

Vera Institute of Justice

Criminal Justice Issues and Prisoners' Rights

<https://www.vera.org/blog/new-paper-answers-the-question-is-cost-benefit-analysis-baloney>

Public Facing Advocacy Writing

A few years ago, a colleague asked me a pointed question about cost-benefit analysis: "Is it useful or a bunch of baloney?" (Actually, her words were a bit saltier.) We had worked together at the New York City Office of Management and Budget and budget offices incubate a healthy dose of skepticism. Analysts often hear claims that a dollar spent today will pay for itself tomorrow.

My answer to her question: It depends on how well a CBA has been done and how decision makers use the results. How can you tell whether a cost-benefit study has been done well? How can you best apply its results to the policy process?

Vera's [Cost-Benefit Knowledge Bank for Criminal Justice](https://www.vera.org/cbapolicy) wrote *Using Cost-Benefit Analysis for Justice Policymaking* (see www.vera.org/cbapolicy) to help a broad range of people answer these questions. You don't need to have specialized training or expertise to be an educated consumer of CBA. You just need to know something about the investment at hand and the right questions to ask.

To determine whether a CBA has been done well, the paper includes a list of 10 questions to assess a study's quality. For example, it's important to look at how taxpayer savings are calculated, to ensure that they reflect how the program would actually affect the budget.

To provide guidance on how to apply CBA results to the policy process, the paper includes a list of five pitfalls to avoid when interpreting results. It also provides guidance on what information to pay attention to beyond the bottom-line results and how agencies can best use cost-benefit analysis. The organizations that do so most effectively have built CBA into a broader decision-making process that addresses a range of policy questions.

It is my hope that this guide will provide a road map for the growing number of policymakers and practitioners using CBA to weigh their options. After all, cost-benefit analysis is a decision tool, and not a decision rule, and tools are effective only when used properly.

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