A cost-benefit analysis in 2007 by the Washington State Institute for Public Policy revealed that “youth who participated in Scared Straight programs were more likely to commit new crimes than those who did not participate,” according to one of the researchers. What’s more, although the upfront cost of Washington’s program was $67 per participant, recidivism meant the state was actually paying thousands of dollars more than that per participant for officers’ salaries, court filings, lost wages for victims and witnesses, and incarceration.

Scared Straight was adopted with enthusiasm in many states beginning in the 1970s as a way to deter crime among at-risk youths by putting them face to face with hardened, lifelong criminals. It seemed logical, doable, fiscally responsible and was widely supported on both sides of the aisle. But when the program’s costs and benefits were quantified by data, lawmakers could see that, despite its potential, it just didn’t provide the value they’d hoped it would.

**Shaking Things Up**

The program’s ineffectiveness might have gone unnoticed if not for the policy group’s study, which caught the eye of The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation.

“We knew that Washington state was shaking things up and that more states could benefit from applying a cost-benefit analysis to their programs,” says Pew’s Gary VanLandingham. “But no real processes existed for states to learn the best practices to conduct these complex analyses, or to share information, so each state was doing things a little bit differently.” Officials nationwide were eager to find support from and share experiences with others using this fiscal tool.

In 2010, the nonprofits launched the Pew-MacArthur Results First Initiative using Washington state’s approach as a model. Coupling cost-benefit analysis with related means of assessing programmatic costs and effectiveness, the project partners with state and county governments, offering a free toolkit that enables policymakers to direct public funds to activities that deliver high returns and to eliminate or restructure programs found wanting.

**Borrowing From Bankers**

Cost-benefit analysis has long been used in the world of finance, of course, but it’s becoming increasingly popular in the public sector as well. All states and the District of Columbia did at least one cost-benefit analysis between 2008 and 2011, according to Pew research, though use of the method varied widely.

The Results First approach is unique in that it provides officials with the latest topical research, a plan customized for their state or county government and technical assistance to make it work. In the three years following the Great Recession, 22 states partnered with Results First, customizing Washington state’s model to reflect their own needs.

Through the spring of 2016, these states reported using the Results First approach to save millions of dollars and achieve better long-term returns on investment. The savings took many forms, including eliminating wasteful spending, improving program delivery and targeting recipients more efficiently.

**What It Offers**

Results First is both a tool and a process that is continually reviewed, refined and improved upon. According to Pew, partner states receive access to software and research, along with:

- **Training and assistance.** Results First experts provide site visits, webinars and conference calls to help states develop their own cost-benefit models.

- **Information sharing.** The project hosts several meetings every year where staff and policymakers can share their experiences using the model. Listservs, reports and other web resources are available to all participants.

- **Standardized approach.** Results First is based on an established cost-benefit model

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that can be customized and used to analyze a range of programs.

- **Quality assurance.** Experts review participating states’ cost-benefit models to ensure they meet best practices and that the project’s model has been appropriately adapted.

The outcome can be a win-win-win: Lawmakers show measurable success, taxpayers see money being spent effectively and program recipients receive effective services. Results First is “the closest thing to a silver bullet that exists,” says Representative Toby Barker (R) of Mississippi, one of the project’s partner states.

### Not Without Challenges

Several challenges can limit states’ use of cost-benefit analysis, according to Pew:

- **Limited resources.** Cost-benefit analyses are major undertakings requiring substantial commitments of time, money and staff with specific expertise. Studies can take up to four years to complete and range in cost from $50,000 to $1 million, Pew says.
- **Data handling.** Cost-benefit studies require extensive data on program costs and results, information many states have difficulty collecting and analyzing.
- **Timing.** Cost-benefit studies are most useful when the results are available in time to inform state leaders’ choices.
- **Presentation.** Cost-benefit analysis tends to yield highly technical reports that must be interpreted for policy leaders who rarely have time to digest detailed findings.
- **Conflicting political priorities.** A study that appears to represent an agenda may raise concerns about bias; on the other hand, political or ideological considerations can overwhelm even rigorously developed evidence.

Officials using the Results First approach acknowledge the limitations of relying solely on cost-benefit evidence and agree that other factors, such as politics, often play a role in budget choices. However, they argue that using evidence to inform those choices increases the odds of spending taxpayer dollars wisely.

### Who’s Using It?

**MISSISSIPPI**

The state passed the Performance Budget and Strategic Planning Act in 1994 to improve its budgeting practices. The goal was to craft budgets based on program results and link the results to statewide priorities, such as accessible higher education, improved public health and safety, and economic development.

Lawmakers learned the data they collected couldn’t always provide an accurate picture of program performance because the focus was on quantity, not quality. To address the challenge, they teamed up with Results First in 2012 to evaluate four programs.

What they learned was eye-opening. Although 51 studies, for example, showed drug courts were successful at reducing recidivism, a Results First analysis showed Mississippi’s program was ineffective because the consistency of services varied from one state circuit district to the next.

“When drug courts are implemented with fidelity to the literature, they work and produce a positive return on investment,” says Barker, who chairs the Performance Based Budgeting Committee.

To ensure program consistency, and to eliminate uncertainty about whether data meet the standards of qualifying evidence,
the Legislature statutorily defined “evidence-based program” in 2014. The state has now fully implemented Results First.

NEW MEXICO

Having mandated performance-based budgeting with the Accountability in Government Act of 1999, it was little surprise that New Mexico lawmakers were among the first to join Results First. According to Representative Patty A. Lundstrom (D), New Mexico was one of many states where revenue growth was not keeping pace with rising costs. “Our key problems were a lack of cooperation among agencies, no consistent data collection and major turf protection,” she says.

The model quickly yielded results. An examination of human services programs identified policies that could reduce child maltreatment by 25 percent. In total, the program has targeted more than $100 million to evidence-based programs.

“Results First has helped build our capacity to provide legislators with upfront investment advice before appropriations are made,” says Charles Sallee, deputy director of the Legislative Finance Committee. Legislators now have the tools they need before they start building the policies.

VERMONT

Vermont was another early adopter of Results First, though it has taken a measured approach to implementation. The state began in 2011 with a pilot program addressing criminal justice. It used the Results First model to evaluate per-student funding at the Community High School of Vermont, which helps people in custody earn diplomas.

Encouraged by its success, lawmakers expanded the model to include child welfare, substance abuse and mental health programs. The state’s gradual entrance into evidence-based policymaking is in part a result of its limited resources. “Unlike other legislatures across the country, we lack critical staff support and the capacity to do the kind of research and accountability that the job really demands,” says Senator Becca Balint (D).

With the support of Results First, data-driven decision making has become a priority.

Endless Possibilities

Policymaking is a balancing act, requiring lawmakers to weigh competing values when deciding what to fund and where to cut. Relying on evidence, as Results First does, and not anecdotes can help mitigate partisanship by putting the focus on data, rather than on ideological assumptions. But the approach requires buy-in from everyone involved, including legislators and executive agencies. Without it, implementation of the model’s recommendations can be delayed by conflict.

When everyone’s on board, however, most policymaking bodies are able to collectively define what successful programs should look like and what challenges they may face. Results First is “not just changing the decisions you make, you’re changing how you make decisions,” Mississippi’s Barker says.

To learn more, visit pewstates.org/resultsfirst.

Defining Terms

After adopting the Results First framework, Mississippi lawmakers soon discovered that stakeholders all regarded their favorite programs as “evidence-based.” In response, they codified some definitions:

1. “Evidence-based program” shall mean a program or practice that has had multiple-site, random-controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population.

2. “Research-based program” shall mean a program or practice that has some research demonstrating effectiveness, but that does not yet meet the standard of evidence-based practices.

3. “Promising practice” shall mean a practice that presents, based upon preliminary information, potential for becoming a research-based or evidence-based program or practice.