

Building a policy scorecard to compare crime prevention program costs and benefits

A comparison of the costs and benefits of similar crime prevention programs will not necessarily show that one program is better than another. For example, one program may produce a net benefit for one group, while another will benefit a different group. In addition, resources are often spread across a number of programs intended to generate overall crime prevention benefits for a variety of groups. In order to produce the best “mix” of programs, a practical decision-making framework is required.

Policy scorecard analysis can provide a suitable framework because it allows for consideration of multiple program benefits and costs while drawing comparisons between alternative crime prevention programs. In building a policy scorecard, several guidelines need to be considered:

- **Designate which benefits and costs accrue to which stakeholders**
If a program is said to generate more savings than costs, people will want to know who receives the benefits and who covers the costs.
- **Explicitly define the period over which the analysis applies**
If the purpose of the analysis is to determine whether a program has a favourable benefit–cost ratio or pays for itself, it is better to look well into the future. However, the period or duration chosen will depend on a number of factors including the patience of program funders and the length of time a particular program takes to achieve its maximum benefit.
- **Discount future costs and benefits**
People automatically discount future benefits and costs. For example, getting a \$1,000 benefit five years in the future does not look as attractive as getting it now. Similarly, having to pay \$1,000 in five years’ time does not appear as onerous as having to pay it now. This must be taken into account. A real annual discount rate of three to six per cent is typically applied to future benefits and costs.
- **Record cost elements as “resource quantities” not “dollars”**
Until the figures are added up at the end, costs should be recorded in terms of resource quantities (such as hours of labour, square metres of rental space and so on) rather than in dollars. Prices can vary by location, and on-budget amounts may not always reflect full costs.
- **Address uncertainty**
Often, future benefits and costs cannot be predicted with great confidence. Where a range of values is possible, that range should be explicitly included in the analysis. Likewise, structural uncertainty (for example, the possible impact of changes in laws or salary rates) should be considered.

The final step is to add up all the benefits (or savings) and costs and compare them across programs. How this is done will largely depend on the method selected for measuring the costs and benefits in the first place (see *AICrime Reduction Matters*, no. 15).

Further reading:

Karoly, L., Kilburn, R., Bigelow, J., Caulkins, J. & Cannon, J. 2001, *Assessing Costs and Benefits of Early Childhood Intervention Programs*, Rand (MR-1336-CPF), Santa Monica, <http://www.rand.org/publications/MR/MR1336/>.

