

Of Costs and Consequences: Using Cost-Benefit Analysis in Justice Policymaking



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A Data-Driven Approach to Reducing Prison Spending

Vera Institute of Justice

Making justice systems fairer and more effective through research and innovation.

Vera combines expertise in research, demonstration projects, and technical assistance to help leaders in government and civil society improve the systems people rely on for justice and safety.

Cost-Benefit Analysis Unit (CBAU)

Created to assist jurisdictions in making informed decisions about justice system policies and programs.

Helps policymakers get clear and accessible information on the economic pros and cons associated with criminal and juvenile justice investments.

Bridges the gap between research and policy by putting evidence in context.

- What works?
- Is “what works” worth it?
- What should we do?

CBAU Projects

National Knowledge Bank for Cost-Benefit Analysis in Criminal Justice

- Funded by the Bureau of Justice Assistance

New York State Governor's Task Force on Transforming Juvenile Justice

Center for Employment Opportunities

North Carolina Youth Accountability Planning Task Force

Cost-Benefit Analysis Basics

Cost-Benefit Analysis (CBA) Is...

A comparative method for measuring changes in net social welfare resulting from government intervention into a private marketplace.

A comparison of the economic value of using a productive resource with the opportunity cost of using the resource. Projects or regulations are evaluated based on how they change net economic value.

Cost-Benefit Analysis (CBA) Is...

An approach to policymaking

A systematic tool for evaluating public policy

A way to weigh options

A method for finding out what will achieve the greatest results at the lowest cost

A Spectrum of Economic Evaluations

Cost Analysis

- How much does this program cost?

Cost-Effectiveness Analysis

- How many outputs do I get for my dollar?

Cost-Benefit Analysis

- How can I compare programs with different goals and objectives?
- Which one(s) should I invest in?

Advantages of CBA

Provides a framework for a comprehensive assessment of benefits and costs

Looks at the long-term and the short-term

Compares the pros and cons of policies and programs using a common denominator – money

Examines both tangible (financial) costs and benefits as well as intangible costs and benefits

Incorporates evidence of the effectiveness of outcomes

Asks what will yield the greatest net benefit to society

CBA in (Roughly) 5 Steps

1. Determine the impact of the initiative
2. Determine whose perspective(s) matter
3. Measure costs
4. Measure benefits (in dollars)
5. Compare costs and benefits

An Educated Consumer Wants to Know...

What are the impacts of a program or policy?

What perspective are you using?

- Whose costs matter?
- Whose benefits matter?

How are costs and benefits being identified?

How are impacts being monetized?

How far into the future are we looking?

CBA Findings Will Not...

Speak for themselves

Be persuasive to everyone

Be the only factor in decision making

Guarantee that interventions will produce their expected effects

Cost-Benefit Analysis of Justice Policies & Programs

Examples of CBA Application

- Examine new prison construction
- Identify alternatives to incarceration
- Evaluate raising the age of juvenile jurisdiction
- Assess the cost-effectiveness of IT initiatives

Cost-Benefit Studies

Areas with multiple studies

- Drug courts and other substance abuse programs
- In-prison and community-based programs
- Incarceration vs. alternatives
- Situational crime prevention approaches

Areas with few studies

- Reentry
- Law enforcement
- Courts
- Organizational efficiency

Cost-Benefit Findings

Some evidence-based programs produce substantial cost-savings to government agencies and society at large.

Incarceration is cost-effective for serious offenders, but not low-level and drug offenders.

Programs for young offenders and at-risk children and youth can produce especially large cost-savings.

Cost-Benefit Findings, Example 1

Recidivism impacts for several adult offender programs and their associated benefits in Washington State.

<i>Programs</i>	Change In Crime (# of EB Studies)	Benefits Minus Costs, per-person, life cycle (Probability: you lose \$)
Cognitive Behavioral Treatment	-7% (27)	\$12,037 (<1%)
Adult Drug Courts	-9% (67)	\$6,264 (<1%)
Education Programs, Prison	-8% (17)	\$13,555 (<1%)
Drug Treatment in Prison (TC or out-patient)	-6% (21)	\$9,588 (<1%)
ISP: surveillance	-2% (23)	-\$2,174 (≈82%)

Source: Washington State Institute for Public Policy,
Draft 2010 Findings

Cost-Benefit Findings, Example 2

Recidivism impacts for several juvenile programs and their associated benefits in New York State.

<u>Programs</u>	<u>Change In Crime</u> (# of EB Studies)	<u>Net Total</u> <u>Benefits</u> (per-person, life cycle)	<u>Net Taxpayer</u> <u>Benefits</u>
Functional Family Therapy (FFT)	-18.1% (7)	\$54,067	\$17,016
Multisystemic Therapy (MST)	-7.7% (10)	\$19,385	\$3,715
Multidimensional Treatment Foster Care	-17.9% (3)	\$96,173	\$23,600
Aggression Repl. Training	-8.3% (4)	\$24,990	\$7,988
Restorative Justice for Juveniles	-8.0% (21)	\$13,454	\$4,020
Family Integrated Transitions	-10.2% (1)	\$48,653	\$7,232
Teen Courts	-14.0% (1)	\$17,374	\$5,465

Washington State's CBA Approach

The Washington State Institute for Public Policy (WSIPP) model and framework

- Looks at a range of policies and programs
- Links to state specific costs
- Monetizes the outcomes
- Prioritizes policy choices and makes recommendations to the legislature

In 2006, WSIPP recommended funding a “portfolio” of cost-effective policy options, which helped avert the construction of two new prisons.

What Can You Do to Get Started?

Demand data and emphasize evaluation

- Program costs
- Program outcomes

Identify internal/external analysts

- Financial analysts
- Researchers

Review the literature

- CBAs of similar programs

Cost-Benefit Analysis Resources

Resources

Justice Research and Statistics Association

- CBA workshop, October 26 in Portland, ME

Washington State Institute for Public Policy

- Publications at <http://www.wsipp.wa.gov/>

Pew Center on the States

- *Delivering Results* initiative
- Technical assistance to states

More Resources


Urban Institute

- Crime and Justice CBA studies
- District of Columbia Crime Policy Institute, in partnership with The Brookings Institution

Society for Benefit-Cost Analysis

- *Evidence and the “NEW” Policy Evaluation* conference, October 18-19 in Washington, D.C.
- Journal of Benefit-Cost Analysis
- <http://benefitcostanalysis.org/>

Cost-Benefit Knowledge Bank

- Funded by the Bureau of Justice Assistance
- Follow us on  @CBKBank
- Website
- CBA Toolkit
- Snapshots of CBA Literature
- Roundtable Discussions
- Podcasts, Videocasts, and Webinars
- Community of Practice

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