CRIME PREVENTION ASSIST

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Measuring crime prevention program costs and benefits

The approach selected to measure the relative costs and benefits of crime prevention programs can have an important effect on decisions about future spending priorities and directions for crime prevention work. The terms "cost–benefit analysis" and "cost effectiveness" are frequently used interchangeably. However, while they measure similar things, they provide different and separately useful information. Further, they are only two approaches used to analyse program costs and benefits. The following summarises some of the possible choices.

1. ***Cost–benefit analysis*** compares a program's benefits to a stakeholder with the costs to that stakeholder. This approach places benefits and costs in comparable terms, usually dollars. Benefits that cannot be expressed in dollar terms cannot be compared and are included only for discussion. Cost–benefit analysis helps to determine a program's value to the stakeholder. Analysis is often undertaken from the perspective of the broader community.
2. ***Cost–savings analysis*** is restricted to the costs and benefits realised by a program's funding body (frequently a government agency). Only the costs to the funding body are taken into account, and the benefits are expressed as dollars. This kind of analysis is used to determine whether a publicly funded program "pays for itself"—enabling a program to be justified not only on the basis of services provided, but also in financial terms as well.
3. ***Cost effectiveness analysis*** determines how much is spent on a program to produce a particular outcome (or how much of a particular benefit will result from a given expenditure). While this can be done for multiple benefits, each benefit is analysed individually. No attempt is made to present the benefits as a single aggregate measure.
4. ***Cost analysis***—that is, no measurement of benefits—can be useful to decision-makers when identifying factors that need to be considered for replicating a program elsewhere or for informing budget projections.

The approach that is chosen will depend on just what needs to be learned from the analysis and the funds available to undertake it. All things being equal, the resources and time required for each approach will decrease with each successive approach. They can, of course, be used in combination, where appropriate. These four approaches should be used to support a broader decision-making framework frequently referred to as a policy scorecard analysis. The scorecard offers a framework in which to compare programs.

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