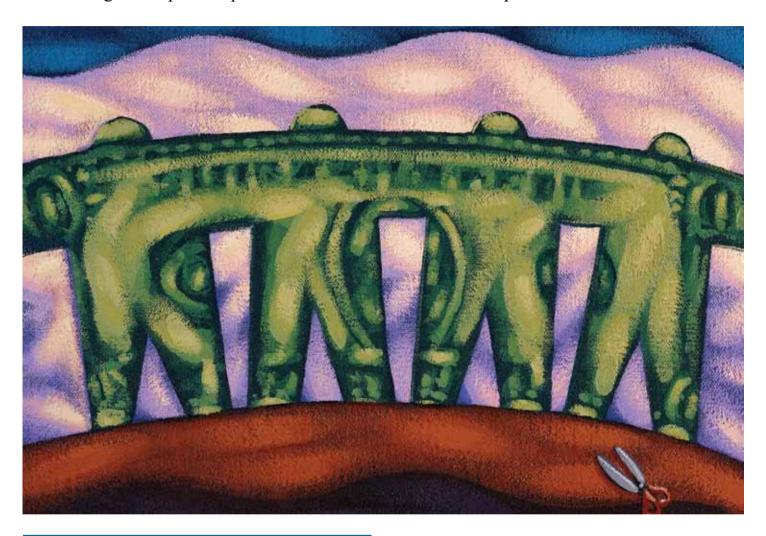
BANG FOR THE BUCK

Knowing which policies provide the best financial return is a powerful tool for lawmakers.



BY RICHARD WILLIAMS

etting the biggest bang for each taxpayer buck is a priority for all state lawmakers dealing with the current budget crunch.

With every decision, however, lawmakers are faced with a daunting volume of information. Choosing which policies offer the best

short- and long-term return on investment is no simple matter.

Many lawmakers are turning to cost-benefit analysis to help make complex decisions, such as whether it is in the best interest of the state to invest in building a new prison or support a drug rehabilitation program. It's a tool that allows leaders to compare several public policy options to determine the best value. Cost-benefit analysis can assess programs with different goals because it turns all results into monetary values.

Richard Williams tracks juvenile justice issues for NCSL

COST-BENEFIT ANALYSIS IN PRACTICE

Cost-benefit analysis determines only a program's cost-effectiveness, not its overall success. To understand the value of each option, lawmakers must look at the data side-by-side with evaluations of the program itself to

help them identify the best policy options. For this reason, cost-benefit analysis is most valuable in issue areas that have reliable program data.

In recent years, state officials have become increasingly interested in cost-benefit analysis in large part because of the experience in Washington. There, the Washington State Institute for Public Policy (WSIPP), a nonpartisan research office, has been conducting policy analysis at the direction of the Legislature since it was formed in 1983.

In the mid-1990s, the Legislature directed the insti-



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tute to conduct evidence-based policy assessments on the state's criminal and juvenile justice systems. Through this initiative, WSIPP began using costbenefit analysis in an effort to determine which programs made economic sense for Washington and also lowered recidivism rates.

One study in 1997 attempted to identify programs for the state's juvenile courts that reduce crime and save money. The institute conducted a review of many nationally known programs and identified several as cost-effective options, including Functional Family Therapy, an approach designed to improve a child's surroundings and increase communication among family members.

Although Functional Family Therapy was found to be cost effective in 1997, cost-benefit analysis allows for updated assessments as more program information becomes available. This helps to ensure that state programs continue to be implemented effectively. In 2004, after several years of evaluation, it was found that Functional Family Therapy had reduced felony recidivism rates by 38 percent during its operation and generated \$10.69 in benefits for each \$1 of program cost.

WSIPP has since moved into other areas, including child welfare, mental health, substance abuse, K-12 education and adult corrections.

The information gained through these studies has been invaluable to legislators. "It's not anecdotal, it's based on nationwide data that speak to what works—without an agenda," says Washington Senator Mark Schoesler, who sits on the institute's board. "They don't always tell us what we want to hear. They tell us if our programs aren't working."

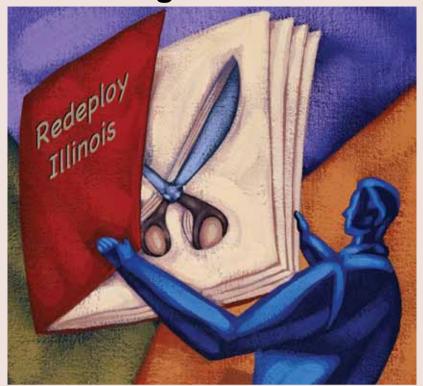
OTHER HELP

Not every state, however, has the resources to create an institute such as Washington's or conduct the same thorough cost-benefit analysis of its programs. A new option is available, however. The Pew Center on the States and the MacArthur Foundation have teamed with WSIPP to bring its cost-benefit model to other states.

Their "Results First" initiative will help states put their own cost-benefit analysis in place by offering training to analysts, providing databases from Washington's model, and helping states apply the tool to their programs.

A cost-benefit analysis "can help states make better policy choices," says Gary VanLandingham, director of Results First at the Pew Center on the States and the former director of Florida's Office of Program Policy Analysis and Government Accountability. "It enables them to target their limited resources at programs that generate the best returns for citizens."

Going Statewide



hen the Illinois legislature decided in 2004 to change the way the state handled delinquents, lawmakers hoped not only to improve their futures, but to save the state some money as well.

Legislators believed they could save on the high costs of keeping young people in detention centers—\$70,827 a child in 2005—with effective, community-based alternatives.

The cost savings potential is "particularly persuasive" when dealing with juveniles, says Representative Barbara Flynn Currie, a sponsor of the bill that created Redeploy Illinois. "If you can stop children's criminal behavior when they are young, then the state doesn't have to pay for their crimes when they become adults."

The Redeploy Illinois program offered counties financial incentives to provide community-based alternatives—counseling, life skills education, cognitive therapies and

victim-related services—to delinquent youths who might otherwise be sent to the Illinois Department of Juvenile Justice. As a condition for receiving funding for these services, counties agreed to reduce by 25 percent the number of young people committed to the justice department.

So far, the optimism of Currie and other lawmakers seems justified.

Cost-effectiveness studies have shown that in the first three years of Redeploy Illinois, these alternative programs have reduced the number of kids sent to the state justice system by more than 50 percent, allowing the state to avoid spending \$9 million. For every \$1 million spent by the Redeploy program, the study has calculated the state Department of Juvenile Justice has been able to save \$3.55 million in incarceration expenses.



REPRESENTATIVE
BARBARA FLYNN
CURRIE
ILLINOIS

"The focus here isn't on finding the harshest or the softest punishment," Currie says, "but on what makes our streets the safest."

OSL ONLINE

Shay Bilchik of Georgetown University's Public Policy Institute discusses juvenile justice reform at www.ncsl.org/magazine.

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Saving Costs, Saving Futures

early 20 years ago, Ohio lawmakers facing overcrowded juvenile detention facilities decided to change the way the state approached juvenile crime and created RECLAIM Ohio.

The program allocates funding from Ohio's Department of Youth Services to county juvenile courts to develop or purchase existing, community-based programs that serve juveniles locally instead of sending them to state detention facilities. Each county juvenile court can purchase a variety of programs—intensive probation, electronic monitoring, residential treatment and alternative schools. Program variety allows each youth to be diverted to a program that best addresses his or her needs.

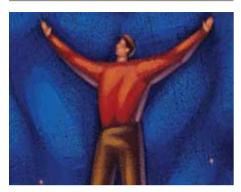
A cost-benefit analysis of the state's juvenile

justice system, conducted by the University of Cincinnati in 2005, found that RECLAIM Ohio programs, as opposed to detention facilities, had not only saved money but also had cut down on the number of young people re-entering the justice system. The cost-benefit analysis looked at costs and recidivism rates, finding that many children are served better and more cost effectively when put through diversion programs.

The cost of housing 10 young people in a Department of Youth Services' facility, the study found, was \$571,940 a year versus \$85,390 a year for RECLAIM Ohio programs.

For these programs to be successful, however, the study found accurate assessments of a youth's recidivism risk was of critical importance.

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"Matching youths to programs that meet their specific needs is going to get the best result for them and for the state," says Ryan Gies, deputy director of Ohio's Department of Youth Services. He cautions that the "recidivism risk" of each choice must be factored into any decision, because if a juvenile is not rehabilitated by a program, then the state will likely have to pay for his or her crimes through adulthood.

Ohio's 2005 cost-benefit analysis showed low- and medium-risk young people, as defined through risk factor assessments, have significantly lower recidivism rates when placed in community programs than when put in detention facilities. But the opposite is true for juveniles determined to have a high-risk of recidivism. High-risk juveniles have lower recidivism rates when they spend their time in a detention facility.

Gies says knowing what's best for each juvenile is extremely useful since recent budget cuts have reduced the available beds in juvenile detention facilities.

"We have closed three facilities," he says, but with RECLAIM programs available, "we have been able to continue responsibly serving youths in Ohio."

RECLAIM has helped lower the number of juvenile offenders committed to detention facilities, he says.

Ohio housed more than 2,600 juvenile offenders in secure detention facilities in May 1992, its peak level. In March 2011, that number was down to 775. Programs receiving RECLAIM money, on the other hand, were handling more than 100,000 young people a year in 2009.

The 2005 cost-benefit analysis of Ohio's juvenile justice system indicated RECLAIM is a cost-effective part of its operation. Future analysis is the best way to ensure the programs continue to be efficient for the state. Gies and his colleagues welcome any assessment that helps them understand how to best serve Ohio's youth.