A Case (Study) for Cost-Benefit Analysis in Justice Policy & Planning

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Cost-benefit analysis (CBA) can help structure, inform, and improve decision and policy making.
The Questions

Should North Carolina raise the age of juvenile jurisdiction from sixteen to eighteen?

What would a cost-benefit analysis tell us?
Background

• Several attempts had been made to raise the age.

• Cost implications were cited as one of the key reasons for lack of reform.

• Previous cost-benefit analysis and fiscal note had been received with skepticism.

• Political support was modest.
Youth Accountability Planning Task Force

- Statutorily defined task force (Session Law 2009-451)
- Three workgroups
  - Legal
  - Programs
  - System Costs
- Recommendation
  - Handle all misdemeanors and non-violent, low-level felonies in the juvenile court
  - Keep violent felonies in the adult court
Approach

• Collaborative
  • Worked with the System Costs Work Group to gather data and agree on assumptions.
  • Worked closely with staff of the North Carolina Sentencing and Policy Advisory Commission.

• Specific to North Carolina
  • Collected and analyzed North Carolina data on costs and justice system case processing.

• Research-based
  • Drew on national juvenile justice research.
Process

• Explain cost-benefit analysis
• Discuss the potential impact of the policy reform
• Examine costs
• Examine benefits
• Review research
• Specify assumptions
• Articulate what would be excluded from the analysis
• Look at possible scenarios
Assumptions

- How 16- and 17-year-olds would be handled in the juvenile justice system
- How the policy change would affect recidivism
- Which benefits to include in the analysis
Weighing the costs and benefits

• **Costs**
  - Additional costs to juvenile justice, courts, and law enforcement agencies.

• **Benefits**
  - Criminal justice agencies
    - Immediate benefits due to reduced workload.
    - Longer-term benefits due to reduced recidivism.
  - Benefits due to reduced victimization.
  - Benefits to youth due to future earnings.
## Summary of cost-benefit analysis

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer Costs</td>
<td>($70.9)</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td>$123.1</td>
</tr>
<tr>
<td>Taxpayer Benefits</td>
<td>$21.7</td>
</tr>
<tr>
<td>Victim Benefits</td>
<td>$3.6</td>
</tr>
<tr>
<td>Youth Benefits</td>
<td>$97.9</td>
</tr>
<tr>
<td><strong>Total Net Benefit</strong></td>
<td>$52.3</td>
</tr>
</tbody>
</table>

*Annual costs and benefits, dollars in millions.*

### Youth benefits in detail

*per Annual Cohort*

<table>
<thead>
<tr>
<th>Number of Youth without a Criminal Record, per Year</th>
<th>Additional Earnings Per Youth</th>
<th>Net Present Value of Additional Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,586</td>
<td>$61,691</td>
<td>$97,857,916</td>
</tr>
</tbody>
</table>

- Assumes that having a criminal record reduces earnings by 13%
- Additional earnings are calculated over 35 years
The takeaways

• Better estimation of costs
• Greater understanding of benefits
• Better understanding of policy implications
• Greater level of transparency
• More confidence in the CBA results
Results

- Senate Bill 506 / House Bill 632 introduced
- Support from not-so-usual suspects
- Task Force extended (Executive Order 80)
- Increased capacity to use CBA
Educated consumers

- Look for underlying assumptions
- Focus on program and policy results
  - What’s a realistic impact?
  - Can the impact be sustained?
  - What else needs to change?
- Dig into costs
- Examine benefits
Starting points

• Review CBAs of similar policies and programs
• Look at evaluation literature
• Get state-specific data
• Identify analysts
• Get stakeholders involved
• Tap into existing resources
The Cost-Benefit Knowledge Bank for Criminal Justice

- Website – cbkb.org
- Webinars, videocasts, and podcasts
- Reference database
- CBA toolkit
- Snapshots of CBA literature
- Community of practice

A project of the Vera Institute of Justice funded by the U.S. Department of Justice’s Bureau of Justice Assistance.
CBKB aims to broaden and deepen the understanding and use of cost-benefit analysis in criminal justice. We help practitioners and jurisdictions build their capacity to conduct cost-benefit studies and apply cost-benefit analysis to policymaking. more >>

View an introduction to CBKB.
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