

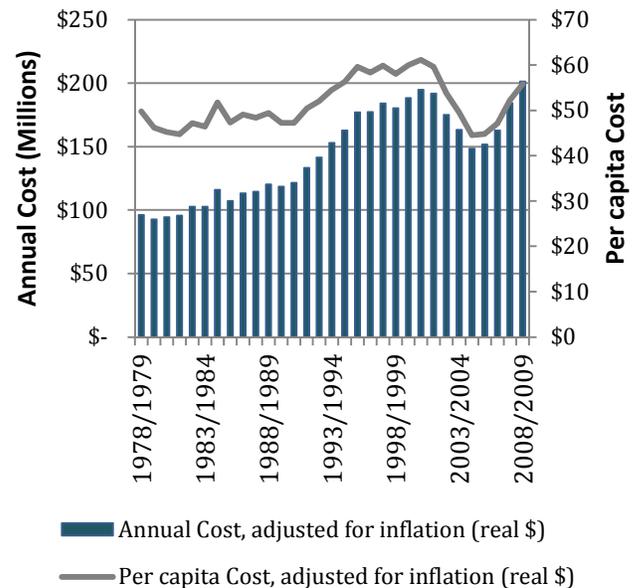
## Cost and Crime A study of BC Corrections

Many people are of the opinion that the criminal justice system in BC is costing them more every year. But, is it? In an attempt to bring some clarity to the trends in the cost of BC Corrections, this study looks at the cost of the service over the last 30 years. It looks at the trends in costs and in the growth in demand for service for each division of BC Corrections, as well as studying the impact of changes in demand for service.

### About Provincial Corrections

In each province and territory in Canada, correctional services are provided by two distinct bodies, depending on the type and length of sentence. Sentences of two years or more are managed by a federal body, the Correctional Services of Canada (CSC). Sentences of less than two years are managed by a provincial body, which in BC, is the Ministry of Justice Corrections Branch (BC Corrections). BC Corrections manages eight correctional centres for men and one centre for women, designated for offenders serving prison sentences of less than two years, as well as those on remand awaiting trial or not yet sentenced. It also operates more than 50 community corrections offices, from which probation officers supervise those serving community sentences, which include probation, conditional sentences and suspended sentences.

**Figure 1 BC Corrections: Annual Cost**



### The Cost of BC Corrections

#### What does BC Corrections cost each year?

In 1979, the total Operating Expenditures for BC Corrections was \$35,607,000. In 2009, the total Operating Expenditures for BC Corrections was \$227,774,000, an increase of 540 % over the 30 year period, for an average increase of 18 % per year.

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### After adjusting for inflation, how has the cost changed over the 30-year period?

Expressed in 2003 dollars to account for inflation, BC Corrections 1979 Operating Expenditures total would be \$96,181,000, compared to \$201,204,000. in 2009. This represents a total increase of 109 % over a 30 year period, for an average increase of 4 % per year.

### How has the cost per capita in BC changed over the 30-year period?

Over the 30 year period, the population of BC, has increased from 2,665,238 in 1979 to 4,459,900 in 2009. The per capita cost in current dollars has increased from \$13.36 in 1979 to \$51.07 in 2009. This

represents an increase of 282 % over a 30 year period, for an average of 9 % increase per year, which appears to be a substantial increase in costs. However, when expressed in 2003 dollars, the increase is much smaller. In constant dollars, the per capita cost has increased from \$36.09 in 1979 to \$45.11 in 2009. This represents a total increase of 25 % over a 30 year period.

### Summary

When inflation and the increase in population are accounted for, the per capita cost of BC Corrections is 25% greater than it was 30 years ago.

## Breaking down the BC Corrections budget

BC Corrections can be divided in to three divisions: the central administrative division, the custodial division, which operates BC's provincial prisons and remand centres, and the community corrections division.

### What is the cost breakdown by division?

In 1979, BC Corrections spent 11% of its budget on the administrative division, 71% on the custodial division and 18% on the community corrections division.

In 2009, BC Corrections spent 5% of its budget on the administrative division, 74% on the custodial division and 22% on the community corrections division.

Over the 30-year period, the breakdown by division has changed very little.

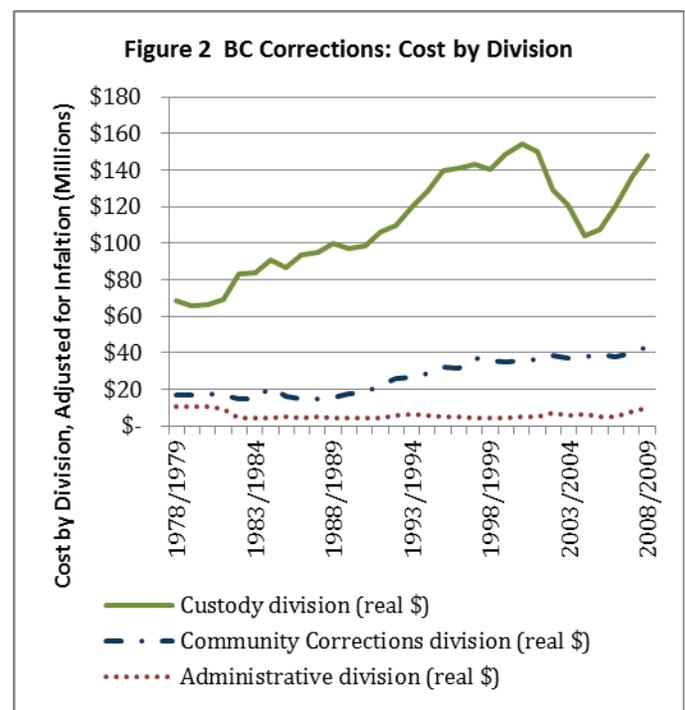
### If you adjust the cost for inflation, how has cost by division changed over the 30-year period?

Expressed in 2003 dollars, in 1979, BC Corrections spent \$10,548,000 on the administrative division, \$68,542,000 on the custodial division and \$17,090,000 on the community corrections division, compared to \$9,762,776 on the administrative division, \$148,060,000 on the custodial division and \$48,380,000 on the community corrections division in 2009. Over the period, spending decreased by 7% in the administrative division, increased by 116% in the custodial division and increased by 154% in the community corrections division.

### Summary

Over the 30 year period, although the breakdown by

division has changed very little, the expenditures by the custodial division has grown an average of 4% per year, while the expenditures by the community corrections division has grown by an average of 5% per year.



# Accounting for BC correctional population growth

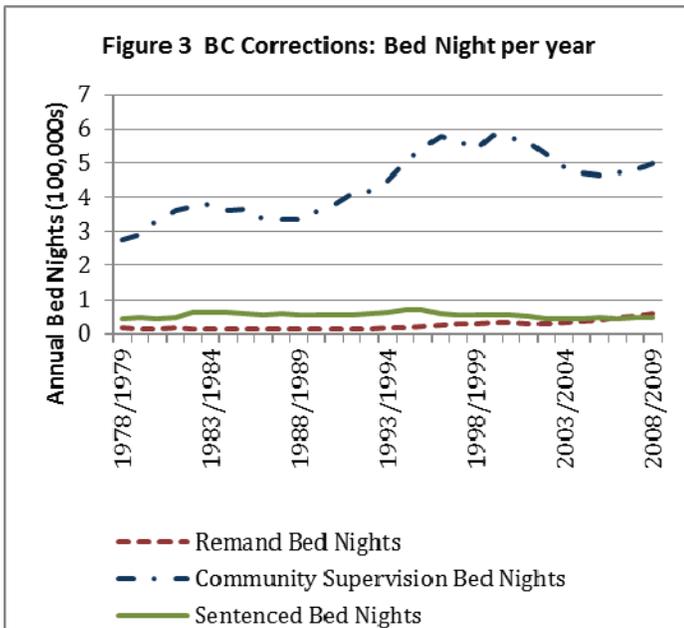
The increase in costs can be attributed in part to the growth over the 30-year period in the number of clients in custody and the number of clients in community corrections. Because each sentence is a different length of time, a metric that allows for comparison over the different services is Bed Nights – how many clients were being supervised per night. This measure is comparable to the Bed Nights measure used in the hotel industry to measure occupancy.

$$\text{Bed Nights} = \text{Average Count per service per year} \times \text{number of days in a year}$$

Within its Custody Division, BC Corrections provides both sentenced custody beds and remand custody beds. Because both the average sentence length and the reason for growth in Bed Nights are quite distinct for each, the sentenced and remand services are tracked separately.

## How has the BC Corrections population changed over the 30-year period?

In 1979, BC Corrections provided 443,840 (13%) of its Bed Nights in Sentenced Institutions, 144,540 (4%) of its Bed Nights in Remand Centres, and 2,742,975 (82%) of its Bed Nights in Community Supervision.

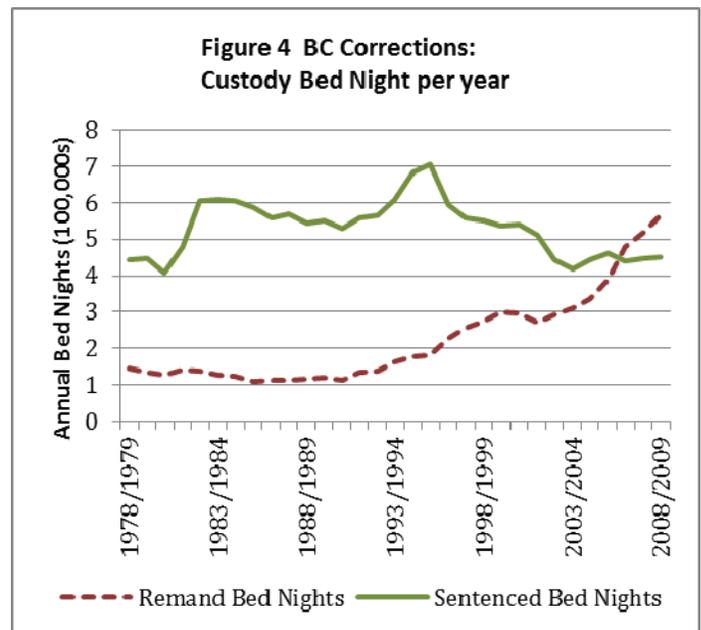


In 2009, BC Corrections provided 450,447 (8%) of its Bed Nights in Sentenced Institutions, 465,144 (9%) of its Bed Nights in Remand Centres, and 4,963,927

(81%) of its Bed Nights in Community Supervision.

## How has the BC Corrections custody population changed over the 30-year period?

In 1979, BC Corrections Custody division provided 75% (443,840) of its Bed Nights in Sentenced Institutions, and 25% (144,540) of its Bed Nights in Remand. In 2009, the Custody division provided 44% (450,447) of its Bed Nights in Sentenced Institutions, and 55% (465,144) of its Bed Nights in Remand Centres.



## Summary

Although Sentenced Institutions have seen only a 1% growth in demand over the 30 year period, Remand Centres have experienced a 290% growth in demand over the same period. Community Supervision has seen an 81% growth in demand over the same period of time. Since 2006/2007, BC Corrections Custody division has been providing more of its Bed Nights for persons remanded into custody than for persons sentenced to incarceration.

## Cost per Bed Night over time

Increases in costs can be attributed in part to the growth in demand for Bed Nights, as well as any change in the cost per Bed Night over time.

The costs in the correctional system can be broken down into 4 components:

- administrative overhead
- building maintenance and operating expenses
- client supervision staff
- client related costs, such as food, clothing, medical care (for custody beds only)

The expectation is that the cost of providing Bed Nights will differ for each of the three services. The expectation is that Community Supervision Bed Nights would be the least expensive to provide because the building expenses of a community supervision office would be less than those of a prison, because the clients would require less supervision staff than would clients in a prison setting, and because the client is living in the community, and pays for his own food, clothing and housing. The expectation would be that Remand Centre Bed Nights would be the most expensive to provide because remand centres are designated maximum security institutions, which entails higher costs than a minimum security institutions such as a work camp. Since Sentenced Bed Nights are provided in a combination of minimum, medium, and maximum security institutions, the expectation is that Bed Night expenses fall somewhere between the cost of Community Supervision Bed Nights, and Remand Centre Bed Nights.

The available statistics indicate that Community Supervision Bed Nights are the least expensive, but there is no available break down of Custody Bed Nights into Remand Centre Bed Nights and Sentenced

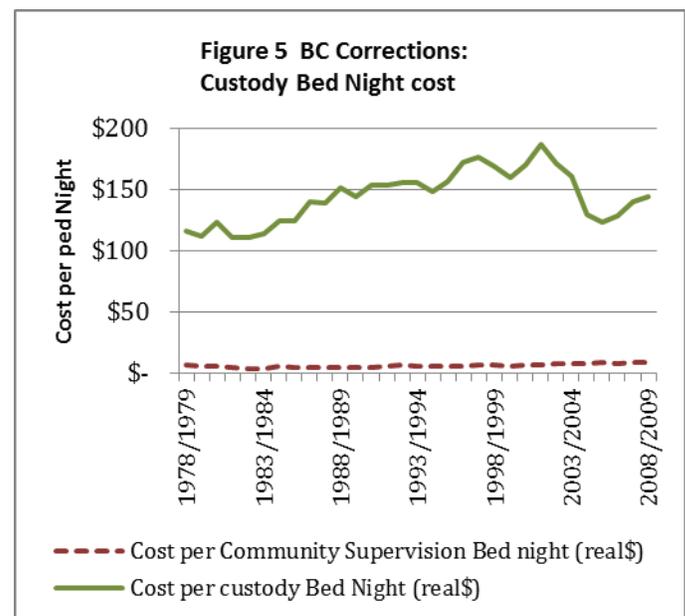
Bed Nights.

### Has cost per Bed Night changed over the period?

Expressed in 2003 dollars, BC Corrections spent \$116 per Custodial Bed Night and \$6 per Community Supervision Bed Night in 1979, compared to \$144 per Custody Bed Night, and \$9 per Community Supervision Bed Night in 2009. This represents an increase of 24% in the cost of Custody Bed Nights, and an increase of 40% in the cost of Community Supervision Bed Nights over the 30 year period.

### Summary

Over the 30 year period, the cost of providing Custody Bed Nights has increased by 24%, from \$116 per Custody Bed Night to \$144 per Custody Bed Night, while the cost of providing Community Supervision has increased 40% from 6% per day to \$9 per day.



## Custody Bed Night demand fluctuations and overall costs

The costs in a custody setting can be broken down into 4 components: administrative overhead, building maintenance and operating expenses, client supervision staff and client related costs, such as food, clothing, medical care.

In general, costs in corrections appear to be quite inelastic, because they don't respond much to a decrease in demand for services (occupancy). There

are a number of factors that may contribute to this, including:

- *High fixed administrative costs.* Administrative overhead costs may be inelastic because in any custody situation, there is a large amount of legislated oversight, which is not significantly

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reduced in periods of lower demand for services.

- **High fixed maintenance costs**  
Building maintenance and operating expenses continue even when demand decreases because a correctional institution is required to be “always ready”, and because a correctional institution is “never off”. Regardless of the current demand for services, a correctional institution must be always ready to supply services when required. Even if current occupancy is low, the institution must be maintained to absorb up to full occupancy at all times since future occupancy cannot be predicted, and because increases in demand cannot be turned away. A correctional institution is “never off”. Even when occupancy is low, most of the building is still in use because the common areas are still utilized and must be maintained.
- **High fixed operational costs**  
Because a correctional institution is required to be always ready to absorb new demand, staff expenses continue even when demand for services decreases. Also, even when occupancy is low, the building and the living units remain in use, requiring almost the same amount of supervisory staff as in high occupancy periods.

### Do fluctuations in demand correlate to corresponding changes in costs?

Over the 30-year period, BC Corrections Custody division experienced several large changes in year-to-year Bed Night demand. However, this did not result in corresponding changes in costs.

Of the six largest fluctuations in custody demand over the period, 5 were an increase in demand of between 10 and 20 %, and one was a decrease in demand of 11%. Each increase in demand corresponded to an increase in costs that was equal to or less than the increase in demand. The decrease in demand of 11 % corresponded to a small (3%) decrease in costs.

#### Summary

Although fluctuations in demand do result in corresponding changes in costs, the changes in costs are smaller than the changes in demand. This cost inelasticity could be due to the high fixed costs of running a correctional institution.

Year	Change in Custody Bed Nights (Year over Year)	Change in costs (Year over Year)
1981/1982	16%	4%
1982/1983	20%	20%
1993/1994	10%	9%
1994/1995	12%	7%
1999/2000	13%	6%
2001/2002	-11%	-3%

## Current Costs

During the last third of the study period, from 1999 to 2009, the cost of BC Corrections has seen a dramatic decrease in costs followed by an increase, both in real terms and in per capita terms. The reduction in the first part of the period may be attributed to the closure of small, sentenced institutions in 2002, and the overall downward trend in the number of individuals in sentenced institutions.

During that same 10-year period, there has been dramatic growth in demand for remand centres services. From 1999 to 2009, remand centres have experienced a 104% growth in demand, and a 45% growth in demand from 2006 to 2009, compared to a decrease in demand in the sentenced institutions of 18% from 1999 to 2009. Although bed night costs were decreasing over the first part of the period, bed

night costs increased from \$123 per night to \$144 per night, from 2006 to 2009. These increases in both the cost per night and the demand for services have eclipsed the reduction in costs experienced in sentenced institutions.

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