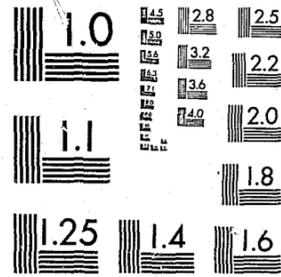


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THE COST BENEFIT OF PAROLE SUPERVISION IN NEW YORK STATE.

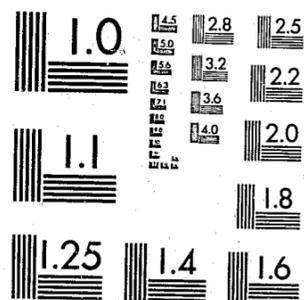
WHAT DOES IT MEAN FOR THE TAXPAYER?

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U.S. Department of Justice  
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## INTRODUCTION

Parole is a major and integral part of New York's criminal justice system. It has statutory responsibility for deciding when an inmate will be released to parole supervision, and for providing supervision in the community. The ultimate aim of this supervision is public protection. By maintaining regular contact with the prison releasee and assisting him or her in making a positive readjustment to community life, the parole officer works towards preventing the releasee from returning to crime.

Studies on the effects of parole supervision in the State have generally focused on the statistical rates of parolees who remain in the community as law abiding individuals, and those who revert to crime. Little attention, however has been given to parole supervision from an economic perspective. Questions of the cost-benefit or operational efficiency of parole supervision as a public service have been virtually ignored. In these times of scarce public resources, policy makers are being forced more and more to make decisions about how to best utilize available resources. Information regarding how resources are being utilized by a public agency and the relative economic payoff could be very useful to these decision-makers.

Parole, as the "last link" in the processing of offenders within the State's criminal justice system represents a key facet in attempting to control crime - or more precisely, control of the reoccurrence of criminal behavior on the part of ex-offenders. Because of the crucial role played by Parole, it often becomes a topical area of discussion in proposed reforms of the overall criminal justice system. In view of these considerations, it may prove particularly useful to provide policy makers with information on Parole from an economic perspective, i.e., the degree to which there is pay-off from dollar investments in Parole.

The report to follow provides an analysis of the cost-benefit of parole supervision within New York State.<sup>1</sup> The analysis is based on the number of individuals released from a State correctional facility in 1981, and the actual funds expended by the Division of Parole in supervising these releasees in the community. The intent of the analysis is to provide policy makers and administrators with at least some information pertaining to the economic value or viability of community parole supervision as a means of controlling crime.

### Cost-Benefit Analysis

Cost-benefit analysis is a major technique employed by economists and others to assess the economic benefit derived from a dollar investment in an operation, program or product. The technique essentially entails determining the monetary cost or investment outlay for an endeavor, the monetary value of outcome or benefit, and then comparing these cost and benefit values. If the benefit exceeds the cost, the endeavor is considered to be cost-beneficial, i.e., per dollar cost versus per dollar benefit derived. The primary result of the analysis is in the form of a benefit/cost ratio. For example, if a ratio equals 10:1, this means that for every \$1 spent, \$10 are gained in benefit.

The technique of cost benefit analysis is usually employed in situations in which a program or programs are being proposed, or program operations are being projected over time in planning for the future. The results of cost benefit analysis in these situations are used to assist decision makers in deciding whether to invest in a program or operation. In the present analysis, the cost-benefit technique is used in a slightly different manner. That is, the obtained B/C results are intended as measures of the economic value or payoff of parole supervision, as it exists in the present. The results to follow are offered as evaluation feedback on the current operations

of Parole's community supervision. While the results may be used as a reasonable basis for determining the likely economic value of supervision in the short-run, they are not appropriate for long-run projections. Long-term estimates of the cost-benefit status would require factoring into the analysis a series of assumptions about the future operations of the criminal justice system as a whole, e.g., changes in sentencing laws that would affect the size of parole officer caseloads, administrative costs and externalities of the socioeconomic environment. Such an analysis would have exceeded the focus and data-gathering capabilities of the present study. Despite these limitations, the results to follow should be of assistance to decision-makers.

## M E T H O D O L O G Y

The specific aim of the study was to answer the question of whether parole supervision within the state is a cost-beneficial public service.

Cost was defined, using the actual amount of expenditures of the Division of Parole during the 1981-82 fiscal period, ending March 31, 1982. These expenditures include direct costs for parole supervision and indirect administrative costs. These latter costs include monies expended for pre-parole release activities in the prisons, Parole Board processing of releasees and all other administrative support items, e.g., record-keeping, MIS operations, management personnel and oversight of agency operation. The estimate for costs expended on the follow-up group of 1981 prison releasees was derived by calculating the per capita cost for supervising a parolee during 1981-82 and applying this cost to the number of 1981 releasees to reach the total amount of money spent, i.e., the specific cost figure used in the B/C analysis.<sup>2</sup>

Benefits may be defined in various ways, e.g., monetary value to public or potential victims of crime who would be willing to pay for parole protection, or decrease in costs associated with reduced crime. In keeping with the study's particular concern about taxpayer payoffs from parole supervision, benefit was defined in terms of the amount of money saved by the

State due to averted reimprisonment of parolees. Money saved by the State for prison bed-space costs that may otherwise be occupied by parolee violators (recidivists) represents a savings to the taxpayer, i.e., the need and requisite revenues for additional prison bed-space are reduced.

The benefit estimate used in the analysis represents the amount of money that was not spent for reimprisonment of parole violators returned to prison during 1981-82 and who had been initially released during 1981.<sup>3</sup> The per capita daily cost rate for prison inmates was applied to the non-recidivists to derive the costs saved.

## RESULTS

### Snapshot of Parole Supervision: 1981-82

The standards for supervision during this period called for an average of 4 - 6 parolee-parole officer contacts per month for new prison releasees to parole. These contacts consist of a combination of parole office visits by the parolee and parole officer visits to the parolee's home. The basis for these contacts stem from case surveillance requirements and provision of parole services to assist in the community reintegration process.

Including the 1981 releasees, the average number of parolees under supervision within the State during 1981-82 was 17,467. The average sized caseload per parole officer was 60 parolees. The total number of parole officers assigned to community case supervision was 322.

The 1981 releasee group was comprised of a total of 7,054 individuals. Over two thirds (68.8%) of these individuals were released to parole supervision in the New York City area. The remaining 31.2% were released to the Hempstead and upstate areas.

Almost half of the releasees were Blacks, 30.4% Whites, 19.2% Hispanics, and 0.4% Asian. Males accounted for 96.4% of the group. The group's median age upon prison release was 28.6 years.

The most prevalent offenses for which these individuals were under current sentence included: robbery (34.2%), burglary (17.9%), sale of drugs (9.3%), murder/manslaughter (7.7%) and assault (5.5%). Across all conviction

types, the median maximum sentence imposed by the courts for the releasees was 4.4 years. In terms of the releasee's prior involvement in criminal activities, 50.5% had little or no prior criminal history, 35.1% had some, and 14.4% had serious prior records.

The median amount of time spent in a Department of Correctional Services facility prior to release to parole was 25.4 months. Half of the releasees were, therefore, subject to parole supervision for approximately two years or less, and the other half for more than two years.

By March of 1982, 91.4% or 6,446 of the 1981 releasees to parole remained in the community as law-abiding citizens. This result may surprise some readers who may be misled by media coverage of "sensational cases" of parolee recidivists. Nevertheless, the outcome result is consistent with prior annual findings on the general parolee population. <sup>4</sup>

The amount of time in the community for the individuals under study ranged from four to fifteen months by March 1982. The remaining 8.6% or 608 releasees had violated the conditions of parole in a substantial respect and were returned to prison.

Having regular employment is customarily seen as an indicator of parolee stability in the community. Almost three quarters (74.8%) of the parolees not returned to prison were employed. Of those who were returned to prison, only 27.6% were employed at the time of violation. Unemployment for this latter group exceeded that for those who remained in favorable parole status by a margin of three to one.

#### Parole Costs

The Division of Parole spent a total of \$27,017,917 during the 1981-82 period. <sup>5</sup> Using the average population of 17,467 for the year, the average annual per capita cost was \$1,547 or \$4.24 per day.

The cost estimate used in the cost-benefit analysis was calculated by multiplying the number of sample releasees (7,054) by the average annual per capita cost for supervising a parolee in the community. All of the releasees had to spend at least one year under parole supervision. The result was \$10,912,538. The reason for utilizing this calculated cost figure, rather than the \$27,017,917 in total expenditures is that the \$27,017,917 was used for all parolees under supervision during 1981-82, i.e., including those released to parole prior to 1981.

Parole Benefit

During 1981-82, the average annual per capita cost for imprisonment in a DOCS facility was \$14,603 or \$40 a day.<sup>6</sup> Applying the annual figure to the number of parolees who were not returned to prison during 1981-82, yielded a gross saving of \$94,130,938. This dollar figure was adjusted to reflect net benefits.

First, the 94 million dollar saving assumes that all non-returnees would have been recommitted to prison for at least one year. To correct for this assumption, the non-returnees were proportioned in terms of who would likely serve at least a year and those who would serve less time. This likelihood factor was based on return times for the actual violator returnees. That is, 50% were returned for a year or more, and the other 50% for an average of six months. Applying the annual imprisonment cost rate of \$14,603 to half of the non-returnees (3,223) resulted in a saving of \$47,065,469 in savings. The saving associated with the other half of non-returnees (3,223) was calculated by determining the cost for an average six-month return time. The result was \$23,205,600. Adding the \$47,065,469 and the \$23,205,600 resulted in an adjusted gross saving of \$70,271,069.

A further adjustment of the 70 million dollar figure was made. It was necessary to subtract from this figure the costs associated with reimprisonment of the actual 608 parolee violators. These negative benefits came to \$6,628,112. Subtracting this figure from the \$70,271,069 positive benefit resulted in a finally adjusted benefit figure of \$63,642,957.<sup>7</sup>

Cost Benefit

Based on the supervision outcome of prison releasees to parole in 1981, for every dollar spent for supervision almost six and one half dollars were saved due to averted reimprisonments. The fact that the benefits from parole supervision far exceeded the cost of operations, indicated that community parole supervision is a cost-beneficial public service.

Cost-Benefit Analysis of Parole Supervision

Benefit	Cost	Net Benefit (B - C)	B/C Ratio
\$63,642,957	\$10,912,538	\$52,730,419	\$5.83 : \$1.00

The approximate 53 million dollar annual saving generated by parole supervision is actually an under-estimate of its net economic benefit. If one takes into account the amount of money that Parole, also, saves the State for capital construction and maintenance of new prison bedspace, the overall net saving of 53 million dollars derived above would be substantially increased. It is estimated that the minimum construction cost for a new prison cell ranges between \$50,000 and \$60,000. Given the increasing number of new commitments to the State's prisons, available prison bedspace is becoming more and more limited. The ability of Parole to deter reimprisonment of parolees clearly helps to limit prison over-crowding and to relieve the State of the need to finance new prison construction.

## CONCLUSION

The purpose of this study was to provide some assessment of the cost-benefit value of parole supervision in New York State. The results obtained indicate that parole supervision of prison releasees in the community is a cost-beneficial public service. The amount of actual or potential money saved by the State for reimprisonments far exceeds the amount of money it costs to operate Parole.

There were several policy implications that emerged from or were suggested by the analysis:

- o The first issue relates to something that was not directly analyzed in the study. Whether or not the current structural and activity procedures of parole supervision are cost-efficient needs to be addressed. For instance, in making a decision to change the current caseload size per parole officer, careful consideration should be given to the likely impacts of this change. A significant increase in caseload size might diminish parole officer ability to handle problem or potential problem cases. This could lead to increased violations and prison returns, which in turn would offset whatever economies may have been anticipated by increasing the units of work per parole officer.

The potential for counterproductivity by increasing caseload size can be clearly seen in the situation involving probation. Recent studies done on Probation within New York City have pointed out that one of the primary factors underlying the inadequacies of probation supervision has been the rather large and rising caseload size of probationers and the resultant inability of probation officers to properly manage their caseloads.

- o The estimated 6.6 million dollars it cost the State annually for re-imprisonment of releasees could be reduced by increased alternatives to reincarceration. In order for the alternatives to be cost-effective, they would of course have to be cheaper than imprisonment in a State facility. There are roughly 2,000 parolees a year who do not commit new crimes, but are returned to prison for failure to comply with the conditions of parole supervision (e.g., use of illegal drugs or absconding from supervision). A decision to return these individuals to prison is not only based on the violation, but is also made as a means of preventing the individual from possibly engaging in serious criminal behavior. The number of these particular parole violators has been rising over the last several years.

The alternative options available to the parole officer are limited in these cases. Re-incarceration of some of these individuals is

probably of little benefit, particularly if their violative behavior is more reflective of community or personal adjustment problems, rather than criminal propensity per se. A structured or semi-structured community-based facility program, could in many of these cases, serve as a cheaper alternative to reimprisonment.

- o The study noted a rather high unemployment rate for parolees who are returned to prison: three times higher than for those not returned.

This three-to-one difference underscores the relative importance of parolees having a job as a legitimate means of sustaining themselves in the community.

The level of marketable job skills or job experience possessed by those who return to prison, tends to be low, and their ability to compete in the job market, limited. These considerations point to a need to improve the employability of these individuals. Job training programs in viable areas of employment within the State could greatly improve the ability of parolees to obtain and maintain regular employment. This could serve as an important deterrent to re-involvement in illegal activities. The economic payoff would be potentially substantial. Not only would the State stand to gain by reduced costs for reimprisonment, but new revenues would be generated from the additional incomes of employed parolees.

- o The parolee population will continue to grow, as the prison inmate population grows. Since 1980, the State's prison population has increased significantly. In 1980, there were 27,000 inmates. If this rising trend continues, as generally predicted, it will have an eventual negative impact on parole supervision unless adequate resources are provided for supervision operations.

Finally, the study reported here represents an initial assessment of the cost-benefit status of parole supervision. Subsequent research needs to look at the cost benefit of parole supervision over time, i.e., from year to year. Information on possible fluctuations in the economic payoff of the service may prove useful in long-range planning and policy making.

#### Notes

1. In addition to community supervision, the other major component of Parole is the Parole Board. However, use of cost-benefit analysis of the Board's function would be inappropriate, since it would have to be assumed that the more inmates granted release by the Board, the better. A decision to release an inmate from prison is based on careful consideration of the individual's case, rather than on the bedspace needs of prisons. To do otherwise would be to diminish in the eyes of the offender the seriousness of his/her criminal behavior as well as to undermine respect for the law. (McDonald, D. The Price of Punishment: Public Spending for Corrections In New York. Colorado: Westview Press, 1980).
2. Costs as well as benefit figures were not discounted for changes in interest or currency value rates, since the cost and benefit data cover the same period in time. As such, the cost and benefit measures were already commensurate in dollar value. For this same reason, no adjustments for inflation changes were made. While the rate of inflation may have changed during the year under study, the impact would take some time to trickle down to actual prices paid for parole services.
3. No attempt was made to adjust the differential time periods parolees spent under supervision as of the March 1982 cut-off date. Such an adjustment is ordinarily made in parolee follow-up studies. Not making this adjustment was not seen as an artifact that would confound the cost-benefit results. The overriding objective of the present study was to obtain an estimate of the relative economic payoff of parole supervision. Furthermore, as the statistics on page 8 indicate, the first few months on parole are the most crucial, i.e., the tendency towards failure on parole is most pronounced during the first three months following release from prison. All of the releasees in the sample had been in the community for at least four months following prison release. In this sense, there were no differential time-on-the-street effects present during the crucial point of supervision.
4. See, for example, 1979-80 Annual Report of the New York State Division of Parole.
5. Costs for parole supervision were obtained from the Finance Office of the Division of Parole. The costs represent actual expenditures, rather than budgeted expenses.

6. Prison bedspace costs were obtained from the Finance Office of the Department of Correctional Services. Costs were based on actual expenses. The reader should bear in mind that the annual per capita cost of \$14,603 is an average. Actual costs differ depending on the security level of a prison facility. For instance, per capita cost in a maximum security facility is approximately \$11,000, medium security, \$15,000 and minimum, \$16,000.
7. In theory, the derived benefit figure could have been adjusted further on the basis of some externalities. For instance, the tax revenues derived from parolee employment obtained with assistance from parole officer staff could have been added to the benefit figure.

**END**