inmate. The analysis takes into account the differences in average stay between those pretrial defendants eventually sentenced to probation (14.7 days) and those eventually sentenced to state prison (146 days).
- ▶ Court costs are estimated using average per-case processing costs obtained by the Authority from the Office of the Clerk of the Circuit Court, the State's Attorney's Office, the Pretrial and Court Services Department, and the Sheriff's Department's court security services. Not including judicial time, the average cost to process a case through the courts is approximately \$1,030.
- ▶ A Cook County conviction rate of 72 percent (of all cases tried) is used in this report to estimate the expenditures for those persons who are subsequently sentenced to probation and state correctional facilities. This conviction rate takes into account not only those cases where an adjudication occurs, but also accounts for those cases which are dismissed prior to adjudication.
- ▶ Probation costs assume that the 55 percent of all convicted offenders who receive probation sentences will stay on probation for an average of 16.6 months at an average cost of \$58.33 per month per offender.
- ▶ State prison costs are estimated based on assuming that the 44 percent of all convicted offenders sentenced to imprisonment will stay in Illinois Department of Corrections facilities an average of 1.5 years at an average cost of \$16,073 per year per offender.

The following table summarizes operating cost impacts of the five crime impact scenarios:

*Summary of Casino Impact on Criminal Justice: Annual Crime and Cost Estimates*

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<b>Increase in Cook County Index Crime*</b>	<b>1,416 +0.3%</b>	<b>4,323 +1.0%</b>	<b>10,604 +2.4%</b>	<b>25,490 +5.8%</b>	<b>38,240 +8.6%</b>
Law Enforcement Costs	\$1,522,200	\$4,647,225	\$11,399,300	\$27,401,750	\$41,108,000
Pretrial Detention Costs	839,845	2,564,018	6,289,347	15,118,396	22,680,559
Court Costs	361,703	1,104,267	2,708,686	6,511,166	9,768,026
Probation Costs	137,107	418,584	1,026,755	2,468,124	3,702,670
Correctional Costs	2,682,182	8,188,612	20,086,061	48,283,072	72,434,079
<b>Total Projected Costs</b>	<b>\$5,543,037</b>	<b>\$16,922,706</b>	<b>\$41,510,149</b>	<b>\$99,782,508</b>	<b>\$149,693,334</b>
Assumptions	<ul style="list-style-type: none"> <li>◆ Low visitor estimate</li> <li>◆ Current index crime rate</li> </ul>	<ul style="list-style-type: none"> <li>◆ High visitor estimate</li> <li>◆ Current index crime rate</li> </ul>	<ul style="list-style-type: none"> <li>◆ Low visitor estimate</li> <li>◆ Crime impact based on visitor spending</li> <li>◆ Specific crime impact related to casino</li> </ul>	<ul style="list-style-type: none"> <li>◆ High visitor estimate</li> <li>◆ Crime impact based on visitor spending</li> <li>◆ Specific crime impact related to casino</li> </ul>	<ul style="list-style-type: none"> <li>◆ Stabilized crime rate increase of 8.64%</li> </ul>
Likelihood	◆ <b>Less likely</b>	◆ <b>Less likely</b>	◆ <b>More likely</b>	◆ <b>More likely</b>	◆ <b>Less likely</b>

\* "Index" crimes include eight commonly defined and reported offenses (murder, criminal sexual assault, robbery, aggravated assault, burglary, larceny/theft, motor vehicle theft, and arson), but not many high-volume offenses such as DUI and drug trafficking and abuse. Percent increases are based on 1991 data.

## PART VII: SUMMARY OF FINDINGS

Both the incidence of index crime and the subsequent cost to the criminal justice system to handle those crimes will rise if a land-based casino complex is built in Chicago. All estimates of these increases have been based on preliminary figures for increased tourism in Chicago due to the casino, and on research conducted in other cities which either have or are considering a land-based casino. To respond accurately and fairly to the number of variables in this study, a range of five possible scenarios has been developed .

At the lowest end of the range of possible outcomes (Scenario 1), there would be an increase of 1,416 index crimes in Chicago and Cook County, and a subsequent \$5.5 million dollar increase in justice system spending for the first full year of casino operation. At the highest end of the range (Scenario 5), Chicago and Cook County could expect an additional 38,240 additional index crimes and \$150 million in increased justice system expenditures. However, based on all available data, project staff feel that both of these low and high-end impact estimates are the least likely to occur.

Two of the five scenarios are based on a research methodology that allows for the calculation of both a) tourism related increase in crime and b) a specific casino gambling related impact. These two scenarios (3 and 4) provide what project staff believe to be the most reliable estimates of impact for Chicago and Cook County. Scenario 3 estimates 10,604 additional index crimes and a justice system cost of \$41.5 million dollars for the first full year of casino operation. Scenario 4 would yield 25,490 new index crimes at a cost of \$99.8 million dollars.

It is most important to note that these estimates of increased crime and costs are a preliminary and partial estimate of the overall impact that will be felt if a casino complex is built. All estimates are based only on index crimes –murder, criminal sexual assault, robbery, aggravated assault, burglary, larceny/theft, and arson. Many other crimes and likely crime-related activities are not included in this cost analysis. They are:

- ▶ Regulation the casinos and ancillary services.
- ▶ Response to non-index crimes, such as DUI, fraud, extortion, embezzlement, prostitution, and drug offenses.
- ▶ Victimization impact and related costs to victims of crimes.

- ▶ Prosecution of organized crime by federal agencies, in collaboration with local and state agencies.
- ▶ Planning and resource allocation for additional facilities and equipment to respond to overall increases in system workload.

Future comprehensive estimates of the impact of a casino complex on the criminal justice system must include all of the above crime-related activities and resultant costs. The findings of this report should serve as a foundation for those future studies. Until such studies are completed, these preliminary figures are provided to assist policy-makers throughout Illinois as casino discussions continue.

APPENDIX 1: LIST OF GOVERNMENT AND CRIMINAL JUSTICE INTERVIEWEES

AGENCY	INTERVIEWEE(S)	DATE	INTERVIEW STAFF
Cook County Public Defender's Office 200 W. Adams Chicago, IL 60606	Rita Fry, Public Defender of Cook County	09/10/92	Firman/Diamond
Bureau of Alcohol, Tobacco and Firearms 1 S. 450 Summit Ave. Suite 250 Oakbrook Terrace, IL 60181	Joseph Vince, Special Agent in Charge	09/14/92	Diamond
Cook County Circuit Court- Juvenile 1100 S. Hamilton Chicago, IL 60612	Sophia Hall, Chief Presiding Juvenile Judge	09/14/92	Diamond
Federal Bureau of Investigation 219 S. Dearborn Chicago, IL 60604	Bob Walsh, Assistant Special Agent in Charge	09/14/92	Diamond
Cook County Pretrial Services 2650 S. California Chicago, IL 60608	Steve McGuire, Director	09/15/92	Diamond
Cook County Adult Probation 2600 S. California Chicago, IL 60608	Nancy Martin, Chief Adult Probation Officer	09/15/92	Diamond

Chicago Crime Commission 79 W. Monroe Chicago, IL 60603	Robert Fuesel, Executive Director	09/16/92	Diamond/Martin
Cook County Circuit Court 2600 S. California Chicago, IL 60608	Thomas Fitzgerald, Chief Presiding Judge-Criminal Court	09/16/92	Firman/Diamond/Martin
Illinois Department of Revenue - Gaming Board Pope & John 311 S. Wacker Chicago, IL 60606	William Kunkle, Chairman	09/17/92	Diamond/Martin
City of Chicago Office of the Mayor 121 N. LaSalle City Hall, Room 507 Chicago, IL 60602	Gary Chico, Chief of Staff Frank Kruesi, Chief Policy Officer	09/17/92	Firman/Diamond/Martin
Cook County Judicial Advisory Council 1069 County Bldg. Chicago, IL 60602	James O'Rourke, Executive Director Ilene Bergsmann, Associate Director	09/17/92	Firman/Diamond/Martin
Internal Revenue Service 230 S. Dearborn Chicago, IL 60602	John Imhoff, Chief, Criminal Investigation Division Mike McGrail, Public Information Specialist	09/18/92	Diamond
U.S. Attorney's Office 219 S. Dearborn Chicago, IL 60604	Fred Foreman, U.S. Attorney, Northern District of Illinois & Gary Shapiro, Asst. U.S. Attorney	09/18/92	Firman/Martin

Illinois Attorney General's Office 100 W. Randolph St. Chicago, IL 60606	Joe Claps, First Attorney General	09/28/92	Diamond
Illinois State Police 103 Armory Bldg. Springfield, IL 62794	Gene Marlin, First Deputy Director	09/30/92	Diamond
Illinois Local Governmental Law Enforcement Officers Training Board 600 S. 2nd Street Suite 300 Springfield, IL 62704	Tom Jurkanin, Executive Director	10/01/92	Diamond
Illinois Department of Corrections 1301 Concordia Ct. Administration Bldg. P.O. Box 19277 Springfield, IL 62794	Nola Joyce, Manager of Planning & Research Skip Nelson, Data Support Supervisor	10/01/92	Diamond
Illinois State Police 103 Armory Bldg. Springfield, IL 62794	Terrance Gainer, Director	11/04/92	Diamond/Firman
Chicago Police Department 1121 S. State Chicago, IL 60605	Matt Rodriguez, Superintendent	11/09/92	Firman
Cook County State's Attorney's Office 50 W. Washington Daley Center Room 500 Chicago, IL 60602	Don Mizerk, Executive Assistant	11/09/92	Firman

Cook County Sheriff's Department 50 W. Washington Daley Center Room 704 Chicago, IL 60602	John Robinson, Undersheriff	11/09/92	Firman
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### APPENDIX 3: DETAILED METHODOLOGY FOR CRIME ESTIMATES

The following formulas are provided to clarify how each total crime increase for the five scenarios in Section VI were developed:

#### Scenario One

16,334	*	86.7	=	1,416
Average Daily Visitor Population		Index Crime Rate for Cook County (per 1,000 persons)		Additional Index Crimes for Cook County
(Based on projections by Deloitte & Touche).				

#### Scenario Two

49,863	*	86.7	=	4,323
Average Daily Visitor Population		Index Crime Rate for Cook County (per 1,000 persons)		Additional Index Crimes for Cook County
(Based on projections by Arthur Andersen & & Company)				

#### Scenario Three

A) \$222 million Additional Visitor Spending	*	.005805	=	1.3
		Estimated Additional Crimes per 1,000		Additional Crimes per 1,000
160.6	+	1.3	=	161.9
Current Total Cook County crime rate per 1,000 persons				New Cook County estimated crime rate per 1,000 persons

161.9	*	5,105.067 Cook County Population (1,000s)	=	826,510 Estimated total crimes
826,510	-	820,000 1991 Estimated Cook County total crimes	=	6,510 Additional crimes in Cook County due to increased visitor spending
6,510	*	54% Estimated % of total crimes that are index crimes	=	3,516 Additional index crimes in Cook County due to increased visitor spending
B) 27,839 Average total crimes experienced due to casino gambling in other cities	*	47% % Chicago's casino sq. footage compared to avg. sq. footage in other cities	=	13,125 Additional total crimes
13,125	*	54% Estimated % of total crimes that are index crimes	=	7,088 Additional index crimes in Cook County due to casino development
A) 3,516	+	B) 7,088	=	10,604  Additional index crimes in Cook Co. due to increased visitor spending and casino development

#### Scenario Four

A) \$1.162 Billion Additional Visitor Spending	*	.005805 Estimated Additional Crimes per 1,000	=	6.7 Additional Crimes per 1,000
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160.6	+	6.7	=	167.3
Current Total Cook County crime rate per 1,000 persons				New Cook County estimated crime rate per 1,000 persons
167.3	*	5,105.067	=	854,078
		Cook County Population (1,000s)		Estimated total crimes
854,078	-	820,000	=	34,078
		1991 Estimated Cook County total crimes		Additional crimes in Cook County due to increased visitor spending
34,078	*	54%	=	18,402
		Estimated % of total crimes that are index crimes		Additional index crimes in Cook County due to increased visitor spending
B) 27,839	*	47%	=	13,125
Average total crimes experienced due to casino gambling in other cities		% Chicago's casino sq. footage compared to avg. sq. footage in other cities		Additional total crimes
13,125	*	54%	=	7,088
		Estimated % of total crimes that are index crimes		Additional index crimes in Cook County due to casino development
A) 18,402	+	B) 7,088	=	25,490
				Additional index crimes in Cook Co. due to increased visitor spending and casino development

## Scenario 5

160.6 1991 estimated Cook County crime rate per 1,000	*	1.0864 Hakim states that total crime increases 8.64%	=	174.5 New crime rate based on 8.64% increase
174.5	*	5,105.067 1990 Cook County population in 1,000s	=	890,834 Estimated total crimes for Cook County
890,834	-	820,000 1991 estimated total crimes in Cook County	=	70,834 Additional total crimes in Cook County due to casino gambling
70,834	*	54% Estimated % of total crimes that are index crimes	=	38,240 Additional index crimes in Cook County due to casino gambling

## APPENDIX 4: DETAILED METHODOLOGY FOR COST ESTIMATES

After crime increases for each scenario were developed, the next step was to apply current transactional costs to those new crimes. To better understand the process, Scenario One will be used as an example to explain the costing analysis.

The first step was to take the estimated new number of index offenses, 1,416 as estimated by Scenario one. Since not all cases will result in arrest, a clearance rate is calculated to determine the number of cases which will result in a court filing. In Illinois, 24.8 percent of all reported index offenses are cleared. This percent is then multiplied by the estimated additional 1,416 offenses, yielding a total of 351 offenses cleared. The number of offenses investigated is multiplied by the average cost per case to law enforcement. In Illinois the average cost is \$1,075 per case. Based on estimates of Scenario One, additional costs to law enforcement because of a casino development would be \$1,522,200.

Additional costs to pre-trial detention were then calculated. The number that is used as the base once again is the number of offenses cleared, in this case 351. At this point two assumptions are made: (1) all persons will be held in the county jail for a period of time awaiting trial; and (2) those persons who will eventually be sentenced to prison will serve more pre-trial time than those who will eventually be sentenced to probation. Using national figures on the number of sentences which result in sentences of prison (44 percent) versus those of probation (56 percent) pre-trial costs were calculated by multiplying per diem costs and average length of detention.

Using figures in Scenario One, 154 offenders would serve 146 days in pre-trial detention before being sentenced to prison. This calculates to a total of 22,484 total pre-trial days, which totals \$744,448 when calculated against per diem costs (\$33 in Cook County). The same calculation is done for those offenders who are eventually sentenced to probation (197 offenders) and who are held on average 14.7 days in pre-trial detention. This cost totaled \$95,397. Combining the two offender groups, the total cost incurred by pre-trial detention is \$839,845.

The cost to process cases through the courts is calculated by taking the number of cases cleared (351) and multiplying it by the average case cost in Cook County (\$1,030). Using Scenario One estimates, the increased number of cases would cost the Cook County Circuit Court an additional \$361,703.

The next step was to filter out those felony cases which will not result in a conviction and sentence. The figure for Cook County was calculated by removing the average percent of cases that do not result in conviction. These cases include the following; acquittals, charges reduced to misdemeanors, cases dismissed, and those defendants unfit to be tried. Using Cook County averages for the years 1984-1988, 72% of cases filed resulted in a conviction. Using this percent, 253 of the cases cleared in Scenario One would end in a conviction.

The final component costs to the criminal justice system, cost of imprisonment and probation, were calculated using national averages and the number of cases convicted in Cook County. As stated earlier, national averages report that 44 percent of sentences will result in imprisonment and 56 percent of sentences will be for probation.

The imprisonment costs were calculated by taking 44 percent of those offenders sentenced (111) and multiplying this number by the average length of stay in the Illinois Department of Corrections (1.5 years for index offenses). Additional offenders in prison was multiplied by the annual per diem costs of IDOC offenders (\$16,073). Using Scenario One figures, IDOC would incur \$2,682,182 of additional operating costs.

Costs to the Department of Probation were calculated in a similar manner. The number of offenders sentenced to probation (141) was multiplied by the average time on probation (14.2 months) and the average monthly probation costs (\$58.33). Additional costs to the Department of Probation would be \$137,107.

The total cost to the Illinois and Cook County criminal justice system was calculated by adding the separate component costs (law enforcement, pre-trial detention, court processing, costs of prison, and costs of probation). Based on Scenario One, the criminal justice system would incur an additional cost of \$5,543,038 due to development of a casino complex.

## PART IX: ENDNOTES

1. Various news articles.
2. While the outcome of a recent voter referendum did not support this proposal, the Rolling Meadows City Council voted to support the project nonetheless, citing the expected economic benefit to the city.
3. "The Big Gamble" (*Newsday*, Inc. 1992) Nassau and Suffolk Edition.
4. Minutes for each meeting are available from the Authority.
5. For a more detailed description of this database, see *Trends & Issues 1990: Criminal Justice Financing*.
6. Index offenses are a specific grouping of eight serious crimes, including murder, robbery, criminal sexual assault, assault, burglary, theft, motor vehicle theft, and arson. This grouping was created by the FBI for data collection and information reporting purposes.
7. In Chicago, index crimes account for 53 percent of all crimes reported.
8. Cook County offense clearance information, 1991, Illinois Criminal Justice Information Authority.
9. In apparent knowledge of this issue, the Chicago Gaming Commission in its report to the Mayor recommends that "additional funds be provided for the State's Attorney's Witness Program, which enables crime witnesses from outside Chicago to return here to testify".
10. City of Chicago Gaming Commission, Report to the Mayor, June 1992, p. 49.
11. As noted in the methodology section, it was necessary to use Cook County index crime totals, since these numbers would be analyzed in conjunction with the Authority's Cost of Justice Database, which uses Cook County as the statistical base, not Chicago. Further, while the casino would be based in Chicago, several studies from other cities suggest that casino-related crimes radiate out into suburban areas as well.
12. Illinois Criminal Justice Information Authority, 1992 (from *Trends & Issues* and Cost of Justice Database).
13. See "Justice System Cost Estimates" subheading of the Methodology section (III) for further discussion of the merits of, and distinctions between, marginal and average costs.