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A monthly review of Wisconsin government, taxes and public finance

The Wisconsin Taxpayer



Crime and Corrections

Spending on corrections in Wisconsin climbed significantly during the 1990's but has plateaued over the last three years. The increases tracked rising prison populations closely. Incarceration rates surged here during the 1990's, while crime rates declined.

Budgeted corrections spending in Wisconsin rose more than 270% from fiscal 1991-92 through 2004-05. The large increase, particularly during the 1990's, is part of the reason overall state spending rose substantially during the period. Corrections spending has remained fairly flat over the last three years. As a share of the state's general purpose revenue (GPR) budget, corrections spending doubled from 3.6% in 1991-92 to 7.2% in 2004-05.

Spending increases tracked rising prison populations fairly closely. From 1991-92 through 2002-03, the number of state prisoners nearly tripled.

However, the spending increases and prison building program of the 1990's have generated ques-

Also in this issue:

- Average Lottery Credit up \$10
- State Balance Smaller Than Expected
- Use-Value Freeze Continues
- In Memoriam
- Wisconsin's Large Middle Class

Average Lottery Credit up \$10

The average lottery credit provided to property owners is expected to rise \$10 in 2004 to \$93, according to the Wisconsin Department of Administration. The average credit topped \$100 from 1991 through 1995, peaking at \$167 in 1992. Approximately \$133.1 million will be available for the credit in 2004. Total dollars available for property tax credits peaked at \$216.2 million in 1999. Projected lottery ticket sales for this year are \$472.3 million, up from \$444.5 million in 2003. The lottery credit will be applied to December 2004 property tax bills. □

State Balance Smaller Than Expected

Wisconsin ended fiscal 2004 with a general fund balance of \$105.2 million, compared to the \$133.4 million budgeted, according to the state's Annual Fiscal Report. General fund revenues exceeded 2004 budgeted amounts by \$136.9 million—\$69.3 million more in tax revenues and \$67.6 million in department revenues. Offsetting the additional revenues were larger gross appropriations of \$52.3 million.

The greater spending was due largely to increases in various sum-sufficient appropriations and biennial "spend aheads." Compensation reserves, or money set aside for employee wage and benefit increases, were \$11.8 million below budgeted amounts. Lapses (automatic termination of appropriations) were \$131.0 million less than budgeted. □

Use-Value Freeze Continues

Assessment rates used to value farmland for property tax purposes will remain frozen at 2003 levels. The current formula for determining use-value rates is based on the net income corn producers receive using five-year averages of market prices for corn and costs of production, and county yield. The formula recently began generating negative values due to rising costs and lower prices. As a result, the Farmland Advisory Council (FAC) voted last year to freeze assessment rates at 2003 levels.

Because the formula continues to generate negative values, the FAC elected to continue the freeze. The 2003 freeze will affect December 2004 tax bills; the 2004 freeze will affect 2005 property taxes. □

In Memoriam

The Wisconsin Taxpayers Alliance has lost a loyal friend, Elizabeth "Liz" Endres. Hired in 1934 on a temporary basis, she stayed with us for 44 years, including 29 as office manager. After retiring, she frequently visited us to share memories—and treats. At age 80, she even filled in for an employee on leave. Active for virtually all her 91 years, Liz was a remarkable lady. □

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its publications, civic lectures and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan and independently funded, WISTAX is not affiliated with any group—national, state or local—and receives no government support.

www.wistax.org

Crime and Corrections

Continued from page 1

tions about how Wisconsin should approach crime and punishment.

An examination of trends in spending, prison populations and crime rates illustrates Wisconsin's situation. The Wisconsin experience is then placed in a national context and compared specifically to Minnesota. Finally, research on the impact of incarceration on crime rates is reviewed.

STATE OVERVIEW

Spending

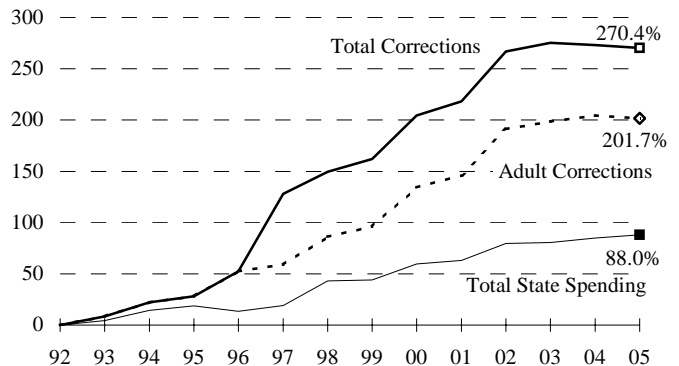
The Wisconsin Department of Corrections (DOC) is budgeted to spend \$989.3 million in fiscal 2004-05. That amount is down from its peak of more than \$1 billion in 2002-03, but is more than triple the budgeted amount in 1991-92 (\$267.1 million).

Because of the large increases, corrections spending as a share of the total (general fund and other) state budget rose from 2.1% in 1991-92 to 4.3% in 2002-03. Budget cuts for the current biennium reduced the corrections share to 4.1% in 2004-05.

The chart above shows cumulative percent changes in budgeted expenditures for the total state budget and the DOC budget from 1991-92 through 2004-05. During the period, total state spending climbed 88.0%.

Corrections spending rose much faster. Total DOC expenditures climbed more than three times as fast as the state budget, rising 270.4%. Part of the increase was due to the transfer of juvenile corrections to the DOC budget beginning in 1996-97. If only adult

Wisconsin Corrections Spending Triples, Then Plateaus
Index of Budgeted Spending, 1991-92 Through 2004-05, (1992 = 0)



corrections figures are used for the entire period, budgeted spending rose 201.7%, still more than double the increase in total state spending.

Prisoners

The increase in corrections spending over the period tracks the rise in the number of prisoners. The average daily population (ADP) of adult inmates rose 190.5% from 1991-92 through 2002-03, the last year for which ADP data are available (see chart at the top of page 4). Spending on adult corrections during this period rose 198.5%. On an annual basis, the increase in both prisoners and spending was more than 10% per year.

The largest increases in prisoner populations occurred from 1994 through 2000 when ADP's climbed an average of 14.2% per year. In the subsequent three years, ADP increases averaged a more modest 3.3% annually.

According to the DOC, Wisconsin had just over 21,000 prisoners in state facilities in September 2004, or approximately 5,300 more than capacity. In that month, the state was housing 517 prisoners in county jails, 25 in federal facilities, 420 in Minnesota and two in Oklahoma. The DOC has used out-of-state facilities for several years to alleviate prison overcrowding. The out-of-state prison population peaked at 4,401 in 2000.

NATIONAL CONTEXT

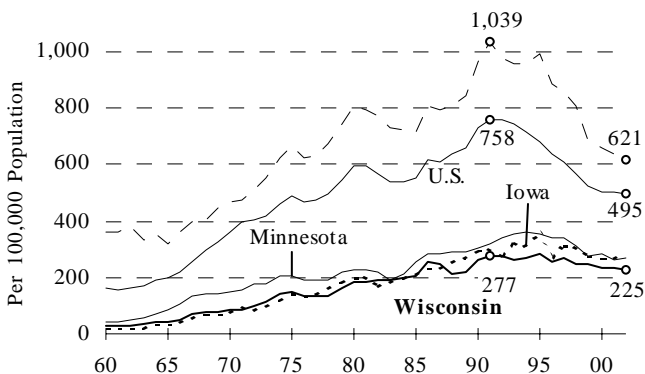
To put Wisconsin's corrections situation in a national context requires a comparison of crime rates, arrest rates and incarceration rates.

Crime Rates

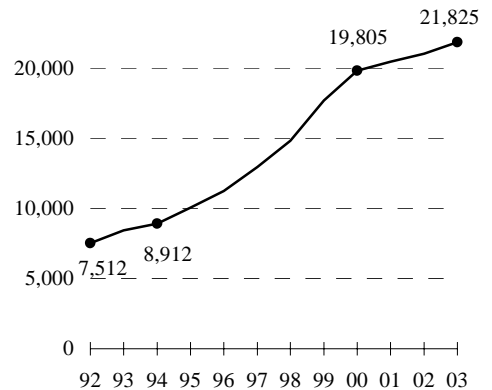
Rising prison populations are a result of either more crime or increasing incarceration rates. Crime rates have been declining in Wisconsin and the nation.

State Trends. Violent crime (murder, forcible rape, robbery and aggravated assault) rates in Wisconsin have been declining since 1995. In that year, there were 281 violent crimes per 100,000 population. In 2002, the last year for which data are available, Wisconsin's violent crime rate was 225 per 100,000, a decline of nearly 20%.

Violent Crime Rates Climb, Fall
U.S. and Selected States, 1960 - 2002



Wisconsin Prison Population Rises
Average Daily Population, 1992 - 2003



Property crime (burglary, larceny/theft and motor vehicle theft) rates have also fallen. Since 1991, the most recent peak, Wisconsin's property crime rate has fallen from 4,189 per 100,000 population to 3,028 in 2002. That represents a nearly 28% drop.

Violent Crimes. Wisconsin traditionally has had a low violent crime rate relative to the nation (see chart below). Since 1960, the state's rate has ranked between 40th (1986 and 1987) and 48th (1977 and 1978) nationally.

In 2002, Wisconsin ranked 45th, less than half the national average (225 vs. 495). During the early 1960's, the gap was wider with the Badger State's rate less than one-fifth the nation's (32 vs. 161).

Among Wisconsin's neighbors, violent crime rates in Iowa and Minnesota have tracked Wisconsin's rate fairly closely over time (see chart opposite). Minnesota is compared to Wisconsin in more detail beginning on page 9. In 2002, Iowa's rate was 286, while Minnesota's was 268, both slightly higher than Wisconsin's. Violent crimes in Illinois (621) and Michigan (540) have more closely followed national averages.

Nationally, the violent crime rate peaked in 1991 at 758 per 100,000 residents. Since then it decreased nearly 35%. During that

same period, Wisconsin's rate fell a more modest 18.8%.

Part of the reason for the smaller decline is that Wisconsin's rate continued to climb until 1995, peaking at 281. From 1995 to 2002, the Badger State's rate fell 20.0%, still slower than the national decline of 27.8% during that period.

Since 1995, violent crime rates have fallen: 19.4% in Iowa; 21.4% in Michigan; 24.9% in Minnesota; and 37.7% in Illinois.

Property Crimes. Unlike violent crime, property crime rates in Wisconsin track the national average fairly closely. In 2002, the national property crime rate was 3,624 per 100,000 population. Wisconsin was below average, but not as far below as it was for violent crime. With a property crime rate of 3,028, the Badger State ranked 36th nationally, 16.5% below the U.S.

Like violent crime, the property crime rate peaked nationally in 1991 at 5,140. From 1991 through 2002, the national rate dropped 29.5%, while Wisconsin's rate fell 27.7%.

Arrest Rates

Although Wisconsin has a lower crime rate than the nation and all of its neighbors, it has the highest overall arrest rate in the nation. In 2002, Wisconsin law enforcement made 8,286 arrests per 100,000 residents, 71.2% higher than the national norm (4,839).

Wisconsin's arrest rate was more than double the rates of two of its neighbors—Minnesota (3,950) and Michigan (3,855). Illinois (6,787) and Iowa (4,219) also had significantly lower rates than Wisconsin.

These arrest figures include offenses accounted for in crime rates, as well as other crimes such as drunk driving, vandalism, prostitution and drug offenses. The crimes included in crime rates are called "index crimes." Wisconsin ranked first nationally in arrest rates for non-index crimes.

Among non-index crimes, those that were significantly higher in Wisconsin compared to the U.S. were: disorderly conduct (1,442 in Wisconsin vs. 218 in the U.S.); liquor law violations (861 vs. 225); curfew/loitering (167 vs. 47); and vandalism (244 vs. 93).

Violent Crimes. While arrest rates for non-index crimes raised Wisconsin's ranking, arrest rates for index crimes, or those included in crime rates, were also relatively high. Wisconsin's arrest rate for violent

Although Wisconsin has a lower crime rate than the nation and all its neighbors, it has the highest overall arrest rate in the nation.

crimes was 207, 8.5% below the national average of 226. However, as noted earlier, the state's violent crime rate is less than half the national average.

Iowa and Minnesota have violent crime rates similar to Wisconsin's. Yet, arrest rates in these states were 158 and 89, respectively, well below Wisconsin's.

Property Crimes. The Badger State's arrest rate for property crimes in 2002 was 45.1% above the national average. At 850 per 100,000 residents, Wisconsin ranked 4th. Among its neighbors, only Illinois' rate (1,076) was higher. Property crime arrest rates in Iowa (549), Michigan (350) and Minnesota (540) were all below the national average (586).

Police. It is unclear why Wisconsin has such high arrest rates. Although there may be many factors, Wisconsin's large numbers of police likely play a role.

Wisconsin had more than 15,000 police officers in 2002, according to the U.S. Census Bureau. That was more than Iowa (6,232) and Minnesota (10,279), but fewer than Illinois (40,732) and Michigan (23,042).

In Wisconsin, police officers accounted for 7.0% of public-sector employment, about the same as the national average (6.9%).

However, relative to population, Wisconsin ranked 11th nationally with 2.8 officers per 1,000 residents. Among Wisconsin's neighbors, only Illinois (3.2) had more. Iowa (2.1), Michigan (2.3) and Minnesota (2.1) were among the lowest 20 states.

Incarceration Rates

While state crime rates fell, incarceration rates rose. In 1990, Wisconsin had 149 individuals incarcerated per 100,000 population. The rate climbed fairly steadily, more than doubling to 375 in 1999. In 2002, Wisconsin's incarceration rate was 391, or 162.4% higher than in 1990.

Although Wisconsin has generally followed national trends in crime rates, the state has diverged from the nation in incarceration rates. The chart below shows incarceration rates for the U.S., Wisconsin and three neighboring states from 1980 through 2002. Illinois, Iowa and Minnesota tracked the U.S. trend fairly well, but at lower levels. For example, since 1980, Iowa's rate fluctuated from 38% to 57% below the national average. The Illinois situation is similar, though it averaged about 25% below the U.S. during the period. Minnesota's incar-

ceration rate remained between 70% and 75% below the national average during the 23 years.

Wisconsin's incarceration rate declined relative to the national average from 1980 to 1993. In 1980, the state was 38.8% below average; in 1993, it was 53.8% below. In fact, Wisconsin's rate was similar to Iowa's until 1993. However, since then, incarceration rates in Wisconsin climbed relative to the U.S. (and Iowa); so by 2002, Wisconsin's rate was only 17.9% less than the national average. Iowa was 40.2% below average in that year.

During the 1993 through 2001 period, Wisconsin's rate climbed from 40th highest in the nation to 23rd. It dropped to 24th in 2002.

Wisconsin's incarceration rate could have risen for several reasons. The two most likely are: more criminals admitted to the correctional system; and longer sentences.

The federal Bureau of Justice Statistics (BJS) indicates that more criminals were admitted to Wisconsin's prison system beginning in the early 1990's. The chart on top of page 7 shows growth rates in the state's crime rate and admittance rate (number of prisoners admitted per 100,000 population). The two rates are indexed to 100 in 1977.

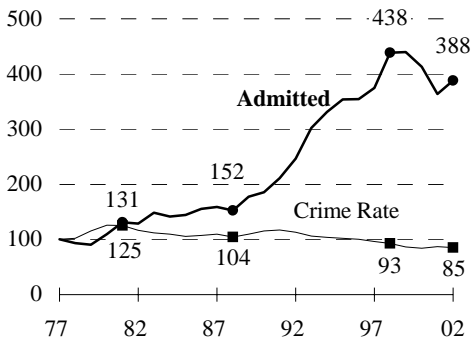
From 1977 through 1988, the number of new inmates (admittances) relative to population grew faster than the state's crime rate. For several years after 1988, Wisconsin's crime rate rose, but its admittance rate grew much faster. From 1991 through 2000, the state's crime rate declined in every year. However, admittance rates nearly doubled. Since then, they leveled off and then declined.

Legal Changes. Wisconsin's truth-in-sentencing law is often blamed for the state's rising prison populations. However, this law did not become effective until 2000, after the significant rise in prison populations.



Rise in Admittance Tops Crime Rate

Indexes of Admittance and Crime Rates
1977 Through 2002 (1977 = 100)



Instead, Wisconsin's rising prison population tracks changes in criminal laws during the 1990's. During those years, the legislature enacted a series of mandatory minimum sentences, criminal penalty enhancements and new criminal laws. It is more likely that these actions led to the surge in prison populations during this period.

Public Opinion. Wisconsin clearly differed from the nation during the 1990's in terms of admitting new prisoners to the prison system. Laws were changed, incarceration rates climbed, more prisons were built and total spending on corrections rose. One possible explanation of why this happened here is public opinion. Although there are no national figures to use for comparisons, Wisconsin residents during the 1990's believed crime was a serious issue.

The chart at the right shows the percentage of state residents who viewed crime as the most-important state problem. There was clearly a surge during the early and mid-1990's, followed by a steady decline after 1996. Crime topped the poll in both 1994 and 1996, and was second in five of the other six years during the 1990-97 period. The issue of taxes is typically the number one concern.

With citizens expressing their preferences that crime be addressed, legislators responded by toughening criminal laws and building more prisons.

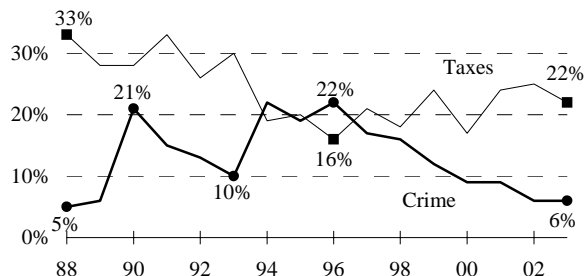
By Crime. While incarceration rates for all types of crime have increased significantly in Wisconsin, there are differences. Between January 1992 and January 2002, the number of prisoners in the state system climbed 181.2%. The increases in inmates convicted of burglary (104.3%), homicide/murder (102.5%) and robbery (108.7%) rose at slower rates. Prisoners incarcerated for a sexual offense (168.6%) climbed at a rate just below the U.S. average.

Increases in incarcerations for assault (222.0%), drug offenses (225.6%) and forgery (241.8%) were above average. However, the largest increase over the 10 years was for theft (430.0%). In 1992, theft accounted for 3.7% of prisoners. In 2002, that figure had risen to 7.1%.

By County. Several counties in southeastern Wisconsin account for the majority of new inmates to Wisconsin's prison system. In 2001-02, 68% of male and 75% of female inmates admitted to the system were from the counties of Dane, Kenosha, Milwaukee, Racine, Rock and Waukesha. Those figures are up from 1997-98 when they were 61% and 69%, respectively.

Importance of Crime as a State Issue

% of Population Who View Crime, Taxes as Most-Important State Problem, 1988 Through 2003



These six counties account for just over 40% of the state's population.

Spending

The BJS provides data for selected years on prison operations and capital spending in the 50 states. The last year for which figures are available is 2001.

Operations. According to the BJS figures, Wisconsin spent \$599.1 million to operate its prisons in 2001. On a per inmate basis, spending was \$28,622, or 26.4% more than the national average (\$22,650).

Wisconsin was 12th highest on spending per inmate in 2001. Maine (\$44,379), Rhode Island (\$38,503), Massachusetts (\$37,718) and Minnesota (\$36,836) spent the most. Alabama (\$8,128), Mississippi (\$12,795), Missouri (\$12,867) and Louisiana (\$12,951) spent the least.

Among Wisconsin's neighbors, two states spent more per inmate and two spent less (see table below). As mentioned above, Minnesota ranked 4th nationally. Michigan (\$32,525) also spent more and was 8th. Iowa (\$22,997, 25th) and Illinois (\$21,844, 31st) spent less.

In the five years from 1996 through 2001, operations spending in Wisconsin climbed 91.2%, 3rd highest among the 50 states. Nationally, operational spending rose 36.8%. The largest increases were in North Dakota (128.8%) and Oklahoma (95.0%).

However, Wisconsin had the largest increase in inmates during this period, 85.5%. Because of the large increase in prison populations, Wisconsin's per inmate spending climbed at a much slower pace. From 1996 to 2001, the state's per inmate spending rose 3.1%, 35th highest nationally. Eleven states, including Iowa and Minnesota, had declines during this period.

Capital. In 2001, Wisconsin's capital expenditures for corrections exceeded \$110 million, 2nd highest in the U.S. Only New York, which spent \$260 million, had more. Wisconsin and New York were the only two states to have more than \$100 million in capital expenditures in 2001. The next highest was Ohio, with \$76 million.

Capital spending can vary significantly from year to year. States might spend little for several years and then spend a large amount on a new prison. Minnesota is an example. Its 2001 capital expenditures were over 700% higher than in 1996 (see table below). It spent slightly more than \$1.5 million on capital projects in 1996. Its 2001 spending of \$13.4 million ranked 23rd nationally.

Wisconsin had high capital spending in both years. It ranked 7th nationally in 1996 and was 13th in its five-year increase. Nationwide, capital expenditures were 13.8% lower in 2001, compared to 1996.

Prisons. Faced with rapidly-growing prison populations in the 1990's, Wisconsin began an ambitious prison-building program. Correctional facilities were opened in Racine (1991 and 1998), Black River Falls (1996), Prairie du Chien (1997), Boscobel (1999), Redgranite (2001), Milwaukee (2001) and New Lisbon (2004).

In 2001, the state purchased a medium-security prison near Stanley for approximately \$80 million. The facility began operations in September 2002 and was at capacity by October 2003.

Comparative Prison Spending
2001 Amounts and Changes from 1996-2001

	Oper. Per Prisoner		5-Year Change		
	Amt.	5-Yr. Ch.	Oper.	Capital	Prisoners
Illinois	\$21,844	12.9%	36.0%	91.8%	20.5%
Iowa	22,997	-5.3	29.6	-8.8	36.8
Michigan	32,525	15.9	35.5	44.4	16.9
Minnesota	36,836	-2.6	30.2	727.1	33.6
Wisconsin	28,622	3.1	91.2	134.1	85.5
U.S.	\$22,650	12.5%	36.8%	-13.8%	21.7%

The DOC operates 18 adult correctional institutions. As of September 2004, the state had 4,929 prisoners in five maximum-security prisons. These prisons had operating capacities of 3,698. A total of 11,150 prisoners were housed in the state's 10 medium-security prisons (capacity of 8,992). The DOC held 3,121 prisoners in its four minimum-security facilities (capacity of 1,188)

WISCONSIN VS. MINNESOTA

Wisconsin is often compared to Minnesota when discussing crime and prisons. Minnesota's prison system is less than one-third the size of Wisconsin's, even though Wisconsin's crime rate is slightly lower than Minnesota's. Although Minnesota's experience was covered in the previous section, a more detailed look at crime and prisons in Wisconsin and Minnesota follows.

Crime Rates

Additional crime in Wisconsin is not the reason for larger prison populations here. In 2002, Wisconsin's overall crime rate was 8.0% lower than Minnesota's. Violent crime was 15.9% lower here, and property crime lagged Minnesota by 7.3%.

Among specific crimes, Wisconsin's rates for rape (-49.9%) and assault (-20.4%) were significantly lower. However, murder (27.3%) and aggravated robbery (10.5%) were higher in the Badger State. Among all property crimes (larceny/burglary, auto theft and theft), Wisconsin's rates were lower.

Arrests

As mentioned earlier, although Wisconsin has fewer crimes per capita, it makes arrests at a much higher rate than Minnesota. In fact, Wisconsin's arrest rates are more than twice Minnesota's. In 2002, law enforcement authorities here reported 409,682 arrests, or 8,286 per 100,000 population.

Minnesota authorities reported only 164,144 arrests, or 3,950 per 100,000 residents.

The difference in arrest rates for violent crime is greater, with Wisconsin's rate 132.3% higher than Minnesota's (207 vs. 89). Arrest rates for murder (7 vs. 2) and robbery (33 vs. 11) in Wisconsin were more than triple those in Minnesota—despite the Badger State's lower violent crime rate.

While Wisconsin's crime rates have fallen, incarceration rates here have risen, more than doubling between 1990 and 2002.

Property crime arrests are also higher here, though not double. Wisconsin's 2002 arrest rate for property crimes was 850 per 100,000 residents versus Minnesota's 544. Arrest rates for non-index crimes were also higher here. In 2002, they were 7,230 per 100,000 residents, 118.0% higher than in Minnesota (3,317).

Incarceration

As with arrests, Wisconsin's incarceration rates are significantly higher than those in Minnesota. In 2002, Wisconsin's incarceration rate was 391 per 100,000 population, more than 175% higher than Minnesota's 141.

The Badger State's incarceration rate has always been higher than its western neighbor's, though the gap has widened in the last seven years. During the late 1970's, Wisconsin's rate was about 50% higher than Minnesota's. It climbed during the next four years, and then from 1983 through 1992 was double Minnesota's rate. After a decline in 1993, Wisconsin's incarceration rate surged again, reaching three times Minnesota's rate in 1999.

In addition to rising prison populations, Wisconsin's jail (county and municipal) populations have also grown faster than those in Minnesota. From 1993 to 1999, Wisconsin's jail incarceration rate rose 53.2% to 239 per

100,000 residents. Minnesota's rate increased 29.6% to 105. As of 1999, Minnesota had five more jails, but 7,557 fewer inmates.

Prison Populations

As a result of Wisconsin's greater arrest and incarceration rates, its prison population is substantially larger than Minnesota's. The types of offenses for which prisoners are incarcerated are also slightly different. The table below highlights those differences.

In terms of its share of the prison population, Wisconsin is less likely to have prisoners incarcerated for drug offenses (14.6% of the prison population vs. 19.5% in Minnesota). Sex offenders and murderers also are a smaller portion of the prison population in Wisconsin.

The Badger State has a larger share of its prison population with convictions of burglary or robbery. It also has significantly more inmates convicted of "other" crimes.

In Wisconsin, some of the "other" crimes are theft (7.1%), forgery (3.7%), bail jumping/escape (2.7%) and operating while intoxicated (2.5%). Information for Minnesota is not available.

CRIME AND PUNISHMENT

Over the last 15 years, incarceration has played a greater role in the state's criminal justice system. This is borne out by figures

Prison Populations Differ Slightly
Minn. and Wis. Prisoners by Offense, 2002

Offense	Minn.		Wis.	
	No.	Pct.	No.	Pct.
Drugs	1,337	19.5	3,204	14.6
Sex Off.	1,241	18.1	3,511	16.0
Murder	1,065	15.5	2,250	10.2
Assault	798	11.6	2,454	11.2
Burglary	539	7.8	2,221	10.1
Robbery	510	7.4	2,317	10.5
Other	1,380	20.1	6,044	27.4
Total	6,870	100.0	22,001	100.0

on incarceration rates and capital spending on new prisons. In order to evaluate this policy, it is important to understand the relationship between incarceration rates and crime rates, and the cost-effectiveness of incarceration. An overview of the research on these topics is presented below.

Crime and Incarceration

It is natural to assume that higher incarceration rates lead to lower crime rates. However, research on this topic is mixed.

There are two ways by which higher incarceration rates can lead to lower crime rates. *General deterrence* is the idea that a potential criminal's perception of severe punishment for a crime will deter him or her from engaging in such behavior. *Specific deterrence* suggests that crime is reduced because incarceration removes criminals from society, thus preventing them from committing crimes.

General Deterrence. Although there is a broad perception that general deterrence works, the research is not definitive.

One of the reasons suggested as to why general deterrence may not work is that the chance of being arrested, convicted and incarcerated for committing a crime is fairly small. For example:

- For every 100 burglaries, about 54 are reported to the police.
- Of the 54, only seven result in arrest.
- Of the seven, an average of 3.3 will gain conviction.

Thus, for every 100 burglaries, fewer than five criminals will be convicted. The likelihood of conviction for a violent crime is higher, though it is still less than one in 20 for all crimes except murder. Thus, some researchers discount the notion of general deterrence as effective in reducing crime.

Specific Deterrence. Specific deterrence is one of the main arguments for longer sen-

tences. Since criminals generally cannot commit new crimes against the public if they are in prison, proponents of specific deterrence argue that keeping convicted criminals off the streets for a longer period of time will reduce crime.

However, critics of longer sentences claim that experiences learned in prison make inmates higher risks and possibly more dangerous when they leave prison.

Research on specific deterrence uses mathematical models to estimate criminal activity throughout a criminal career. As with all models of this type, the results depend to a large degree on the assumptions of the model. Thus, results are mixed.

Studies have found estimates of the magnitude of crime prevention due to specific deterrence ranging from 1% to 56%. The differing estimates are due to differing types of crime studied, the use of all crime or only reported crime, and the estimated number of crimes committed by one criminal (these range from one to 10).

Cost Effectiveness

Another aspect of incarceration that is important for policymakers is cost effectiveness. Such analysis weighs the total costs of incarceration against monetary benefits to society from keeping criminals in prison.

Costs. Most of the costs associated with incarceration are fairly obvious. First are the annual costs associated with housing the prisoner (food, clothing, health care, guards, etc.). As noted, according to BJS, annual operating costs per prisoner were \$22,650 nationally in 2001.

A second cost is the expense of building a prison. Included here should be the cost of building along with financing costs. These expenditures are spread over the expected life of the prison, typically 50 years.

The direct costs of incarceration will vary by state. A review of state-by-state figures for 1990 by the Florida Corrections Commission put Wisconsin's costs at \$30,225 per year, 13th highest nationally.

A sound cost-benefit analysis also accounts for indirect costs. Public funds spent on prisons cannot be spent in other areas. For example, if money is directed away from public education, then the reduced "quality" of education should be considered.

Benefits. To the extent that incarceration reduces crime, there are benefits to society. Direct benefits associated with reduced property crime can be estimated fairly easily—for example, the value of goods not stolen. However, estimating the economic benefit of reduced violent crime is more difficult.

There are also indirect benefits associated with reduced crime. For example, insurance premiums may fall and there may be less need for police and other security.

Is Incarceration Cost Effective? It appears that the answer to this question depends on the assumptions of the study. The first major study of cost effectiveness was done in 1987 and estimated that the benefits associated with incarceration were 17 times greater than the costs. Many of the assumptions in this study were widely criticized, as was the 17-to-1 ratio.

More recent studies have found the social benefits of incarceration outweigh the costs, but to a smaller degree. However, these results have also generated criticism of the underlying assumptions. Thus, there remains no general consensus as to whether societal benefits are greater than the social costs of incarceration. □

DATA SOURCE

Florida Corrections Commission; U.S. Bureau of Justice Statistics; Wisconsin Departments of Administration and Corrections; and Wisconsin Policy Research Institute.

Wisconsin's Large Middle Class

Wisconsin has one of the largest “middle classes” in the nation, according to new income figures from the Internal Revenue Service. Of all Wisconsin filers of 2002 federal income tax returns, 42.3% had middle-class incomes, the 3rd-highest percentage in the nation.

Analysts differ on what constitutes “middle class.” Here, a middle-class couple filing a joint return is defined as having adjusted gross income (AGI) between \$30,000 and \$75,000. For individuals, incomes of \$20,000 to \$50,000 are used.

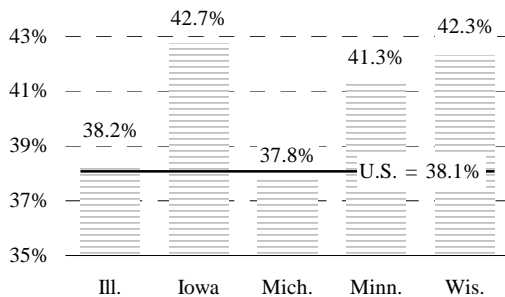
Iowa (2nd, 42.7%) and Minnesota (7th, 41.3%) also had relatively large middle-class populations (see chart below), while Illinois and Michigan were near the national average. At 43.0%, Nevada had the largest share of filers defined as middle class; New Jersey was lowest with 35.4%.

Although Wisconsin, Iowa and Minnesota had similar percentages of middle-class filers in 2002, the states were different in terms of filers above and below these income levels. For example, only 17.9% of Wisconsin filers had

incomes above the middle-class range. That was 23rd highest nationally. Minnesota (14th) had 21.5% of filers in the “upper income” ranges, while Iowa (35th) had only 14.4%. The national average was 19.6%.

In terms of filers with incomes below the middle-class definitions, Wisconsin was near the bottom. In 2002, 39.8% of its filers had incomes below the middle-class range, 37th highest nationally. Minnesota was 45th at 37.2%, while Iowa ranked 24th at 42.9%. The national average was 42.3%. □

Wisconsin Has Large “Middle Class”
% of Filers with Middle-Class* Incomes, 2002



*Defined as AGI (adjusted gross income) from \$30,000 to \$75,000 for married couples filing jointly and \$20,000 to \$50,000 for other filers.



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